NRET Working Paper 6. Partnerships in fair trade. Reflections from a case study of Cafédirect[1]

1. Introduction

The objective of this paper is to illustrate the use of the concept of a fair trade partnership using the example of the trading relationship between Cafédirect and the KNCU, a coffee marketing co-operative in Kilimanjaro in northern Tanzania. The alternative trade organisation (ATO) Cafédirect is one of the success stories of fair trade in the 1990s, it has captured around 3% of the market for filter coffee and 2.5% for instant coffee and is sourcing coffee from an increasing number of suppliers. It is also interesting for its overall approach to fair trade. The founders of Cafédirect deliberately sought to move away from the old solidarity approach and develop a new approach to fair trade based on partnership. Cafédirect seeks a partnership with both producers and consumers. This paper investigates what partnership means in fair trade and will highlight those factors that make a partnership work.

The paper begins with a brief history of fair trade as practised by ATOs, focusing on the demise of solidarity and emergence of the partnership approach. Cafédirect is then presented as an example of the partnership approach. A framework to analyse fair trade partnerships is then set out. The paper applies this framework to analyse a fair trade partnership between Cafedirect and the KNCU, a co-operative in northern Tanzania. The analysis is based on fieldwork undertaken in Tanzania in 1996 and interviews with ATOs in the UK between 1995 and 1997.

2. Background

To begin with some terms must be defined more clearly. First, fair trade is trade that seeks to improve the position of disempowered producers through trade as a means towards development. Another term that has acquired wide currency is 'ethical trade', for example the Ethical Trading Initiative supported by Department for International Development (DFID, NGOs, trade unions and private companies. Fair trade may be seen as one way of incorporating ethics into trade, i.e. a variant of ethical trade, broadly defined.[2]

Within fair trade two different types of fair trade organisation have emerged. The first was the ATO, an operation that purchases goods from disempowered producers with a view to promoting their development. Prominent examples are Oxfam Trading, now known as the Oxfam Fair Trade Company, and Traidcraft. The first ATOs began to operate in the 1950s and 1960s. More recently fair trade guarantee organisations, FGOs, have emerged. These are also known as fair trade labelling organisations, the first of which was Max Havelaar in the Netherlands. In the UK the Fairtrade Foundation is effectively the national FGO. FGOs are not involved in trade exchanges themselves but issue fair trade marks or labels to manufacturers or

[1] This working paper is based on a paper presented at the 1998 conference of the Development Studies Association, at DPPC, University of Bradford 9-11 September 1998. An edited version of this paper is due to appear in Development in Practice early in 2000.

[2] The fair trade movement seeks to differentiate itself from ethical trade, which it equates with ethical sourcing which tends to target producers already involved in export, often their current suppliers, whereas fair trade targets disadvantaged producers facing barriers to the export market. For fair trade organisations, trade is a means towards development, their ultimate objective.

importers to verify that the production and supply of a particular product has met specified fair trade standards. In the UK the Fairtrade Mark has been issued to some coffee, tea and chocolate brands. In general FTMs are awarded to products that aim for mainstream markets and are usually supplied by conventional companies. However Cafédirect is an exception, a product imported by an ATO but which also has been awarded a FTM. Cafédirect therefore embodies elements of the FGO and ATO models of fair trade. The influence of each of these models is felt at different parts of the supply chain.

Thus the key defining characteristics of ATOs are:

- They buy from vulnerable or marginal producers
- Fair prices are paid
- Payments may be made in advance if required by producers
- A long term relationship is developed, which tends to include some support for the producer.
- They play an advocacy role for the producers.

The overall approach to fair trade by ATOs can be termed 'partnership'. Partnership can be defined as *a trading relationship between stakeholders that has both market-based and ethical elements and that aims to be sustainable in the long term*. The key stakeholders in a fair trade relationship are the producer, the producer group[3], the ATO and the consumer. Three types of partnership are embodied in a fair trade supply chain from the producer to the consumer. Each of the partnerships has market and ethical elements. The character of the market and ethical elements, and the balance between the two, will be different according to stakeholders at different links in the supply chain. The context of the partnership may also affect the composition and balance of the ethical and market elements.

3. The emergence of the ATO partnership model

From the emergence of ATOs in the 1950s and 1960s to today four periods in their development can be identified. These are

- Goodwill selling, mid 1950s to early 1970s
- Solidarity trade, mid 1970s to early 1980s
- Mutually beneficial trade, the 1990s
- Trading partnerships, late 1990s?

The major change is from the solidarity approach to partnership which is emerging as a key characteristic of ATOs in the 1990s.

Whilst many trading relationships developed in the period of goodwill selling continued, in the 1970s ATOs began to look for new sets of producers. These were typically groups of producers organised collectively or based in countries that explicitly challenged the prevailing economic order. Favourites were the Front Line States in southern Africa, Nicaragua and Tanzania. The messages to consumers were frequently politically motivated, their purchase was seen as an expression of solidarity with the producer or producing country. Whilst solidarity trading did reach a committed band of alternative consumers, it had some internal limitations, and as the international political climate changed, the solidarity message became less tenable.

The producer was to the forefront in ATO strategy in the 1970s and 1980s, but marketing goods to the consumer was relatively neglected. As profits dropped and some ATOs faced bankruptcy, many ATOs began to look towards consumer needs and to balance these with the needs of producers. Consumer marketing, product development and product quality all became important concerns of ATOs, marking increased commercial awareness. The introduction of terms such as 'marketing' has not been without internal opposition, after all ATOs were involved in campaigns against irresponsible marketing by transnational corporations and marketing was seen to embody the 'consumerist' values that many ATO supporters tried to reject. However

[3] ATO trade relationships usually take place between an organisation representing the producer members, where members have an ownership stake in the enterprise and can influence how the organisation is managed. Producer organisations may be formal or informal co-operatives.

marketing came to be seen as useful tool for the development of the ATO business and the benefit of producers.

The key message to consumers was that trade should be mutually beneficial and ATOs were keen to stress the mutuality of trading relationships to their producers. Some ATOs set out lists of responsibilities for the producer and for themselves as trading partner, the ATO. For this to be possible ATOs had to know their suppliers well, something that was not always possible with solidarity trading and more direct sourcing from producer organisations was sought.

At the same time as strengthening their relationships with producers and communicating more effectively with consumers about the products, ATOs have had to react to changes in their environment. FGOs, in collaboration with NGOs and ATOs themselves, have had some success in making fair trade a more widely known concept. As FGOs began to stress precise fair trade criteria and promote fair trade concepts among conventional companies, ATOs had to reassess what they meant by fair trade. Nationally and internationally, sets of agreed fair trade criteria for ATOs and other forms of fair trade have been established.

Developing trading partnerships

The emerging trend for ATOs is a development of the concept of mutual benefits for the producer and consumer into a more clearly defined partnership. Cafédirect and other ATOs explicitly use the language of partnership both in terms of their relationship with producers and with consumers. Emphasis on partnership has evolved over the years from a more service oriented relationship; in the past the ATO provided ‘producer services’, something for the benefit of the producer. This implied asymmetry in the relationship, with benefits flowing from the ATO to the producer. Over time there was a greater emphasis on the mutual responsibilities of ATOs and producers and this has evolved into a broader partnership approach. However ATOs use the terms partner and partnership in different ways, but rarely provide clues as to what they mean by the terms. Indeed, partnership is a notoriously slippery concept that calls for greater clarification.

For some organisations it is a fairly general term which is used to refer to suppliers whilst at the same time implying a special relationship, a fair trade relationship, with them. In the past Oxfam Fair Trade used the term 'partner' to refer to all of its suppliers with whom there is a fair trade link, however strong or long this relationship might be. But there are currently moves to reassess who their real partners are, as opposed to their suppliers. Oxfam , the NGO, has retreated from the use of the term partner to describe groups with which it works, preferring to use the less loaded term ‘counterpart’ (Eade 1997). Others use partnership and partner with more precision. For example, Traidcraft uses the term partner to refer to the southern organisations, with which it has a particularly strong relationship and which act as an intermediary for producer groups in particular countries. Twin uses the term partner to refer to the organisations with which it is involved in a process of trade development and talks about 'practical partnerships with producer organisations' as an approach to trade development (Twin 1993). It is a marriage of 'the farmers' skills and the commercial skills of trading' (Barratt Brown 1996).

Partnership is a term used frequently in other contexts, notably development and business. For some it refers to relationships between organisations in different sectors of society. The Prince of Wales Business Leaders’ Forum facilitates partnerships between companies, NGOs/civil society and the public sector (Nelson, 1996). Frequently it refers to relationships across the public-private sector divide (e.g. DFID’s Business Partnership Unit), but it can also refer to specific initiatives involving business and NGOs for example in the environmental field (Murphy and Bendell, 1997). Whilst theory of partnership is not well developed as yet, certain features recur in checklists, for example mutuality and transparency.

There are some common features in the fair trade relationships that ATOs engage in with producer groups and these relationships can be classed as partnerships. The partnership approach is becoming the defining characteristic of

ATOs in a fair trade milieu that is becoming more mainstream. Cafédirect is a key example of an ATO that explicitly uses the term partnership to describe its relationships with coffee farmer organisations (direct 1996, 1997).

Partnership Framework

The partnership framework presented in Figure 1 has been derived from a review of literature on partnership in development and examination of fair trade in practice. There are two layers to the framework. The first is the necessary conditions for partnership, without which the relationship is not likely to be sustainable. Below this are process features, features that contribute to the success of the partnership and are related to one or more of the necessary conditions. For a full understanding of the relationship the partnership analysis must be supplemented by an assessment of the context in which the relationship has emerged, and an assessment of the impact of the relationship on relevant stakeholders. However, this paper concentrates on the partnership framework.

Figure 1 Partnership framework

NECESSARY CONDITIONS	PROCESS
shared understanding	shared time frame
mutual commitment	participation
distinct contribution	balance of responsibilities
shared objectives	clear boundaries
Trust	autonomy of partners
	accountability
	transparency

4. Cafédirect, origins and objectives

Cafédirect purchases coffee from smallscale coffee producer co-operatives in Latin America and East Africa. Each of the supplier organisations has been approved by fair trade organisations in Europe and is entered on the International Coffee Producers' Register (ICR) maintained by Max Havelaar in the Netherlands. The criteria for inclusion on the ICR focus on transparency, farmer participation in decision-making processes and autonomy of the organisation. Purchase of coffee and contact with the producers is undertaken. The partnership between Cafédirect and its suppliers is based on a combination of market and ethical elements. These elements are closely bound together. For example the price paid to the producer is based on a minimum price of $1.26 per pound (of arabica) supplemented by a 10% premium on the market price. And when a contract is negotiated, the producer is able to request pre-finance in advance of delivery of 60% of the value of the order. Long term supply relationships are established.

The experience of the producers can be built up within the relatively safe confines of the fair trade market. Nevertheless, the requirements of commercial contracts are impressed upon the producers and it is stipulated clearly in orders that the best quality beans are required. However, if mistakes are made, documents go astray or delays are incurred, Cafédirect does not drop the producer group, but encourages the organisation to learn from its mistakes. *'It's not necessarily easy always, but part of the fair trade process is helping producers that are not yet producing excellent quality coffee to produce excellent quality coffee. It is an iterative process of improvement'* (Humphrey Pring, interview April 1997). For many producers the Cafédirect experience is viewed in terms of an apprenticeship, a learning process that was frequently cited by producers as a key benefit of fair trade.

5. KNCU and Cafédirect

The KNCU were among the second wave of producers joining Cafédirect in 1994. It is a secondary level co-operative union representing approximately ninety primary co-operatives in three districts of the Kilimanjaro region of Tanzania: Rombo, Hai and Moshi rural. The KNCU has gone through a number of incarnations, reflecting the changing government views on co-operatives and marketing. The current thrust for liberalisation has led to opportunities and threats to the KNCU: the liberalisation of coffee exports means that it can export its members' produce and so increase value added, but the liberalisation of internal marketing of coffee means that there are many competing buyers for members' coffee. Moreover, years of bureaucratic growth to say nothing of under-exercised democratic procedures means that the KNCU in the 1990s has found it very difficult to provide an effective and profitable service to its members.

The on-going reform of the co-operative sector, economic liberalisation in Tanzania, and a faith in the benefits that co-operative structures can provide small farmers suggested to Cafédirect that KNCU might prove to be an effective partner and a candidate for trade development. The association between fair trade and KNCU predates the coffee supply agreement for Cafédirect. Twin facilitated the establishment of the KNCU's export department as part of a trade development package dubbed the Export Development Programme. Thus the link with Cafédirect is based on both a direct fair trading agreement and a trade development programme. Their relationship may be considered in terms of four phases:

- initiation,
- implementation,
- consolidation, and
- maturity.

Initiation

The Dutch ATO, Fair Trade Organisatie began to investigate the possibilities for importing coffee direct from Tanzanian co-operatives in 1990 and it found an interested partner in the Kagera Co-operative Union based in Bukoba, but at the time the KNCU did not display any interest in establishing an export office. Late in 1991, Twin approached the KNCU. Twin's attention to Kilimanjaro coffee had been caught by purchases of arabica coffee from the KCU by other ATOs. This time there was interest in the KNCU and the invitation to a conference of smallscale coffee producer organisations in March 1992 was accepted. The KNCU's collective memory of the beginning of fair trade links begin essentially with this conference.

Implementation

The decision was made to establish an export capability at the KNCU through an Export Development Programme (EDP). The aim of the programme was to develop the export capacity of the KNCU so that it may be able to export to the commercial market, having learnt the intricacies and requirements of export through sales to the fair trade market. For the KNCU, the underlying objective was to increase the surplus available to the farmer members and to develop the marketing awareness of the co-operative through experience of international market trends. The main components of the Export Development Programme in terms of the inputs of Twin were:

- Support in establishing the export office and undertaking initial market research
- Assistance in raising donor finance
- Assistance in setting up a sales contract

KNCU undertook its first exports in November 1993 with a consignment to FTO and Gepa made an order shortly after.[4] These sales were followed by an order from Twin on behalf of Cafédirect in the summer of 1994. Thus the export sales in the first

[4] FTO and Gepa had been buying Kilimanjaro coffee from the KCU export office and wished to trade with the producers in a more direct way and began to switch their purchases to the KNCU.

year were primarily to fair trade markets. This trend has continued for the most part in subsequent years, with an increase in sales year on year, though the volumes are still very small (US$ 2.2 million in 1995-96).

Consolidation

The original time frame for the EDP was three years, beginning in 1992 (Twin Annual Report 1993-94). However, whilst the main work in implementing the programme was completed by 1995, Twin has continued to oversee and advise on export strategy after this date. Since the establishment of the Export Office, Twin has played two roles in relation to the KNCU: (a) marketing agent or consultant and (b) has continued providing support and advice regarding export activities. The KNCU sees Twin's role primarily in terms of facilitating contact with other markets. However, Twin maintains a wider role of providing support and advice, particularly in terms of overseeing the progress of the Export Department. Twin's main concern in 1995 -96 was to encourage KNCU to implement earmarked investments to improve the quality of the coffee and the efficiency of the export operations.

The field work in 1996 indicated that the relationship was not yet mature.[5] This is for two reasons. First, and most simply, the practical goals of the Export Development Programme have not been fulfilled: KNCU's export office was not fully operational, an in-house liquoring operation was not yet established. Moreover, KNCU's exports are small, only 4.5% of coffee delivered to the auction is exported by KNCU, the rest is exported by private exporters. The KNCU's export trade is dependent upon the fair trade market, no in-roads have been made into the commercial market. Second, and at a strategic level there have been some problems with the relationship between the two sets of organisations. The nature of the partnership between Cafédirect and the KNCU will be analysed by means of the partnership framework set out earlier in Figure 1.

6. Partnership in Cafédirect

The ATO-producer partnership can be presented at two main levels within Cafédirect. Cafédirect buys from a number of producer groups and this offers potential for increasing producer empowerment and participation within the trade relationship. However, there is also a downside in that some producer groups may not play an active role in determining the objectives and structure of the relationship. Thus within Cafédirect some communication and decision-making takes place in relation to producer groups as a collectivity whilst other aspects of the relationship are determined in the context of an individual producer organisation and Cafédirect. Cafédirect has facilitated the multilateral level of the partnership through organising conferences for producers, which have now become an annual event. There are thus multilateral and bilateral aspects to the partnership.

The partnership framework identifies five necessary conditions for partnership:
shared understanding of the problem or issue and the context, mutual commitment to the partnership, a distinct or unique contribution, shared objectives, and mutual trust. These must be present at both the bilateral and multilateral level for the Cafédirect partnership to work. We shall assume that at the multilateral level the conditions for partnership are satisfied-- i.e. producers and Cafédirect have a common understanding of the problems faced by small scale coffee farmers and have identified shared objectives in which each has a distinct role, thus providing a clear rationale for co-operation and that there is trust between Cafédirect and the producer partners.

While the necessary conditions for partnership exist between Cafédirect and the producer partners at the multilateral level, the situation may be very different for

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[5]The launch of Kilimanjaro Mountain Special blend of Cafédirect in September 1999 indicates that some progress has been made, but the General Manager indicated that many more improvements have to be made to the organisation.

the relationship between an individual producer and the Cafédirect ATO. Each of the conditions shall be assessed in turn for the relationship between the KNCU and Cafédirect.

Necessary Conditions for Partnership

Do the KNCU and Cafédirect have a shared understanding of the issues facing small-scale coffee farmers and do they share the same objectives for their relationship? The aim of the KNCU as a secondary co-operative union is to deliver services to its member societies efficiently and to deliver a surplus. The move into exports can be seen as an expansion of this basic aim. For Cafédirect the aim is to improve the terms on which small-scale coffee farmers may access export markets, one element of which is improving the price returned to the primary producer. Two complementary objectives for the relationship have been set as establishing the export capability of the KNCU and developing the union's capacity for export sales to the fair trade market, particularly to Cafédirect, with a view to gaining a foothold in the wider commercial market.

However, despite the KNCU's stated commitment to the development of its own exports, activities that might have contributed to this end have tended to become swamped by action to ensure its own organisational survival. While many working in the union are motivated by a commitment to maintain a service to the primary societies to ensure that they are not exploited by private traders, incidents during field work suggest that status quo is important and that efforts to ensure it over-ride other objectives. Moreover, questions may be raised regarding whether the Union's management committee comprehend the level of effort and resources necessary for success in export, or are aware of the need for greater flexibility in the organisation to deal effectively with this new activity.

Thus there may be some doubts as to the commitment to the partnership with Cafédirect on the part of the KNCU, and consequently Cafédirect appear to be having reservations about whether the KNCU is an appropriate partner in action to improve the situation of small scale coffee farmer in the context of export markets.

As the relationship currently stands, Cafédirect and KNCU have a distinct and complementary role in the relationship. Although the KNCU have other fair trade customers, the unique role played by Cafédirect and Twin, as compared to other FTOs is appreciated by the KNCU management. Twin has acted as an agent and facilitated other access to and communication with other fair trade buyers, as well as being involved in the Export Development Programme. The KNCU is currently the most direct way for Cafédirect to get access to Kilimanjaro coffee farmers. However different avenues are opening up as some primary societies have sought to leave the confines of the KNCU and have established links with exporters independently. Pilot projects in Arusha suggest that links between private traders and small, local level coffee co-operatives can prove particularly beneficial to members, especially when this is facilitated by an indigenous NGO (Ellman 1997). The KNCU may not be so unique in terms of its services to small-scale farmers in the region in the near future.

The final requirement for a partnership is mutual trust. There is a certain level of trust in each of the partners. Cafédirect trusts the KNCU to distribute the fair trade premium in an appropriate way and has a faith in its democratic procedures. The KNCU trusts that Cafédirect will continue to place export orders. However, trust may be limited by some caution: the KNCU has been reluctant to reveal itself 'warts and all' and Cafédirect has been careful in voicing its reservations regarding the performance of the KNCU.

Partnership Processes

We can now move on to the processes of the partnership. Many of these aspects are related to the requirements discussed above and therefore will be dealt with relatively briefly. Shared understanding of time frames, clear boundaries for the scope of the partnership and balance of responsibilities are closely related to the understanding of the issue that the partnership aims to tackle and the objectives set for the partnership. There is compatibility in terms of the objectives for the partnership, the ultimate goal is to benefit the small farmers, however the responsibilities of each partner in relation to achieving this goal within the partnership and the time-scale for doing so are not necessarily shared. For the KNCU, success seemed to be considered in terms of the profits generated by the export department. However, Cafédirect's vision of success is more long term and based on the development of commercial contracts, and an autonomous export business that is not reliant on fair trade links. Cafédirect hinted that change is slow at the KNCU and at the same time the KNCU hinted that perhaps more assistance in establishing the export office should be forthcoming. There are no obvious measures for ensuring accountability to each other, other than severing the relationship. At the same time each respects the autonomy of the other, thus limiting the scope for autonomy.

Participation

A decisive aspect of the partnership process is participation in planning and setting objectives. For Cafédirect, participation is wider than working with groups which foster the representation of individual members, (which is the most frequent interpretation of producer participation in fair trade), there is some producer participation in setting objectives for the relationship. It is in the processes for participation in the partnership that the distinction between the bilateral and multilateral dimensions of the partnership becomes most useful and apparent, it is important for assessing the extent to which individual producer organisations participate in the partnership.

The bilateral and multilateral aspects of the relationship broadly reflect the trade and the development dimensions of fair trade. Terms of the trading relationship and the strategy for Cafédirect as a whole are agreed in a multilateral forum, whereas the trade development programmes for individual producer organisations are determined on a bilateral basis.

Fair trade terms for coffee have been primarily established by European ATOs and are expressed in the Max Havelaar conditions. Accounts of the early days of direct fair trade relationships suggest that there was considerable consultation with producer organisations in the drafting of these principles, particularly with producers in Latin America (Network, 2:4). There was also consultation with producers in 1994 over Max Havelaar plans to change the formula for calculation of the premium (Motz, 1994).[6] There has thus been some producer participation in planning and setting objectives as regards terms of the trading relationship. However, questions may be asked as to the extent to which *new* producer organisations can have an input to the overall rules of fair trade in coffee. Moreover, the basis for producer participation in setting fair trade criteria are unclear and seem to depend upon the decision of FTOs to consult producers.

Cafédirect evolved, at least partly, from the initiatives of producers who had organised and made efforts to break directly into export markets themselves and by-pass intermediaries. There have been efforts to widen the participation of producers in planning strategy for the company. Whilst Cafédirect Ltd is owned by the four ATOs, there is an aspiration for producer participation in the management of the company and the brand (interviews with Twin and Oxfam Trading managers April 1995 and February 1996, Network, July 1991). Participation in the management of Cafédirect may be seen as a logical extension of the argument that for smallholders to benefit more from their production they must move along the supply chain into processing and trade.

Cafédirect has held a number of meetings with their suppliers, beginning officially with the investigations into the possibilities for a new direction in fair trade coffee in 1990. These meetings have been concerned with discussing and making plans, supply issues, market trends and customer responses and marketing strategies, and

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[6] This was occasioned by the dramatic leap in coffee prices following Brazilian frosts which threatend the solvency of some fair trade organisations.

also provide an opportunity for Cafédirect to consult with producers as a collective entity and for the producer groups to meet and share experiences with others.

A significant meeting in terms of reviewing the options for expanding producer participation was the Cafédirect Producers' Conference held in June 1995. Up to this point producer involvement in Cafédirect management mostly focused on discussions on the use of the premium. But during this, the first Cafédirect Producers' conference,[7] efforts were made to ascertain producers' views regarding further participation in Cafédirect. The producers' chosen option was producer representation on the board of the company (Traidcraft Exchange 1996).

The KNCU has been involved in the multilateral dimension of participating in the partnership to a certain extent: it was represented at the 1995 and 1997 Cafédirect meetings in London. However, there were no Cafédirect representatives at the fair trade meeting organised by Max Havelaar in Kampala in July 1996, suggesting less commitment to the philosophy of fair trade compared to other producer groups, such as KCU, another Tanzanian co-operative Cafédirect supplier. These meetings provide an opportunity for networking with other producers and to learn more about the consumer market. The value that the KNCU attaches to these meetings appears to be mostly in terms of maintaining or augmenting fair trade links rather than in terms of participating in decision-making. Fair trade seems to be understood primarily in terms of the market that fair trade organisations provide, rather than a process of learning and self-help. When asked about the 1995 Cafédirect meeting, the general manager did not recollect any discussion about the greater participation of producers in the management of the organisation, he only referred to the problems faced by the farmers. There was no demonstration of recognising responsibilities to fair trade on the part of producers; to be involved they just had to qualify as representatives of small-scale farmers:

'*We had fulfilled almost all of the conditions already.... As long as we are a producers' organisation we will be there*' (interview with General Manager, August 1996).

It can be argued therefore that the KNCU is not an active participant in the Cafédirect partnership at the multilateral level. The KNCU appears to be relatively distant from the thinking that goes on in Cafédirect. The partnership between the KNCU and Cafédirect appears to be relatively vague and loose. It seems to be more conceptual and based on ideas rather than on a structured working relationship.

The partnership analysis suggests that the partnership between the KNCU and Cafédirect is not operating to the best of its potential since some of the requirements for partnership framework are missing. The KNCU is not fully participating in the fair trade relationship, particularly in terms of contributing to the strategy of the trading network or developing its own export capacity. The KNCU is involved in the trade elements of the relationship but not in the developmental aspects. What does this mean for fair trade and the ultimate beneficiaries, the farmers? Whilst there are benefits for the farmers from this relationship (they have a regular buyer for their produce) the relationship is not being used to increase these benefits. The benefits to farmers could be increased through the expansion of exports and changes in the organisation of the KNCU. However the KNCU is slow to change. It is not adapting to the challenges of the liberalised market nor to the opportunities presented by its fair trade relationship with Cafédirect. The partnership between the KNCU and Cafédirect may well not be sustainable, especially as Cafédirect appears to be wondering if there is a better way to assist the coffee farmers of Kilimanjaro in marketing their coffee than through the KNCU. Some questions must also be raised as to Cafédirect's approach to fair trade with coffee farmers in Kilimanjaro, and these issues might contribute to understanding why the partnership is weak.

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[7] Previous conferences of small coffee farmers hosted by Twin were under the guise of the Small Farmer Co-operative Society, an organisation with a broad focus on market access and credit issues and not related to any one customer or brand.

Did Cafédirect intervene at the approriate level? Twin's work with smallscale producers has started from the premise that smallscale producers have the capability to market their goods directly to export markets, once they are given the opportunity to learn to do so and initial resources to invest in the appropriate technology. However, this assumption may be questioned. Why should co-operatives with experience in primary marketing have any expertise in export marketing which involves different types of knowledge and expertise. Are there more appropriate organisations with which to work within the co-operative system, for example at tertiary level through the establishment of a regional or national export capability for co-operatives? Or are there appropriate organisations outside of the co-operative movement that might work with co-operatives to improve their export performance?

Did Cafédirect undertake the most appropriate form of intervention? Is export development the most appropriate intervention to assist primary co-operatives to increase the return on their crop? Other options to improve the farmers' return might be to improve the workings of the union and primary co-operatives themselves (e.g improvements in economic efficiency, training in organisational governance and democratic principles, training to improve financial literacy at all levels, particularly the management committees of the primary societies).

Was the intervention undertaken at the most appropriate time? Did Cafédirect and Twin encourage KNCU's investment in export capacity building at the wrong time? The export initiative was started when the co-operative and marketing systems were undergoing considerable upheaval which demanded the attention of management and the board. The sequence of events suggests that the KNCU became involved in fair trade because it was an opportunity that appeared on its door-step which had to be taken up before it was too late, but without a thorough appreciation of the responsibilities that came with the benefits. The export development option was not a carefully thought out strategy emanating from the grass roots of the organisation. This is not to argue that the KNCU should not have responded to the interest of fair trade organisations but to suggest reasons for the limitations in the commitment to fair trade relationships that has been demonstrated thus far.

7. Conclusion

From the Cafédirect - KNCU partnership one can infer responsibilities for both producer groups and the ATO in setting the terms of the trading relationship and setting the strategy for the company. As a collective unit producers are involved in decision-making and there is scope for producer participation to increase as producers become more involved in the Board. However, different producer organisations are involved to different extents in determining strategy and consequently can be said to have different levels of commitment to the Cafédirect partnership.

The ethical dimension of the fair trade partnership is based on participatory development. One of the main problems in the partnership between the KNCU and Cafedirect is the weak commitment of the producer partner to the developmental as opposed to the market dimensions of the partnership. The KNCU is a bureaucratic organisation that is unused to managing change and currently does not have the capacity to deal with developmental issues.

Greater clarity seems to be necessary in explaining what a fair trade partnership means. The danger is that the fair trade organisation becomes identified as a resource to be tapped rather than as a partner towards whom some reciprocal actions are due. It is perhaps significant that Cafédirect, along with other ATOs frequently uses the term partner, or producer partner, whilst there were no instances of the term partner being used in interviews by the KNCU. It seemed that Cafédirect was perceived more in terms of assistance or as a consultant than as a partner. Nevertheless it must be acknowledged that the KNCU management spoke of a closer relationship with Cafédirect than with other ATOs from continental Europe.

It has been an objective of this analysis to make explicit the requirements of partnership that are often quite embedded in the use of the concept by many fair trade practitioners. Indeed, the very embeddness of the requirements for a good partnership may be part of the problem that is demonstrated in the case study. When a partnership is working well, when both partners and their stakeholders are satisfied with the results of the partnership, an investigation into the requirements for partnership is not important. It is when a partnership does not seem to be working well that it becomes important. This raises questions as to whether Cafédirect should be more explicit in explaining what it expects from its partners and what they can expect in return.

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