

## Question 1.

- **How do partnerships need to change to restore the credibility of international development and the multilateral system and regain the trust of Global South?**
- **What role should the UK play in this and what specifically should we do differently?**
- **What should we do to ensure we are listening better to those most in need?**

The two greatest over-arching changes that the Government could make to restore the credibility of international development and the multilateral system and regain trust is to a) re-establish the Department for International Development as an independent department and b) restore aid spending to 0.7% of GNI.

This would provide a proportionate response to the scale of development challenges faced around the world, and help to consolidate development wins that have been achieved through UK Aid over decades. It would also provide a clear signal of the UK's willingness to play a leadership role on development, and set the standard for other governments. This would help to restore trust and renew the efficacy of multilateral processes, while signalling to poorer countries that the UK is a reliable and long term partner that takes its development commitments seriously.

The 500m smallholder farmers - a large proportion of the world's poorest people - supplying around 30% of the world's food, should be a key focus of UK development spending. Around 10-15%<sup>1</sup> of overseas food imports into the UK come from Asia, Africa and Latin America. UK food security and consumer choice is therefore reliant on investment in fragile and threatened supply chains. Development and trade policy needs to prioritise the resilience of smallholder farmers and workers at the bottom of our food supply chains.

Whilst we understand the decision to prioritise humanitarian spending in the face of the aid cuts, this has meant that there is even less financing available to support initiatives or projects that support poor farmers and workers to increase their incomes. Increasing UK aid increases the opportunity to fund new partnerships and projects aimed at supporting these farmers and workers.

An independent department is vital too. In our view, the merger of DFID and FCO has hampered UK progress towards its development objectives; regular turnover in staff and changes in strategy have also made it challenging for stakeholders to engage with FCDO on agriculture and economic development, and provide ideas and evidence.

It is our belief that the reduction in aid, and the outcomes in the merger, have also undermined a key precondition for the success of development initiatives: namely listening to the voices of smallholder farmers and designing interventions based on their priorities. While bottom-up approaches to development require a greater initial investment of funds and UK civil service capacity, they are more likely to deliver better results and cost effectiveness in the long-term: supporting better partnerships with and uptake within southern communities, and capitalising on crucial local knowledge about development challenges and how best to resolve them.

Beyond aid, it is important the White Paper addresses the need for greater coherence across government. The UK Government should ensure that *all* policies – on trade, tax, immigration, defence, energy, climate change, HREDD, foreign policy alliances and growth – are 'pro-development.' That is the only way to ensure that we do not entrench poverty with one hand whilst trying to relieve it with the other.

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<sup>1</sup> <https://www.gov.uk/government/publications/food-statistics-pocketbook/food-statistics-in-your-pocket-global-and-uk-supply>

## Question 2.

- What are the **specific innovative** proposals that can accelerate progress in international development?
- What initiatives, policies, partnerships, or technologies could result in accelerated progress?
- Are there big ideas on which the UK is particularly well placed to play a role?

Too many farmers and workers still don't receive a fair price to cover their costs. Cocoa farmers, for example, live on less than £1 a day and are unable to pay for essentials like food or medicine if they fall sick. The inability of smallholder farmers and workers to achieve a decent income therefore stymies progress across a range of areas crucial for development, as represented in SDGs 1,2,3,4, 8, 10, 13 on reducing poverty, inequality and hunger, and supporting health, education, decent work and climate action.

In order to address this, UK buyers (retailers, manufacturers, traders) must commit to paying a higher price for the produce they buy, with guarantees that this higher price is passed down to farmers and workers at the start of the supply chain. And the voice and power of farmers and workers in supply chains needs to be strengthened to tackle power asymmetries and the prevalence of exploitation.

The UK Government can play several key roles to achieve progress: As a funder. As a convenor. As a regulator and legislator, on issues such as Human Rights and Environmental Due Diligence (HREDD), to compel companies to take responsibility for the sustainability challenges in their supply chains (see Q5, Q6). As a negotiator of fairer and more sustainable trade agreements and rules. (Q5).

Focussing on the first two, we know the Government agrees that the UK has an interest in promoting resilience and investment in what are currently fragile and threatened supply chains. We are grateful for the support that Fairtrade and our partners were given as part of the Vulnerable Supply Chain Facility, a rapid COVID-19 response fund set up by the UK FCDO.<sup>2</sup>

This project showed how the UK Government, businesses and NGOs can work together to support poor farmers and workers. In this case, it supported Fairtrade to work with partners including a major flower importer and UK retailers to reach over 6,000 direct beneficiaries in East Africa. This was through the provision of health packages, kitchen gardens, gender training, income generation support, and farm diversification. It also helped us reach up to 150,000 indirect beneficiaries through a COVID-19 communication campaign.

The long-term outcome is that flower farm workers will be protected, and the flower industry will be fairer and more resilient. We encourage the FCDO to fund further projects aimed at promoting resilience and sustainability, especially given the impact of climate change.

In addition to providing funding, the FCDO could also play a key role as a convenor and facilitator of multistakeholder working. The German and Dutch governments have played a valuable role in bringing together cocoa and flower stakeholders, resulting in the GISCO (German Initiative for Sustainable Cocoa) and the Dutch Covenant for Responsible Business Conduct respectively. We believe the FCDO could achieve significant progress by playing a similar role in encouraging UK stakeholders (retailers,

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<sup>2</sup> <https://www.fairtrade.org.uk/wp-content/uploads/2021/07/Recommendations-for-building-fairer-more-sustainable-and-resilient-flower-supply-chains-in-East-Africa.pdf>

buyers, manufacturers) involved in the cocoa, flowers, tea and other commodity supply chains to work together to improve incomes, sustainability and build resilience.

### **Question 3.**

- **What new ideas for development cooperation would make the biggest impact in, or for, low income countries?**
- **What are the best ideas to accelerate progress for middle income countries which still have large numbers of poor people?**

Whether in low income or middle income countries, too many farmers and workers still don't receive a fair price to cover their costs. As stated above, it is therefore crucial that UK buyers (retailers, manufacturers, traders) commit to paying a higher price for the produce they buy, and for Governments to work with businesses and farmers to support the development of a trade system that tackles power asymmetries in supply chains, giving farmers a stronger voice to negotiate the terms on which they trade.

As well as achieving a living income for their work, farmers also need to meet the costs of making their farms and plantations more productive or sustainable. Whilst the FCDO, BII and others have made important investments in large scale infrastructure in recent years (e.g. investments in ports) in low and middle income countries, smaller scale interventions at a farm level have received less attention. And while BII-supported programmes have supported trading and employment opportunities targeted at those with a certain level of education, and trusting to a trickle-down model of economics, the benefits for vulnerable small scale farmers have often not materialised. Investments must therefore be targeted at smallholder farmers according to priorities that they have identified. This might include improvements to the roads to and from farms, investments in renewable energy on-farm, or shade trees to help cocoa farmers adapt to climate change - there are numerous examples of how UK Aid or public-private partnerships with UK businesses can respond to priorities identified by farmers and support practical measures, tailored to context and supporting longterm sustainability.

At the heart of Fairtrade's work over the last 30 years has been to ensure it is farmers and workers themselves that are designing the interventions that improve their lives. That is why, for example, the Fairtrade Premium Fund is spent in accordance with the priorities of a democratically elected panel made up of local farmers. It is important, therefore, that additional projects and funding are designed in the same way.

### **Question 4.**

- **How can Official Development Assistance (ODA) be most effectively targeted and built upon?**
- **How can non-ODA financing be mobilised to ensure ambitious, innovative, and transformational international development?**

As detailed in our response to Question 2, whilst more on-farm funding is needed, the FCDO could also play a key role as a convenor and facilitator of multistakeholder working.

We think there is scope for the FCDO to play a similar role to that played by the German and Dutch governments (see above), in encouraging UK stakeholders (retailers, buyers, manufacturers)

involved in the cocoa, flowers, tea and other commodity supply chains to work together to improve incomes, sustainability and build resilience.

Multi-stakeholder initiatives, done correctly, would achieve a greater collective impact than could be achieved by any single actor alone. In our work in this field, we have observed a 'first mover disadvantage' whereby an individual company holds back from going further on sustainability for fear of being undercut by a competitor. Collective agreements can overcome this.

We welcome moves by the Competition and Markets Authority to encourage collective agreements for sustainability purposes in a way that is compliant with UK competition law. This could be supported by the UK Government acting as a facilitator or convenor to encourage the development of MSIs for particular supply chains.

A wealth of experience exists as to how to do this well, and The Fairtrade Foundation would welcome the opportunity to share examples and discuss this further.

MSIs would need to be moulded to the particular challenges of each supply chain, but key elements include:

- Agreements by all parties to pay higher farm-gate prices to farmers/plantations
- Investments on-farm that improve resilience, sustainability (including climate adaptation and mitigation), and strengthen women and workers' rights.

FCDO can play a leadership role in encouraging greater collective action and impact. A positive first step would be for the Government to establish and fund a small secretariat tasked with driving forward the planning of a particular initiative, as well as building the will for action by providing ministerial or senior civil servant leadership. In some cases, the best outcome may be for UK companies to join in with MSIs that already exist in Europe/globally.

We also welcome the role the Groceries Code Adjudicator has played, since its establishment in 2013, in tackling power asymmetries and unfair purchasing practices in agricultural supply chains. This should continue to be financed and its remit extended to cover overseas producers that supply major UK retailers through a third party.

#### **Question 5.**

- **How should scientific and technological expertise, private finance and the private sector, trade and investment, civil society networks and diplomacy be engaged to support global development action and accelerate progress towards the SDGs?**

Trade can play a key role in driving development progress and sustainability. The private sector is an important partner in shaping and delivering the UK's development objectives. However, the priority of these partnerships must be poverty alleviation rather than economic opportunities. Trade for development initiatives and policies must deliver genuine, measurable benefits for smallholder farmers and workers, including through regulation and legislation that enables a level-playing field for UK businesses that are committed to ethical practice and environmental sustainability.

Trade policy should seek to strengthen and increase resilience in UK supply chains, by addressing climate risks and risks to supply resulting from low wages. This is an important step in supporting farmer's livelihoods, and has the additional benefit of securing the availability and affordability of the imported food we rely on in the UK.

Emissions from trade account for 20-30% of global emissions.<sup>3</sup> Trade policy must be reformed to support decarbonisation and investment in low-income countries (enabling them to adapt their own practices to more environmentally friendly methods).

The Government should commit to the publishing of a trade strategy that aligns development and climate policy in the next 12 months. To support this, the Government should commit to holding an international summit with the ACFTA signatories on trade, development and climate policy, to share best practice and work together to tackle joint challenges.

Though discussion and coordination between FCDO and B&T around Trade for Development has been welcome, there is still insufficient coherence between the UK Government's approaches to development, climate and trade. To support cross-government coherence, the UK Government should consider creating a joint Minister of State for International Development, Trade and Responsible Business that sits across government departments.

### **Regulation**

Businesses have a responsibility to ensure that their supply chains are free of modern slavery and human rights violations, and aren't actively contributing to environmental degradation. Government policy on Human Rights and Environmental Due Diligence can level the playing field and ensure that all businesses are doing their part.

The Government should commit to mandatory HREDD that includes legislation on purchasing practices and a commitment to the payment of living incomes and wages. Smallholders must be consulted as key rightsholders in responsible business legislation to ensure that it is not designed in such a way that inadvertently disadvantage them, for example by placing the costs and burden of compliance onto them.

Relatedly, the Government should deliver on its commitment, in the Environment Bill, to implement legislation on deforestation. As with HREDD, this must be designed in full consultation with smallholders.

### **Question 6.**

- **How can progress on tackling ending poverty, economic growth, and the challenges of climate change be best brought together, in the context of Agenda 2030 (including building resilience, adaptation, and sustainable growth)?**
- **How can the opportunities be maximised? How can the limits and trade-offs be managed?**

The climate crisis is likely to cause further challenges for UK food security, unless we take action now. Without support, many producers will not be able to grow their crops in the future, increasing prices for the UK consumer, and poverty levels in many parts of the world.

- Banana producers in the Caribbean and Central America will be affected by dry spells
- Cocoa growers in all Fairtrade producer countries are likely to be affected by heatwaves and droughts.
- Heat stress in Asia and Africa will affect tea production.
- Extreme temperatures and lack of rainfall will affect coffee production across Africa, Asia and Central and South America.<sup>4</sup>

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<sup>3</sup> [clim\\_03nov21-4\\_e.pdf \(wto.org\)](#)

<sup>4</sup> [Fairtrade-and-climate-change-oct2021-summary.pdf](#)

These supply chains also contribute to global carbon emissions. Currently, overseas emissions associated with goods consumed in the UK account for nearly half<sup>5</sup> of those that the UK is responsible for, and the proportion is expected to grow to up to 80 percent by 2050. Tackling these emissions means promoting low-carbon investment along the whole supply chain – including not only greener freight options, but also more sustainable farming methods.

Tackling these twin challenges of climate adaptation and mitigation requires investment in smallholder farmers.

The Government's announcement at COP 26 of a £500m fund to tackle deforestation was an important step in this regard.<sup>6</sup> We urge the Government to earmark a proportion of this fund towards helping smallholder farmers.

The Fairtrade Foundation would be happy to share its expertise in helping smallholder farmers to adapt to climate change. Examples of this<sup>7</sup> include projects on: income diversification, training on sustainable land agricultural management practices, techniques that enable plants to grow in hotter and drier conditions, or help farmers overcome climate-triggered diseases, such as coffee rust disease.

Regarding mitigation, interventions to reduce on-farm emissions include agroforestry and sustainable agricultural practices and renewable energy projects. Investment will also be needed to tackle emission challenges further up the chain such as greener freight options.

HREDD regulations, and regulations on deforestation included in the recently passed Environment Bill, also have a key role to play. However, when considering the implementation of the legislation, it is vital to ensure that smallholder farmers and workers are supported financially and with required capacity. Without this support, there is a risk that businesses, in their rush to prepare for the legislation, will simply pass the burden down to those at the bottom of the supply chain. Smallholder farmers producing commodities in scope of this legislation often already live well below the poverty line. Without further support, additional burdens will likely lead to increasing poverty levels, and thwart attempts to introduce more environmentally friendly methods of farming – methods which require increased incomes. In short, the legislation will not achieve the Government's intended goal of tackling deforestation effectively. The decision of whether or not to cut down trees in order to earn enough to feed their families is not a choice that smallholders should have to make.

#### **Question 7.**

- **What are the top priorities for strengthening multilateral effectiveness in international development?**
- **What are the issues and challenges most suited to bilateral cooperation (considering all levers)?**

As we have outlined in this submission, there are a number of ways that UK Government policy can change to ensure greater cross government coherence in development policy, and in doing so increase UK food security, and Britain's standing in the world.

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<sup>5</sup> [https://www.fairtrade.org.uk/wp-content/uploads/2021/02/A-Climate-Of-Crisis\\_Fairtrade-Foundation\\_Feb-2020\\_HR.pdf](https://www.fairtrade.org.uk/wp-content/uploads/2021/02/A-Climate-Of-Crisis_Fairtrade-Foundation_Feb-2020_HR.pdf)

<sup>6</sup> <https://www.gov.uk/government/news/uk-leads-45-governments-in-new-pledges-to-protect-nature>

<sup>7</sup> [https://files.fairtrade.net/publications/2021\\_04\\_FT\\_O2B\\_Climate\\_Change\\_Project\\_Final\\_web.pdf](https://files.fairtrade.net/publications/2021_04_FT_O2B_Climate_Change_Project_Final_web.pdf)

As a funder, as a convenor, as a fairtrade trade negotiator, and as a regulator, we urge the Government to take further steps to support some of the world's poorest farmers and workers.

We would welcome any further opportunities to engage with FCDO officials on our ideas, experiences, and proposals for how to make this happen.