

**Fair Trade Advocacy Office's Submission to the EC Public Consultation  
"Towards a post-2015 development framework"  
14 September 2012**

**Fair Trade & the Fair Trade movement**

Fair Trade is a trading partnership, based on dialogue, transparency and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South. Fair Trade Organizations, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.

The Fair Trade Advocacy Office (FTAO) speaks out before the EU for Fair Trade and Trade Justice with the aim to improve the livelihoods of marginalised producers and workers in the South. The FTAO is a joint EU policy office for Fairtrade International, the European Fair Trade Association and the World Fair Trade Organization-Europe; through these three networks the FTAO represents over 2 million Fair Trade producers and workers from 65 countries, tens of millions of consumers, 24 labelling initiatives, over 500 specialized Fair Trade importers, 4,000 world shops and more than 100,000 volunteers.

**A. The MDGs: benefits and limitations**

It is very difficult to give a comprehensive answer to a question about the benefits and limitations of the MDGs as FTAO has not been able to gather this type of information. We have encouraged Fair Trade Organisations and Fair Trade producer organisations to answer from their experiences working in the field. We have been a participating organisation in 'Beyond 2015' who has submitted a comprehensive submission to this consultation.

We agree with Beyond 2015 which writes: 'The MDGs have played a role in bringing development organisations together to work on the same issues, committing energy and resources towards the same ends. They have, furthermore, added considerable value in terms of mobilisation of public and political interest, commitment and investment. However, as evident from the overall progress made on the MDGs, advancing this framework has been uneven at the national level and it has been taken up differently by different stakeholders.'

Building on this we feel that the MDGs have not worked for development in general. They have not 'changed the rules of the game' which has been the main driving force in building a more unjust, undemocratic and unequal world. Any future framework needs to be built on the understanding that the existing system is the cause of the problems and to help change this system, to address the root causes of poverty.

Below FTAO will answer specific questions that we feel relevant and raised within the Fair Trade movement. More detailed answers per question have been submitted by Beyond2015.

**1. To what extent has the MDG framework influenced policies in the country/ies or sectors you work in/with?**

Refer to Beyond2015 submission

**2. To what extent has the MDG framework been beneficial for the poor in the country/ies or sectors in/with which you work?**

Refer to Beyond2015 submission

**3. What features and elements of the MDG framework have been particularly valuable in the fight against poverty?**

#### **4. What features and elements of the MDG framework have been problematic, in your view?**

The narrow focus on a number of social issues and the fact that progress in these field has been measured by even narrower indicators has led to only late inclusion, undervaluation or even total omission of some important aspects of development such as peace and conflict, freedom from violence, governance and anti-corruption, decent work and social protection, uneven population growth, climate change adaptation etc. There is therefore an inherent danger in the 'MDG approach', in that it reduces 'development' to progress on some of the basic needs and development policy to development assistance to the most poor and problematic countries. So one could argue, as has Jan Vandemoortele, that the MDGs "represent a reductionist view of development" or an oversimplification.<sup>1</sup> They have contributed to a narrowing of the focus of international efforts to providing development assistance to poor and/or fragile countries.

Some flaws of the framework were known and criticized from the very beginning. For example, the rights-based approach to development of the Millennium Declaration was to a large extent lost in the formulation of the Goals. Instead, the MDG framework fostered a 'charity' approach to development, focused on the volume of financial aid, while sidelining structural reform. There was a lack of looking at and addressing the root causes of poverty meaning the system that caused inequalities and poverty, which is still the same as when the MDGs were launched. Through setting targets on the basis of quantifiable indicators, the framework promoted a definition of poverty exclusively as a 'lack' of material things, which can be solved through 'paying' for those things.

The Goals themselves were not formulated in a participatory way. Not only were southern governments and national parliaments not closely involved, neither were concerned populations, let alone the poor and vulnerable, or small and remote communities. The lack of participation and consequently ownership may also have contributed to the failure of the MDGs. It is at least in part for this reason that full participation of *all* stakeholders in the process of drawing up the new framework will be so crucial - paying particular attention to the perspectives of those most affected by poverty and inequality and those systematically excluded from decision-making fora - and why the successor framework will need to be conceived differently.

Sustainability, although present in MDG 7, was hardly visible in the framework. Looking forward, we would recommend using a broader definition of sustainability to include at a minimum economic and social sustainability in addition to environmental sustainability since this would better address people's well-being and resilience.

MDG 8, on the realisation of a global partnership, is a particularly problematic Goal in itself. Attempts were made to incorporate a large number of extremely important aspects crucial to the success of achieving development objectives. But the result was that it was vague, and missed out critical issues that directly impacted upon the achievement of all the MDGs and poverty eradication, such as the importance of applying policy coherence in order to achieve development objectives or the need for financial stability and the regulation of major actors in financial markets (and the last decade has shown how financial crises and speculative behaviour of actors in financial markets can undermine development efforts). It has consequently failed to deliver. Moreover, it was not subject to clear quantitative targets, binding commitments or deadlines and there is insufficient clarity on the role of each of the governmental (including local and regional authorities) and non-governmental actors (including civil society and private sector).

Lastly, the weakness of the monitoring and follow-up mechanisms and instruments has been a major drawback in the MDG framework. This is closely linked to the lack of mutual accountability of national governments, international institutions and other actors (including the private sector).

#### **5. In your view, what are the main gaps, if any, in the MDG framework?**

There are a large number of gaps in the MDG framework. Most importantly, it entirely omitted to incorporate a focus on policy coherence and accountability mechanisms, and, in focusing predominantly on the social sectors, overlooked the need to take a comprehensive approach to

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<sup>1</sup>

If not the MDGs, then what?, Jan Vandemoortele, Third World Quarterly, [Volume 32, Issue 1](#), 2011

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development, that is, to include other policy areas which impact significantly on the achievement of development objectives such as trade policy.

Policy coherence for development (that is, the need to ensure that policies in any area do not negatively impact on people's perspectives for development in any country and preferably support the goals of development) is fundamental to the success of any development framework. There are few policy areas which have no impact on developing countries in one way or another, be that indirectly or directly. But it was entirely missing from the MDG framework, as was a recognition of how the issues are complex and interlinked – for example, trade policy should work for development.

Appropriate and rigorous accountability mechanisms pertaining to all actors are crucial for the success of achieving goals and turning aspirations or 'commitments' into obligations. Accountability is also central to democratic governance and the respect for human rights, both of which, as has been noted, were lacking from the MDG framework. The new post-2015 framework must express a genuine commitment to mutual accountability which encompasses the impact of richer and emerging countries' policies in areas such trade, tax and financial regulation etc and the role of all actors impacting on sustainable development objectives in any way. Mechanisms are also needed for citizens to hold governments accountable for progress towards development goals, accompanied by adequate civic education programmes to enable an informed, critical and meaningful engagement. Everybody shares responsibility, so everybody should be part of the solution. etc. Accountability should also be expected of all actors that have a role in the implementation of the new framework, including the private sector.

## **B. Feasibility of a future framework**

### **6. In your view, in what way, if at all, could a future framework have an impact at global level in terms of global governance, consensus building, cooperation, etc.?**

To have an impact on global governance, a future framework must deliver, or commit to change which will deliver, legitimate and adequate systems of global responsibility, accountability and transparency which apply to all countries and all actors. This is essential to secure an international order in which the rights and freedoms set forth in the Universal Declaration of Human Rights, arguably one of the most fundamental manifestations of multilateralism to date, can be fully realised.

### **7. To what extent is a global development framework approach necessary or useful to improve accountability with regard to poverty reduction policies in developing countries?**

- i. The aim of the post-2015 framework, rather than limiting itself to poverty reduction, should be to create a just and sustainable world in which every human being can realise their rights and live free from poverty. Accountability mechanisms should therefore not only be geared to poverty eradication, but to addressing every actors' role (be they a country, a company or an international organisation) and their commitments within the post-2015 framework.
- ii. Poverty eradication should not be the sole prerogative of developing countries. Based on national poverty lines, 170m people live in poverty in high income countries. Poverty is therefore found in all countries independent of their categorisation by income. All countries should therefore be held accountable to try to reduce poverty in their context and to close the gap between the richest and poorest. Higher income countries should simultaneously continue and increase efforts to assist lower income countries to eradicate poverty through international cooperation.
- iii. To enforce genuine mutual accountability, the post-2015 framework must encompass the impact of all actors' policies in areas such trade, agriculture, tax and financial regulation etc.

Accountability is central to democratic governance and respect for human rights, as it defines the relationship between state and citizen, and between the "rights-holder" and "duty-bearer" under international human rights law. Accountability improves policy-making and ensures that those whose rights are infringed upon in the development process are able to seek effective redress. Mechanisms are therefore needed at different levels, from the lowest level right up to the global level. Locally-led monitoring of the key pillars of the governance system,<sup>2</sup> involving all population groups and sectors, is indispensable in reinforcing and complementing global systems.

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<sup>2</sup> For instance Transparency International identifies the following 'pillars' in a country's governance system: Legislative branches, executive branches, judiciary, public sector, law enforcement, electoral management body, ombudsman, audit institution, anti-corruption agencies, political parties, media, civil society and business.

**8. What could be the advantages and disadvantages of a global development framework for your organisation/sector, including how you work effectively with your partners?**

Refer to Beyond2015 submission

**C. The potential scope of a future agenda**

**9. In your view, what should be the primary purpose of a future framework?**

The primary purpose of a future framework should be to create a just and sustainable world in which every human being can realise their rights and live free from poverty. Based on the Millennium Declaration and informed by the strengths and weaknesses of the MDGs, the primary purpose of a future framework should be to articulate a set of clear, concrete, binding objectives which have been agreed upon through a participatory process, which are time-bound and universal in nature, which are focused on the eradication of poverty and the fulfilment of human rights, which embody a commitment to environmental, economic and social sustainability, equity, security, good governance and policy coherence for development and which have the capacity to capture and maintain appropriate and adequate support at public and political levels. The framework must have accountability at its core and the commitments must be measurable, with associated indicators which are both quantitative and qualitative.

**10. In your view, should its scope be global, relevant for all countries?**

Refer to Beyond2015 submission

**11. To what extent should a future framework focus on the poorest and most fragile countries, or also address development objectives relevant in other countries?**

Refer to Beyond2015 submission

**12. How could a new development agenda involve new actors, including the private sector and emerging donors?**

It is first important to define what one means by 'private sector'. This takes many forms, at many levels and their participation should reflect these differences. The private sector provides jobs and as such is a vital engine to development, yet businesses are first and foremost profit driven and within the mainstream business model, job creation is a by-product rather than a goal. In addition, the profit objective of mainstream businesses does not necessarily offer incentive to improving work conditions, to doing something for the community it operates in and for long-term sustainability.

A commitment to respect and strengthen human rights obligations, financial transparency and social and environmental sustainability must underpin all operations of all actors in the private sector without exception. Binding regulation for minimum standards in key areas should be envisaged, thereby combining a corporate social responsibility approach with a corporate accountability approach. Internationally agreed standards such as the ILO basis labour standards, the UN convention against child labour, non-discrimination, etc. need to be implemented and enforced on national level as this would create an enabling legal framework.

Considering the impact of businesses it is evident that businesses should not be held to a lower standard than the public sector. Just as PCD requirements need to be mainstreamed across all policy fields for the public sector, Corporate Social Responsibility (CSR) must underpin all the core business operations of the private sector without exception. This includes non-discrimination, country-by-country reporting, sustainable and equitable trading relationships which take into account all costs of production both direct and indirect, including safeguarding of natural resources and meeting future investment needs.

It is essential to analyse the most important problems in a specific supply chain and to involve the various parties (ie. producers, processors, traders, government, consumers) in trying to solve problems. Investing in the sustainability of supply chains should be a win-win situation, both for large companies (that need to ensure reliable sourcing and also to respond to increasing societal and consumer demands) but also for producers and consumers in the South.

Small-scale producers, small producer organisations and businesses, a hitherto neglected part of the private sector, play a particularly significant role in development. The informal sector - which is largely

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made up of small businesses - accounts for 75% of total employment in developing countries.<sup>3</sup> There is a need to take into account marginalised producer and worker organisations, their relation with local communities, their supply side constraints and the need to focus on creating sustainable supply chains to encourage inclusive growth. A private sector approach with a priority focus on small-scale producers and businesses would deliver outcomes more in line with human rights obligations, promoting dignity and decent and stable livelihoods for many, while also contributing to equitable and resilient societies.

Indicators to such a 'agenda' should be about inclusive growth rather than average growth, and should also include criteria on equality, (producer) empowerment, interdependence rather than dependence, and long-term security. Specifically for small-scale producers, small producer organisations and businesses this means understanding the market and having a position from which they can negotiate fair prices for their products, access to finance under reasonable conditions, democratic working structures, the possibility to add additional value to their product and long-term perspective on the value of their product(s) and ownership of their land. Another crucial component is stimulating and safeguarding the ability of these groups to organise representation not only to influence the supply chain and maximise production by realising scale, but take part effectively in policy formulation and to balance the macro-economic trade policy developments that seem to have an adverse effect on small producers. Developing producer organisations empowerment is important for small producers to be able to deal with local power relations and possible corruption that occur at these levels. Empowering people and organisations increases their resilience to falling back into poverty.

Contrarily to mainstream businesses, Fair Trade, cooperatives and other forms of people-centred businesses/social and solidarity economy enterprises are market based tools which harness the opportunities offered by trade not to profit but directly towards development objectives. In order to take full advantage of the opportunities trade and the private sector offer for sustainable development these tools need to be prioritized.

### **13. How could a future framework support improved policy coherence for development (PCD), at global, EU and country levels?**

Despite the fact that the EU is legally obliged to ensure policy coherence for development under the Lisbon Treaty, that all OECD countries have committed to the same objectives and that the outcome of the High Level Forum in Busan in 2011 stresses the need for PCD,<sup>4</sup> there are still no robust institutional mechanisms that prevent rich countries' policies (or those of the private sector in the country) from having a negative impact on the world's poorest people. In practice it is still possible for political and business decision-makers to go ahead with a policy despite its potentially negative, even if indirect and unintended, impact on development and the global environment. So, even though there is increasing awareness (and sometimes, full knowledge) of indirect consequences of policies and actions, there is still no obligation to intervene ahead of decision-making and anticipate and prevent incoherence. Nor is there any complaints procedure open to governments, civil society organisations and local communities that are affected by EU or other states policies and which would trigger a revision of harmful policy provisions and lead to remedies for their negative effects on poor people in developing countries.

A set of general criteria which must be met by the new Framework can be deduced from the experiences with implementing PCD in practice so far:

- The framework's goals must be global in scope and tangible targets and indicators must be drawn up which allow for effective assessment of whether international, regional or domestic policies are coherent with the goals.
- Guidelines for proper institutional mechanisms such as PCD screening and monitoring of relevant policy-making process at international, regional and domestic levels must be attached to the new global goals.
- The above points must be combined with clear lines of responsibility among the relevant institutions starting with the UN where the goals are anchored but including other international bodies, regional organisations, national governments and civil society.
- A redress mechanism that allows for affected people's voices to be heard and have their case raised when their rights are being violated by incoherent policies.

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<sup>3</sup> Addressing informality, reducing poverty, Marty Chen, Poverty in Focus, No. 16, pp. 6-8, Dec. 2008

<sup>4</sup> Lisbon Treaty (TEUF art 208); OECD Ministerial Declaration on Policy Coherence for Development, June 2008; Busan Outcome Document, High Level Forum on Aid Effectiveness, 2011

- A UN Special Rapporteur for PCD should be appointed as part of the new post 2015 development framework.

#### **14. How could a new framework improve development financing?**

Policy Coherence to development, human rights commitments and sustainability is an important condition for finance to effectively serve its function. As recognised by the report of the World Commission on the Social Dimension of Globalisation on policy coherence, "(i)n practice, the multilateral system is under-performing in terms of ensuring coherence among economic, financial , trade, environmental and social policies to promote human development and social progress (...) international rules and policies have favoured measures for market expansion over economic and social policies to achieve a pattern of globalization that benefits all countries and all people." It is essential to acknowledge the factors that this failure can be attributed to in order to learn from them and set ourselves on a path of transformation.

Policy coherence must be translated into national policy and action as well. Public procurement policies are clear instances to measure public authorities commitment to policy coherence to development, human rights and sustainability. Public authorities have a relatively expansive purchasing power. Most often public purchasing decisions are guided- at best- by criteria of cost effectiveness. Yet public procurement can become a pro-active tool for policy coherence when public procurement operators influence the production methods and products of their suppliers by introducing environmental, social, cultural and human rights standards. Public procurement can also be used to open up accountability channels between different stakeholders and involve communities and individuals in decision-making. In addition, sustainability could be reinforced when procurement policies strengthen the small-scale, local economy by supporting small-scale domestic producers and suppliers.

#### **D. The potential shape of a future agenda**

##### **15. What do you consider to be the "top 3" most important features or elements which should be *included* in or ensured by any future development agenda?**

- It should address the root causes of poverty
- Policy Coherence for Development should be at its core, taking global policies that have global effects and make them work for development. Trade policy should be high on this list to make sure trade works for development
- Apply a human-rights approach

##### **16. What do you consider to be the "top 3" features or elements which must be *avoided* in any future development agenda?**

Refer to Beyond2015 submission

##### **17. Should it be based on goals, targets and indicators? If any, should goals have an outcome or sector focus? Please give reasons for your answer.**

Refer to Beyond2015 submission

##### **18. How should implementation of the new framework be resourced?**

Refer to Beyond2015 submission