

Fairtrade Foundation submission to the International Development Committee inquiry on the impact of UK aid cuts

1. Introduction

- 1.1 Fairtrade in the UK is part of a global Fairtrade system which supports 1.71 million Fairtrade workers in 73 countries around the world. Our vision is to make trade fair and secure a better deal for farmers and workers, contributing to the UK's wider climate crisis, international development efforts and achievement of the Sustainable Development Goals (SDGs).
- 1.2 Fairtrade welcomes the opportunity to submit evidence to the International Development Select Committee (IDC) inquiry into the impact of UK aid cuts.
- 1.3 The Fairtrade Foundation is strongly opposed to the deep cuts to UK aid to 0.5% of GNI, particularly in the year the UK is hosting both COP26 and the G7. The Fairtrade Foundation echoes the concerns of other civil society organisations¹ that the impact of the cuts to UK aid will be felt most keenly by those in low income countries, and will severely inhibit poorer nations ability to recover from the pandemic and respond to the climate crisis. The impact of the pandemic, coupled with the cut to UK aid, is likely to lead to a rolling back of hard won gains in reducing poverty, and severely hamper the global ambition to achieve the Sustainable Development Goals (SDG's) by 2050.
- 1.4 The Fairtrade Foundation is pleased to be a partner in the FCDO's Vulnerable Supply Chains Facility (VSCF), which aims to help nearly a million people by ensuring workers and suppliers overseas – and their families – are prepared for the economic and social shocks of COVID-19. The VSCF is continuing to have a measurable impact on the ground, and highlights the importance of 'aid for trade' initiatives to support sustainable supply chains. The Fairtrade Foundation is keen to see the scaling up of programme work which works alongside civil society and the private sector through a whole of government approach to economic development and future resilience.

2. The impact of UK aid cuts on COVID-19 recovery

- 2.1 Many producers in developing countries, who produce 10-15% of the UK's food such as bananas and coffee, are already living close to the poverty line and often have little in the way of savings or resilience to market, health or environmental shocks. The shock of COVID-19 has resulted in widespread market uncertainty, huge risks to public health, widespread job losses and difficulties in transporting products to the UK. The cost of food production and transport has risen. This challenges the production of some of the UK's food supplies alongside increased challenges to the well-being of farming communities in producer countries.
- 2.2 The wide scale loss of livelihoods in some sectors is likely to cause longer term challenges for farmers – and make responding safely to the virus even harder. The

¹ <https://www.bond.org.uk/press-releases/2021/03/over-100-uk-ngos-condemn-government-decision-to-cut-aid-to-yemen>

International Labour Organisation's most recent estimate is that 93% of the world's workforce are living in countries with some form of workplace closure², and that 8.8 percent of global working hours were lost in 2020, equivalent to 255 million full-time jobs. The ILO estimates that one billion people worldwide are employed in agriculture, with a very high incidence of "in work poverty", including extreme poverty. The ILO states warns that the pandemic may have "*a significant negative impact on the livelihoods of millions of plantation workers engaged in export-oriented, labour-intensive agricultural production in developing countries*"³ – including farmers growing food for the UK market.

- 2.3** With damaged livelihoods, many farmers and workers will struggle to get enough food to feed themselves and their families. The United Nations has estimated that nearly 50 million more people will be pushed into extreme poverty⁴. Recent figures suggest that the number of people at risk of acute food insecurity in at-risk developing and middle-income countries could increase from an estimated 149 million (pre-COVID-19) to 270 million before the end of the year. In Africa alone, negative growth figures mean that 48 million people could fall into extreme poverty⁵.
- 2.4 With the system under such pressure, cuts to development aid are likely to have a serious impact on producers in lower income countries ability to recover from the pandemic.
- 2.5 Access to vaccines is an urgent issue. Even if COVAX is fully funded, it is only targeting 20 percent coverage by the end of the year in lower income countries. Alongside an unacceptable human cost, failure to deliver proper vaccination coverage could cost the global economy \$9 trillion (US dollars)⁶. Public health spending ought to be ring fenced to ensure lower income countries are able to access vaccinations and as swiftly as possible.
- 2.6 The Fairtrade Foundation also supports a temporary TRIPS waiver to boost vaccine production capacity and reduce the dependence of lower income countries on the gifting of vaccines by more wealthy countries⁷.
- 2.7 Aid spending on economic development more widely will be vital in ensuring that producers are able to recover from the pandemic, supporting the achievement of sustainable livelihoods and resilience in the face of future shocks.
- 2.8 The VCSF established by the FCDO is an example of an important model for the forms of trade and supply chain models that foreign and development policy should be

² https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_767028.pdf

³ https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---sector/documents/briefingnote/wcms_742023.pdf

⁴ <https://www.nytimes.com/2020/04/30/world/asia/coronavirus-poverty-unemployment.html>

⁵ <https://www.cdcgroup.com/en/news-insight/insight/articles/finding-opportunity-in-crisis-what-does-covid-19-mean-for-africa/>

⁶ Cakmakli et al, [The Economic Case for Global Vaccinations: An Epidemiological Model with International Production Networks | NBER](#)

⁷ <https://www.globaljustice.org.uk/news/8668/>

promoting. The scheme works across the private, government and civil society sector to support agricultural producers and garment workers in developing countries during the pandemic, and to build longer term resilience in their core supply chains. A total of £2m of the match funding included in the scheme was contributed by UK businesses. Using this funding, the Fairtrade Foundation is working closely with its business partners to support some of the most vulnerable flower and cocoa producers in Kenya and Ghana, partnering with MM Flowers, Mondelēz International, Co-op, M&S, Tesco, Coventry University, FNET, Women Working Worldwide and Partner Africa. We believe this scheme sets out a future model for how the government, civil society and businesses can work together to support vulnerable workers and to build back better.

2.9 We would like to see the Government continue to commit significant resources and funding to recovery and future resilience building for producers in the Global South. The attainment of living incomes/living wages for producers is a vital step towards supply chain resilience, ensuring producers are better able to recover from the coronavirus pandemic and adapt to the future impact of climate change. This will also support the Government's commitment to poverty reduction, the SDGs, and future UK food security.

3. The impact of cuts to UK aid on climate resilience

- 3.1** Responses to the COVID-19 pandemic need to be seen within the context of a greater threat – the climate crisis. Farmers and workers are already on the front line of the climate crisis⁸, and are already hit by increasing droughts, floods and unpredictable, changing weather. The impact on livelihoods will make it harder for producers and farmers to invest in adapting to the impact of and mitigating against climate change.
- 3.2** The worst effects of climate change are falling on those least responsible for creating the climate crisis and least able to adapt to these changes. This includes many of the farmers and workers responsible for growing much of the produce we import into the UK.
- 3.3** The programmes that the UK's International Climate Finance (ICF) funds have supported on adaption, resilience, and decarbonisation, are welcome. We would like to see them extended, to include a greater number supply chains for produce with import into the UK, and on a greater scale.
- 3.4** Currently, our overseas emissions account for nearly half of those that the UK is responsible for, and the proportion is expected to grow to up to 80 per cent by 2050⁹, so there is a clear environmental need to increase the amount of focus and finance on tackling these issues by the Government.
- 3.5** A proportion of these emissions are linked to food production and transport, with 10-15 percent of the UK's food imports coming from Asia, Africa and Latin America. The farmers and workers growing this produce are often some of the poorest people in the world, so solutions must achieve the linked goals

⁸ <https://www.fairtrade.org.uk/media-centre/blog/there-is-no-climate-justice-without-trade-justice/>

⁹ <https://www.sciencedirect.com/science/article/pii/S1462901115001136#fig0010>

of reducing emissions, supporting a just transition / adaptation and poverty reduction. UK climate finance can play an important role by funding targeted programmes aimed at both.

- 3.6** Finance is needed to meet important opportunities to decarbonise on farm production, packaging and transport. Shifting to less intensive or agro-ecological production, for example, could achieve emissions reductions in terms of both fertiliser and pesticide use, and could deliver greater resilience to plantations alongside biodiversity gains. However, making this shift will cost money that most smallholder farmers do not currently have, and as such further investment will be needed.
- 3.7** The Fairtrade Foundation is concerned that the UK has, to date, allocated its climate finance from the Global North for climate action (as agreed upon under the UNFCCC process where lower income countries were promised new and additional climate finance) from its aid budget. This means that a cut to the aid budget may also represent a cut to climate finance, and/or may receive both aid and climate finance from a much smaller pot of money.
- 3.8** We would like to see the Government increase UK aid support for programmes to help farmers and workers adapt to climate change and decarbonise, as well as leveraging further private finance for these goals.
- 3.9** International climate finance should also be leveraged to help ensure a just transition for farmers and workers and protect economies and livelihoods in developing countries when there are moves to reduce the consumption of goods with large carbon footprints in ways that could impact on jobs and livelihoods.

4. Concluding remarks

As we approach COP26, the Government is rightly championing net zero ambition. However, the UK's own ambition in this regard is profoundly undermined by the cut to aid. Farm-level interventions such as nature-based adaptation are long term interventions that must start now if sequestering efforts are to deliver results quickly enough. The recent cut to the UK aid budget therefore comes at exactly the wrong moment. There is an urgent need to finance public health, to underpin global recovery and UK food security, and prevent widespread increases in poverty. We have sought to show in this submission that UK aid is extremely well placed to intervene to support livelihoods, build resilience, and ensure a faster recovery. The cut is a false economy and will damage the UK's interests as well as withdrawing vital support to the world's poor.