

Type II partnership proposal submitted by the French Government

TITLE: The Development of Fair Trade

PARTNERS:

Sponsors of this initiative (full contact details):

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National partners: Ministère des Affaires Étrangères (DGCID/DCT/EAP), Agence Française de Développement, Association Française de Normalisation, Association Ingénieurs Sans Frontières and the Local Authorities of Lyon, Nantes and Rennes.

International partners: World Bank, International Fund for Agricultural Development and producers' associations in the countries concerned.

Associated bodies: Consumer associations

DESCRIPTION:

Summary and relevance to Agenda 21 and the Millennium Declaration:

The World Trade Organization is increasingly marginalizing small producers in developing countries. The small producers (craftsmen, farmers and converters) in these countries are excluded from the world's main trading channels, but fair trade offers them the opportunity of finding alternative outlets for their products and generating a better income from the work they do. It also intends to help develop alternative trade solutions between the countries of the North and those of the South and to demonstrate their viability.

The aim of the support provided by fair trade bodies for the small producers of the South is to guarantee them decent working conditions and pay and to promote the growth of self-sufficient and sustainable production centres.

Fair trade also enables consumers to buy products that support producers and give them a fair deal.

Networks are being developed around the concept of fair trade. Criteria and methods have been introduced to ensure the organized and carefully thought out development of this new type of trade.

After decades of implementation and maturation as well as entirely positive development over the past several years, it is now necessary to move on to the sales volume growth phase, since we know that fair trade is driven by downstream demand, i.e. that increasing the numbers of producers who benefit from this type of trade depends directly on market growth.

Targeted at developing a trade structure capable of delivering higher and more stable incomes for producers, this project improves living conditions in those communities that benefit from it, contributes to strengthening the way these producers organize themselves and helps democratize the way such organizations are run. It is totally consistent with a strategy of reducing inequality and combating poverty in the context of sustainable development built around humanity and effective management of resources.

The project has two interlinked objectives:

- to increase the market shares held by fair trade products in the French consumer market;
- and therefore to increase the number of African producers involved in fair trade.

The project hinges on expanding the market for fair trade goods in France, thus increasing the number of producers in African countries.

There already exists a wide range of fair trade products which are either organized or in the process of being organized, but which lack outlets. Equally, there is strong consumer demand, but the difficulty lies in being able to convert this desire into the act of purchasing. The main underlying cause of this problem is the weakness of distribution networks. The project therefore proposes to concentrate on bringing these networks to life.

In terms of increasing the market shares of fair trade products in the French consumer market, the following steps fall into the two areas of promotion and control:

- Analyzing the market for the selected products of coffee, cocoa, rice, mangoes, cotton and shea butter. The proposals to

implement new product lines or strengthen existing ones assume prior research of the French market.

- Putting selected cooperatives and producers in contact with financial institutions in France.
- Increasing the contribution made by supermarkets to the retailing of the products concerned by promoting the Max Havelaar label and other labels that may become recognized.
- Strengthening and developing convenience store distribution networks, medium-size and small store networks, specialist retailer networks and traditional outlets.
- Informing the public and raising consumer awareness through communication campaigns.
- Reassuring consumers that products presented as “Resulting from Fair Trade” have been produced, imported and distributed in accordance with the criteria of fair trade. This requires recognition of labels and evaluation systems.

In terms of increasing the number of producers involved in fair trade, the project proposes to promote the inclusion of selected groups in the product areas of coffee, cocoa, mangoes, rice, cotton and shea butter, following identification of demand (market, importers, converters, retailers, etc.) with the support of institutional partners (IFAD, WB, AFD, etc.) and the projects they finance in certain countries, as well as support from French and local NGOs. This will involve the following:

- Selecting the groups and cooperatives;
- Confirming their ability to respond to labelling requirements and the demands imposed by the various target markets;
- Helping individual producers or companies to comply with requirements;
- Consolidating those structures selected in the South;
- Negotiating with potential buyers over the introduction of new groups and cooperatives;
- Setting up approval and labelling procedures.

The project also intends to put the emphasis on the systems required to monitor and evaluate those involved in fair trade and their actions, as well as the action taken to capitalize on the experience gained from the various projects and partners.

Relevance to the objectives of Agenda 21:

The development of fair trade and the involvement of a growing number of producers in the South correspond closely with the objectives of Agenda 21:

- To promote sustainable development through fairer trade practices;
- To combat poverty and inequality;
- To integrate environmental protection practices and resource management into economic development activities;
- To strengthen the role played by producer and/or converter groups in public/private partnerships;
- To improve the production systems used by the groups concerned;
- To promote the establishment of democratic management methods within groups;
- To improve the awareness of consumers in the North to a system of trade that respects people and resources.

Expected results:

The direct beneficiaries of this project will be the producer cooperatives and associations of the South, which will benefit from greater penetration of the markets of the North by becoming part of a larger economy while receiving a much fairer income. The resulting increases in revenues should generate not only an improvement in the living conditions of these producers, but also the implementation of local development projects.

The indirect beneficiaries of this project will be the distribution networks of the North, whose capacities and promotion will be strengthened, and the consumers of the North, who will benefit from the greater visibility of fair trade products.

The expected results therefore include increases in the share of the French market held by fair trade products, increases in the market shares of products of African origin, increases in the market shares of selected products in relation to all fair trade products and an improved awareness of fair trade in France. From the point of view of producers, the expected results include increasing the total number of producers involved, increasing the number of groups and cooperatives set up and higher incomes for producers. The results may also increase the number of projects able to be initiated or developed and improve production systems as a direct result of bringing producers into the fair trade channel. Finally, the monitoring/evaluation/capitalization aspects of the project should fuel a wide-ranging debate on best practices and help pave the way to a consensus on intervention methodologies amongst those involved.

PROJECTED IMPLEMENTATION SCHEDULE:

- Preliminary project design and supervisory committee set up in June 2002;
- Production of a project feasibility report by July 2002;
- Presentation of the project to the WSSD;
- Project launch at the end of 2002;
- Project runs for 3 years.

PLANNED IMPLEMENTATION RESOURCES:

Funding: The French Ministry of Foreign Affairs will contribute 3.8 million euros to finance the planned initiatives. Additional funding will be contributed by existing projects involved in the product areas and countries selected.

Evaluation procedure: A steering committee will be set up to supervise and direct the project. External evaluation will be carried out at various stages of each part of the project, depending on the product areas and countries selected. Methods for the continual evaluation of fair trade initiatives and those responsible for implementing them will be discussed and applied.

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Further information is available at: www.diplomatie.fr