

Making climate finance *work* for the poor



Making the best of Fairtrade



FAIRTRADE

Climate Impact on Key Fairtrade Products



- Coffee: lower rainfall and higher temperatures may render production unsustainable by 2050
- Cocoa: increased susceptibility of trees to drought
- Tea: variability in rainfall increases vulnerability of plants to drought; impact on quality
- Bananas: unstable rainfall patterns and storm damage from increased hurricane activity
- Cotton and sugar: higher temperatures are likely to reduce yields

Fairtrade's Unique Position



- Direct access to hundreds of thousands of producers who are organised in networks
- Links to the markets
- Environmental standards
- Creating social and economic conditions to build adaptive capacity:
 - organizational development,
 - financial stability (minimum price),
 - greater autonomy (empowered relations),
 - investment opportunities (Fairtrade premium)



Producer Support Programme and Supply Chain Investments



- Producer Support Programme for Climate Change (PSP)
 - Regional/country projects focused on key Fairtrade products
 - Projects focusing on adaptation
 - Seeking public and private investment
- Working with supply chains
 - Insetting Mechanism (private investments to offset emissions)
 - Investments made by commercial partners to ensure product sustainability

How to ensure fairness and best practice?



- Fairtrade is doing feasibility studies to develop standards for adaptation and mitigation.
- Adaptation projects and supply chain investments will be subject to these standards
- Producers will actively participate in the development of standards to ensure their benefits are guaranteed.
- The standards will provide a guarantee on best practice at the level of adaptation and mitigation.
- These standards should provide reassurance to potential investors - they will guarantee a credible and legitimate investment.

Fair Adaptation



Objectives:

- Ensure fairness
- Best practices (climate change adaptation and sustainable agricultural practices)
- Sharing/exchange platforms
- Involvement of different actors within the supply chain

Fair Adaptation will be:

- Voluntary standard to certify adaptation projects
- Adaptation projects (2-3 years) funded through Producer Support Programme and/or Insetting mechanism
- Open to adaptation projects not including Fairtrade producers and funded by the public and/or private sectors



Fair Carbon Credits



Objectives:

- Ensure fairness in the production and trading of carbon credits
- Best practices (climate change mitigation and sustainable agricultural practices)
- Sharing/exchange platforms
- Involvement of different actors within the supply chain

Fair Carbon Credits will be:

- Voluntary standard to certify carbon credits produced by farmers
- Certify mitigation projects (2-3 years) aiming to develop carbon credits, funded through Insetting mechanism and/or Producer Support Programme
- Open to non Fairtrade producers



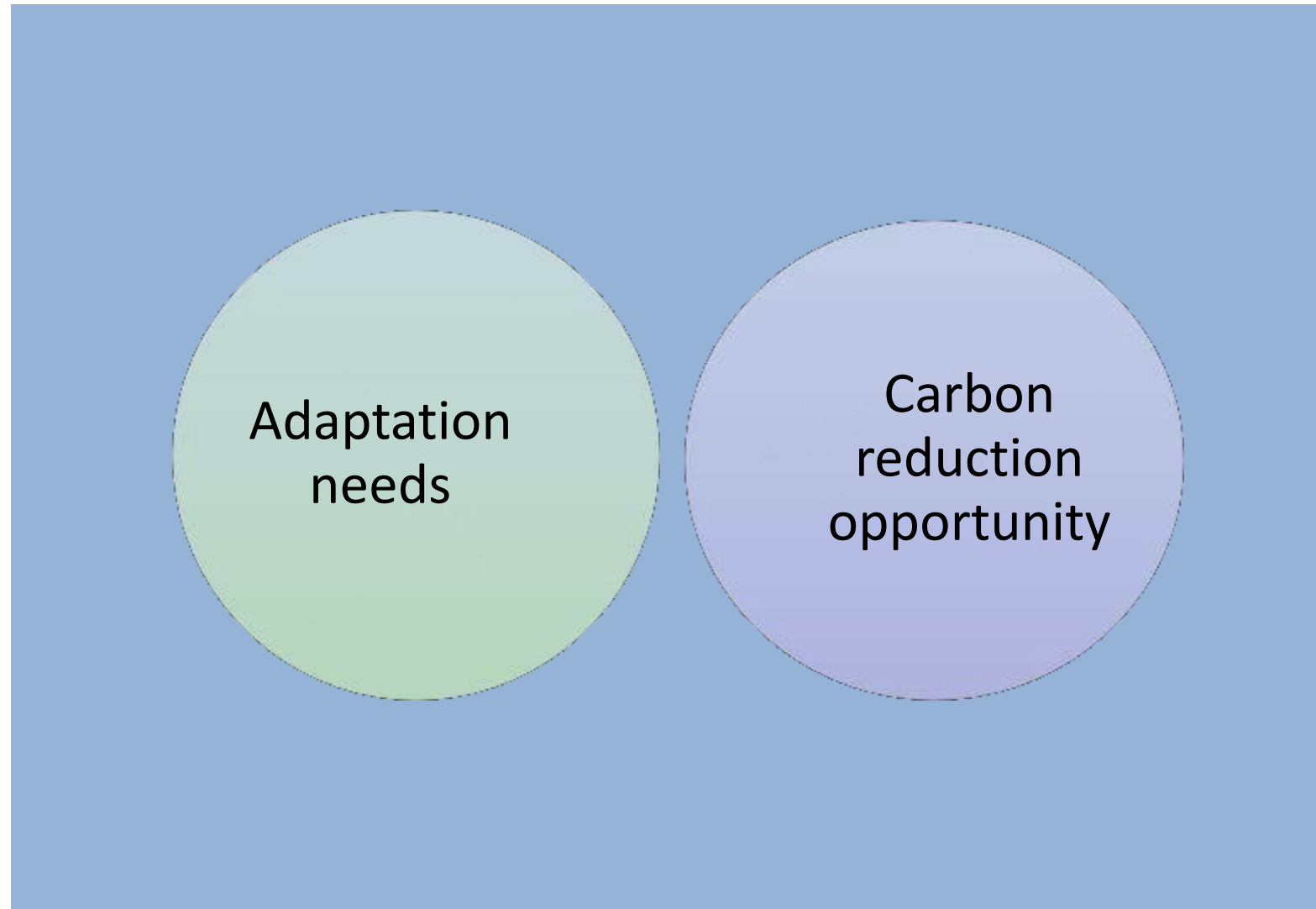
Supply chain investments -insetting



**Fair Climate Network
Southern Africa**



Supply Chain Investments- Insetting



FAIRTRADE
FOUNDATION

Getting started – insetting

Explore opportunities to increase quality and quantity of support for vulnerable producers

- Lever relationships and networks
- Work with ‘Pioneer businesses’ - already committed on both climate change and Fairtrade
- Not consumer facing – B2B, positive company profile
- Where businesses already offsetting AND with vulnerable producers in supply chain
- Where carbon reduction can also increase resilience
- Opportunity exists for genuine win-win



Questions

- Need to be very sure of benefits, both carbon reduction and resilience – use of 3rd party (IIED)
- May be pricey! Does the business model hold at scale?
- Win-Wins are great but how far can it go?
- Certainly must be only one tool, many more needed
- What else could we be doing to maximise unique position?
- Welcome ideas and feedback!



Thank you!



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