

Impact Report 2019/2020



TRAIIDCRAFT
Exchange



A year in review

Welcome to Traidcraft Exchange's Impact Report 2019-20, in which you can find some of the highlights of the past year.

The report formally covers the year to the end of March 2020 – which of course was the month in which the whole world changed, and some activities now seem a world away from the new reality we as a global community are facing.

I'm struck by the resilience shown by some of the communities we work with in the face of this global pandemic. This is tribute to the nature of Traidcraft Exchange's work, which is always about building the long term ability of vulnerable people to benefit from trade by helping them realise their collective power.

For example, in Bangladesh, we have been supporting very poor farmers to create their own producer groups (page 9) since 2007. When the pandemic hit, the longest-established groups were able to use collective savings to support their members through the crisis without the need for external help.

Over the last few years Traidcraft Exchange has been establishing itself as a standalone charity, alongside its partner business Traidcraft plc. This has included reviewing priorities and the ways in which we work.

As part of this process we have recognised that we urgently need to do more to respond to the climate crisis.

As articulated by the World Fair Trade Organisation, of which we are a member, 'There can be no trade justice without climate justice'.

We have to start from the recognition that world trade is broken. Current patterns of global trade were built over centuries on the back of slavery, colonialism and fossil fuel extraction. If we are to build a more just and fair trading system, we must address the historic debt that we in the global north owe those in the global south who have seen few of the benefits of industrialisation, yet are paying the price as the climate becomes more extreme and unpredictable. We have to find a way of building trade which does not contribute to climate change – but does enable people to earn a decent income – and that is the challenge we have set ourselves.

Thank you, again, for your support and commitment to helping us meet this challenge.



Charlotte Timson

Charlotte Timson
CEO, Traidcraft Exchange

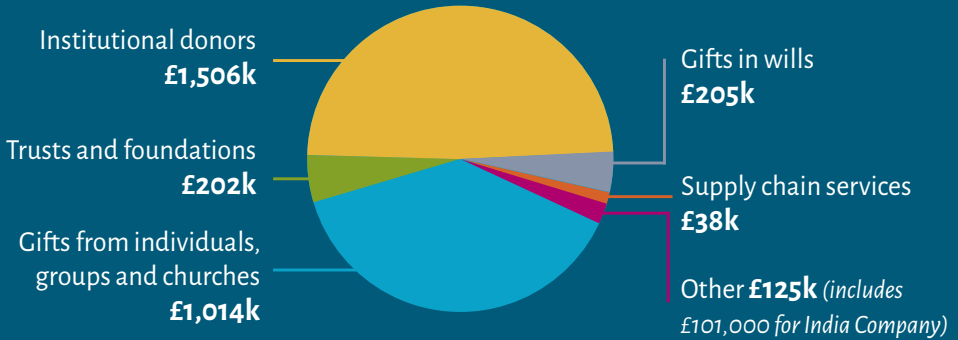
Financial summary

We would like to thank all of our donors, supporters and partners who have helped us have an impact during 2019-20.

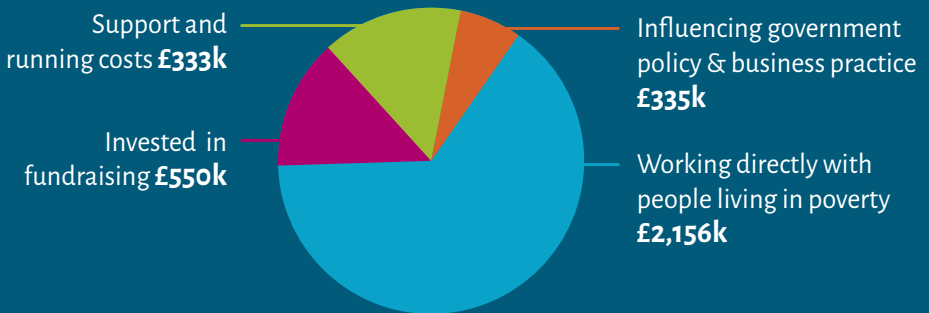
We are committed to keeping our overhead costs as low as possible, to ensure that most of our income goes directly towards changing trade and improving the lives of vulnerable farmers, workers and artisans worldwide.

Thank you for supporting us.

Income in 2019/20

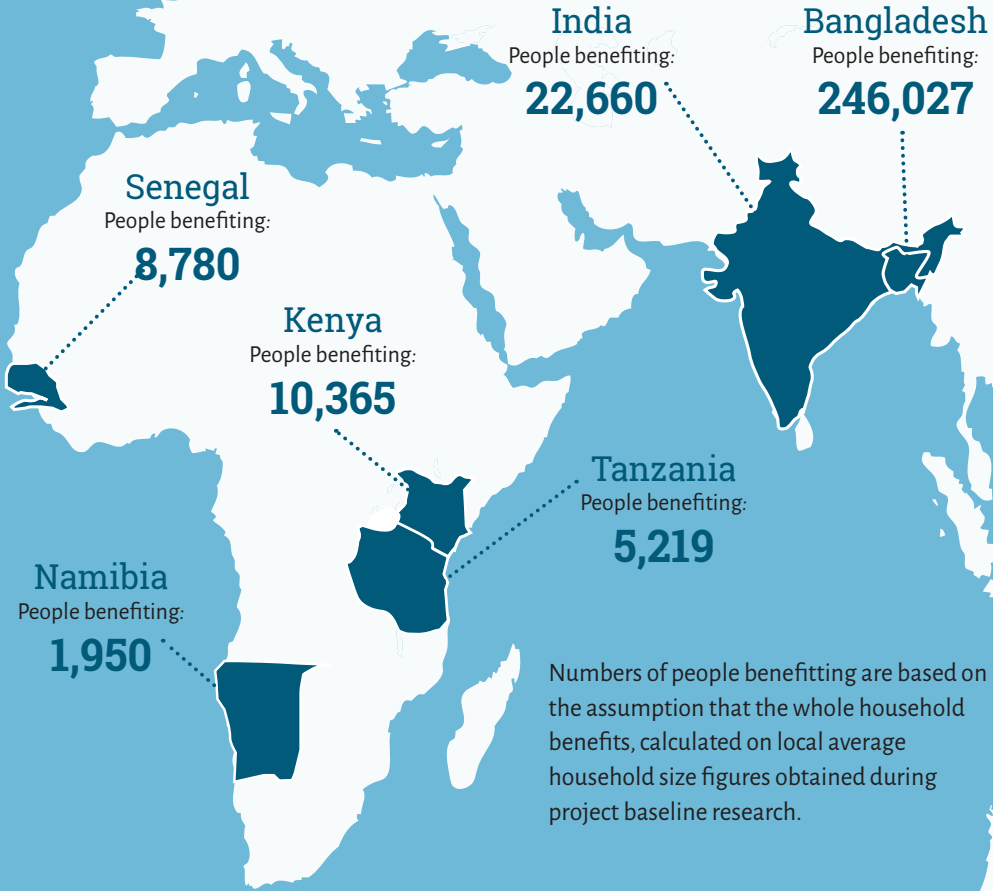


Expenditure in 2019/20

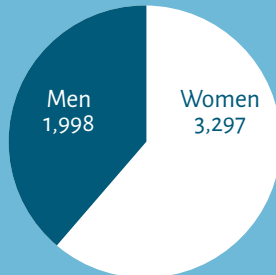


These figures include income and expenditure of our subsidiary company in India.

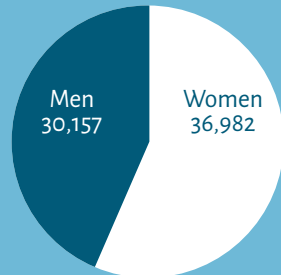
Where and how we work



Project Participants



Africa



South Asia

Traidcraft Exchange believes that current trade systems are not working for the poorest of the world's people and for the planet we all depend on. Vulnerable people are being exploited for profit or excluded from the benefits of trade altogether. Mass production and consumption is stripping the earth of its natural resources, degrading local environments and resulting in run-away climate change.

Despite this, we still believe that trade and business can generate wealth, support livelihoods, regenerate the environment and enable people to thrive. But trade is not an end in itself, and business does not inevitably result in equitable rewards for everyone.

We are committed to justice and equality, and believe that trade needs to be managed and shaped to be fair and accountable, and to help bring about a world where the most vulnerable people are included and the environment is sustained.



Programmes

We do this through programmes **working directly with vulnerable workers and producers** within supply chains in the global south by:

- Bringing people together to form groups which build their collective and individual power in the supply chain
- Providing training and support to understand market needs and develop relevant skills
- Helping people make connections and grow their networks.



Influencing

Alongside this, we **work to influence government and business** in the global north to make trade fairer and more accountable. We do this by advocating directly with decision-makers, and by running campaigns which engage active citizens the world over to add their voice to the collective call for trade and climate justice.



Consultancy

We also **work with ethical businesses and others** to help them make justice in trade a reality.

Our history and roots are in the alternative trade movement and we work closely with our partner business Traidcraft plc. We believe that we cannot achieve our aims alone and so we work in collaboration and partnership with others who share our goals.

Combatting debt bondage in India and Bangladesh

Through our work we aim to prioritise the people who are most vulnerable in trade. This includes migrant workers, homeworkers and people without land.

Landless families are particularly vulnerable to debt bondage, where they work on a lender's fields for nothing – sometimes for several years – to repay a loan. In January 2019, Traidcraft Exchange started a major new project working with people from Dalit and Adivasi communities in India and Bangladesh who are victims – or at risk – of bonded labour. The project, in partnership with Jan Sahas in Madhya Pradesh, India and ASSEDO in northern Bangladesh, is called 'Muktee' meaning 'freedom'. It works not only to rescue and rehabilitate men, women and children from debt bondage and forced labour conditions, but also to help people at risk of bonded labour earn a decent income and escape the cycle of debt for good.



Discussion on bonded labour in Madhya Pradesh, India

Over the last year, the project has begun to establish group enterprises, which focus on preventing exploitation and raising awareness of labour rights, while providing skills training and business support to help people secure new ways of making a living.

The Muktee project is co-funded by the European Union, the Allan and Nesta Ferguson Charitable Trust and several other trusts and foundations.



Co-funded by the European Union

New report: At risk of forced labour



Traidcraft Exchange has recently published the results of an exploratory study into the risk of forced labour among migrant textile and apparel workers in and around Delhi, India. The research found

that workers in both formal and informal work settings were at risk of forced labour with violations of a number of Indian and international human rights standards.

Read the report on our website: www.traidcraftexchange.org/forced-labour-report

Working to include people with disabilities in trade in Tanzania

Another group of people who are particularly vulnerable are those with a disability. In Tanzania, where almost one in ten people have a disability, we are working in partnership with SHIVYAWATA, the Tanzania Federation of Disabled People's Organisations, to support sustainable livelihood options in the coffee, cocoa and palm oil value chains.

Many disabled people face discrimination and abuse, which coupled with physical limitations, makes earning a living extremely difficult.

By working together and setting up cooperatives, learning new farming techniques tailored to their disabilities and growing new crops in the target value chains, disabled farmers can earn more from their land, and develop skills to help them improve their incomes.

We are also working with non-disabled people in local communities to help break down discriminatory attitudes and practices.

Lankini has albinism, a genetic condition which reduces the production of melanin pigment in the skin, hair, and eyes, increasing the risk of skin cancer and visual impairment. Lankini has devoted his life to activism on behalf of people with albinism.

Lankini explained: *'The first challenge albinos have is being accepted for what you can do, and people not believing in you. I've heard of other albinos who have been refused jobs because they're albinos, not because they can't do the job. These people have gone to school and studied but still can't get jobs.'*



Lankini has joined a group and is happy to be engaged in the project. *'I was fascinated and excited because we heard the project would involve coffee and making charcoal from coffee waste, and I want to learn about that. I'm happy to be involved in something that might help improve my life.'*

This work is co-funded by the National Lottery Community Fund, the Squires Foundation and several other trusts and foundations.



Land, rights and business accountability in Liberia.

Palm oil plantation in Liberia.

Traidcraft Exchange/Derick Snyder

Traidcraft Exchange has long called for businesses to be held accountable for human rights violations. This year we carried out new research into the impact of palm oil plantations in Liberia, West Africa and launched a campaign calling on the UK government to introduce new legislation on this issue.

We spoke to communities in Liberia living on or near an oil palm plantation operated by the British company Equatorial Palm Oil. When the company arrived in 2012, it asked to bulldoze the village's farmland and add it to their plantation. In return it promised handsome compensation for destroyed crops and to provide jobs, improved roads, a new clinic and a school.

But the benefits never materialised. When the time came to make the compensation payments, farmers received only \$6 for each rubber tree, not the \$97 they had been promised. There is no new clinic or school, and jobs have been limited to insecure, ill-paid contract work. Protests have been met with violence and threats.

Without their farmland, communities are stripped of their livelihoods. As one community elder put it: *'The level we are living in is very deplorable. We are starving to death. We can only survive when we go to our neighbour and work for*

them. They give us a small thing – that's the only way we can eat.'

Equatorial Palm Oil is just one example; there have been numerous other allegations of human rights abuses against UK companies operating abroad.

That's why we are calling for new legislation which would require British companies to assess the human and environmental impact of their activities and to take action to prevent harm to people and the environment. The legislation would also hold companies legally accountable if they failed to make those assessments or adequately prevent harm.

Nearly 6000 people contacted the Prime Minister to ask for new legislation to be introduced. Although there has been no immediate move towards introducing this legislation, we will continue to push for this.

This work is funded by The Joseph Rowntree Charitable Trust and the European Union.



Co-funded by the European Union

Building power and resilience in rural Bangladesh

In rural Bangladesh, poor families struggle to make a living by farming small plots of land. They are incredibly vulnerable, both to exploitation within the local markets, and to the growing threat of climate change. Over many years, Traidcraft Exchange has empowered smallholder farmers through the formation of groups. Khamatayan, which means ‘empowerment’ in Bangla, is helping these groups of farmers to understand their rights and entitlements, and to advocate and collaborate with local government to ensure these are implemented effectively.

After two years, the groups are already stronger and better organised – for example, they all have a written constitution, more than 90% have regular monthly meetings and keep records of these. Almost all run their own savings schemes, which subsequently proved to be a lifeline during the coronavirus crisis with groups able to support their most vulnerable members from their savings.

Using the group structure helps farmers get government support and services – things like agricultural advice and veterinary support – and this has improved their productivity, reduced costs, helped them achieve economies of scale, and increased their market competitiveness.

Between the first and second years of Khamatayan, average incomes for participating farmers increased by 36% across north eastern



Producer groups hold elections to the district and sub-district association.

and north western districts. In the coastal south however, the situation has proved much more challenging. A tropical cyclone battered southern Bangladesh in November 2019 and as a result participating farmers have had to rebuild their livelihoods almost from scratch. This experience highlights the vulnerability of rural Bangladesh to climate change.

This is why the programme is also supporting smallholders to take-up climate resilient practices which boost productivity, reduce dependence on expensive and harmful chemical inputs, improve soil health, and utilise ecosystem services where possible.

This work is in partnership with Solidarités International, Christian Aid, Rural Development Sangstha, Gana Unnayan Kendra and Shushilan.



Co-funded by the European Union.

Challenging investor protection in post-Brexit trade and investment deals

This year saw huge political upheaval as the government of Theresa May sought to find a withdrawal agreement which was acceptable both to the EU and to its own backbenchers. But while parliamentary resignations and revolts were making headline news in the British press, Traidcraft Exchange was highlighting some of the risks and opportunities of potential new trade agreements post-Brexit.

We particularly wanted to make the UK public aware of the potential impact of a little-known clause included in many trade and investment agreements, the Investor-State Dispute Settlement or ISDS.

ISDS gives foreign investors the right to sue a host government for policies which could threaten investors' current or future profitability. It's a hugely powerful mechanism which operates entirely in favour of investors. The number of ISDS cases being brought before tribunals has increased exponentially since the 1990s.

In Ecuador, decades of oil drilling in the Amazon basin by oil giant Texaco (bought by Chevron in 2001) destroyed the livelihoods of smallholder farmers and indigenous people. After an 18-year-long battle, the communities finally won the right to compensation. But instead of paying, Chevron took the case to an

ISDS tribunal using a clause in an investment treaty between the US and Ecuador. The tribunal ruled that Chevron was not liable and instructed the government of Ecuador to pay Chevron's costs.

There are numerous ISDS cases pending between businesses based in the rich world and poor countries in the global south. Many are being brought under the UK's numerous investment treaties with former colonies.

In some cases, ISDS is being used by big businesses to stop governments legislating for new measures which would limit carbon emissions and so tackle climate change.

In 2019, Traidcraft Exchange launched a campaign calling on the government to 'stop rolling out the red carpet' to businesses. We

argued that ISDS needs to be removed from all new trade and investment deals because it is undemocratic, unfair on the poorest countries, not needed to protect investors and not wanted by citizens across the world.

More than 6,300

campaigners added their names to our petition, which when joined with names collected by other organisations made a total of 69,804 signatures handed in to the Department for International Trade in March 2020.



Credit: War on Want

Reimagining trade: learning from alternative business models

Traidcraft Exchange wants to see a world full of businesses that do the right thing – sourcing ethically, paying their workers properly and taking action to tackle climate change. So why is it that many mainstream businesses don't do this?

Company directors are legally obliged to act in the interests of shareholders, and most interpret this as a mandate to maximise profits and deliver dividends. Managers have little incentive to take decisions that might jeopardise profits – such as committing to paying a living wage or investing in greener production processes. The ultimate outcome is that much business activity serves to undermine our efforts to tackle collective challenges such as poverty, inequality and climate change.

Of course, not all businesses fit this model. Over the last year Traidcraft Exchange have partnered with the World Fair Trade Organisation (WFTO), a community of more than 364 enterprises that aims to deliver a social or environmental mission whilst remaining profitable.

Our report of February 2020, co-authored with WFTO and academics from the Universities of Cambridge and York, 'Creating the New Economy', found that 92% of Fair Trade Enterprises reinvest all their profits in their mission, rather than using profits to enrich shareholders. And 85% of these businesses



reported foregoing profits to ensure that they were able to achieve alternative social and environmental aims. But why are these businesses able to act differently to the mainstream?

We found two main features. Firstly, many Fair Trade Enterprises are owned by workers, suppliers or the community. This means that they make decisions to benefit those groups rather than simply aiming to maximise profit. Secondly, a large number of Fair Trade Enterprises have a formal policy to limit the dividend paid to shareholders. Again, without the pressure to maximise shareholder returns, these businesses are free to invest in social or environmental goals, or even in growing their own operations.

The full report can be downloaded here: www.traidcraftexchange.org/creating-new-economy



Co-funded by the European Union

Introducing Traidcraft Exchange's consultancy services

As part of its mission to transform trade, Traidcraft Exchange offers consultancy services to businesses and other organisations through a Supply Chain Services team in the UK, and a wholly-owned social enterprise, Traidcraft Services India. Consultants are available to support the development of ethical, sustainable and resilient supply chains. These services generate income for the wider work of the charity whilst delivering sustainable change.

Traidcraft Services India was commissioned by Spanish business Importaco to assess the working conditions of cashew workers in two factories of their lead supplier in Kollam, Kerala and suggest improvements. India is a major centre for the process and export of cashew nuts. Most cashew nuts are shelled by hand and the women working on this process experience a range of problems from back pain to skin problems caused by the corrosive shells.

Following a rigorous assessment, the Traidcraft Services team proposed a number of areas for improvement and worked with the company to put these in place. They are currently engaged in designing an ergonomically improved work station that reduces physical stress and improves productivity. This change was possible because of the strong partnership between Traidcraft Services, Importaco and their lead supplier.

For more information about Traidcraft Services India visit www.traidcraftservices.in

Based in the UK, **Traidcraft Exchange's Supply Chain Services** team have been working with the Co-operative Group and Rectella International to create a fair and environmentally-sound supply chain for charcoal.

In Namibia, the aptly named 'invader bush' poses real challenges for cattle farmers, as well as depleting water supplies. Clearing the land and using the wood for charcoal improves biodiversity, and makes water available for other plants and trees. The clearance of the bush is carefully managed and certified by the Forest Stewardship Council (FSC). Once cleared, the invader bush will regrow, so charcoal workers can return there again in future years - ensuring they have a steady and well-paid source of income.

Traidcraft Exchange's Supply Chain Services team regularly audit farms to ensure that they are meeting the requirements of Fair Trade certification for the charcoal. The team also supported the development of a Fair Trade Premium Committee who oversee the spending of the premium that is earned on all charcoal sold as Fair Trade.

Fair Trade charcoal is available to buy in the Co-op.

Find out more about Traidcraft Exchange's consultancy services here:
traidcraftexchange.org/consultancy-services

Publications 2019-20



Programme Briefings

A series of briefings review our approach and learning in different sectors.

Tea Programme Briefing

East Africa Honey Programme Briefing

Sustainable Textiles Programme Briefing

Climate-Resilient Agriculture Kenya Programme Briefing

These briefings are available to download:

www.traidcraftexchange.org/research-reports

Policy reports

The Unfair Trading Practices Directive: a transposition and implementation guide (July 2019)

Creating the new economy: business models that put people and planet first (January 2020)

Our Land. Our Rights. (January 2020)

These and other policy briefings are available to download:

www.traidcraftexchange.org/policy-resources



Funding opportunities

Through the challenges of the coronavirus pandemic we are continuing to develop the following areas of work, all of which are seeking funding:

In Tanzania, we will continue to work with **people with disabilities** to improve their livelihoods through coffee, cocoa and small-scale palm oil production and processing. Disabled people face multiple forms of discrimination and are more likely to live in poverty. (see page 7)

We will continue the 'Muktee' project, working in India and Bangladesh to **fight forced and bonded labour**, and in particular support communities at risk of bonded labour by helping them to develop more resilient and

sustainable sources of income. (see page 6)

We believe the UK government should require businesses to review the human rights risks of their activities. We will continue advocacy and campaigning work for **mandatory human rights due diligence**. (see page 8)

Our work with **grassroots groups of smallholder farmers** will continue in Bangladesh, helping to strengthen groups and build long term resilience in a changing world. (see page 9)

Women working in their own homes in India, Pakistan and Nepal contribute to the production of clothing and footwear sold in Europe. Our

'Hidden Homeworkers' project supports these vulnerable women and seeks to engage brands, unions and policymakers in raising awareness and improving conditions.

Following our successful campaign around **Fast Fashion** in response to the coronavirus crisis, we are planning to work on longer term regulation of the garment industry.

We are working with **poor and indigenous communities in Jharkhand state**, India, helping them to improve their livelihoods by collecting and processing natural products from the surrounding forests in a sustainable way.



Ricci Shryock / Traidcraft Exchange

We will continue to challenge the causes of **climate change** and support poor communities to adapt to the changing world.

Our **Catalyst Fund** provides seed funding to scope and develop new and innovative projects, and to help us review and document our approaches. Several of the projects featured in this report have benefited from this fund in their early stages, including disability work in Tanzania and forced labour and homeworkers in South Asia. Over the past year the Catalyst Fund has helped us leverage more than 25 times its value in new funding.

These projects all require additional funding. For more information, please get in touch with our Programme Funding team at hello@traidcraft.org

With thanks to our donors

We are grateful to our funders and institutional donors, including:

National Lottery Community Fund

Comic Relief

Department for International Development

European Union

Oak Foundation

Allan and Nesta Ferguson Charitable Trust

Laudes Foundation

The Ceniarth Foundation

The Joseph Rowntree Charitable Trust

Society of the Sacred Heart

The Squires Foundation

World Day of Prayer

Evan Cornish Foundation

We are also grateful to the following trusts and foundations:

The Bryan Guinness Charitable Trust, W F Southall Trust, Nelson New Forest Foundation, The Maidenhead Malachi Trust, Miss E F Rathbone Charitable Trust, The Souter Charitable Trust, The Fulmer Charitable Trust, Tisbury Telegraph Trust, The Paget Charitable Trust, Kernco Foundation, Open Gate, The Anne Jane Green Trust, The Carpenter Charitable Trust, Saxham Trust, Waylan Trust, Miss K M Harbinson Charitable Trust, Arimathea Charitable Trust, The J P Jacobs Charitable Trust.

We are also grateful to individual supporters and the families and friends of those who have generously remembered Traidcraft Exchange in their wills. In 2019-20 we received £205,000 in legacy income.

Traidcraft Exchange is an international development charity which uses the power of trade to bring about lasting solutions to poverty. It runs development programmes in South Asia and Africa, works directly with businesses to improve their supply chains, and does advocacy and campaigning in the UK to promote justice and fairness in international trade. It works closely with specialist fair trade company Traidcraft plc.

www.traidcraftexchange.org

[@TraidcraftDepth](https://twitter.com/TraidcraftDepth)



Registered charity no. 1048752

Front cover photo: Arifa Begum now has the confidence to contact local government support officers after joining a Traidcraft Exchange project in Bangladesh.

'I have become very courageous. Before, I couldn't even make a simple phone call, but now I do it regularly.'

Credit: Traidcraft Exchange/GMB Akash

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