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## Table of Contents

<b>MESSAGE FROM DIRECTORS</b> .....	<b>3</b>
<b>COMMITTEE OVERVIEW</b> .....	<b>4</b>
<b>INTRODUCTION TO THE COMMITTEE</b> .....	<b>4</b>
<b>MANDATE, FUNCTIONS AND POWERS</b> .....	<b>4</b>
<b>CURRENT PRIORITIES</b> .....	<b>5</b>
<b>CONCLUSION</b> .....	<b>6</b>
<b>Topic A: Urbanization and Sustainable Development</b> .....	<b>6</b>
<b>INTRODUCTION</b> .....	<b>7</b>
<b>IMPORTANCE OF BUILDING SUSTAINABLE CITIES</b> .....	<b>8</b>
<b>CULTURAL, SOCIAL AND POLITICAL ASPECTS OF URBANIZATION</b> .....	<b>9</b>
<b>ECONOMIC OPPORTUNITIES OF URBANIZATION</b> .....	<b>10</b>
<b>WAYS TO ENSURE SUSTAINABILITY</b> .....	<b>11</b>
Transportation and Mobility Systems .....	11
Energy Systems.....	12
Environment Protection and Waste Management Systems .....	13
<b>THE CHALLENGES OF URBANIZATION</b> .....	<b>13</b>
Health Effects and Economic Challenges.....	14
Environmental Challenges .....	14
<b>CURRENT SITUATION</b> .....	<b>14</b>
UNDP's Position .....	14
<b>KEY PLAYERS</b> .....	<b>16</b>
Latin America .....	16
Africa .....	16
Asia .....	17
Global North .....	17
<b>CONCLUSION</b> .....	<b>18</b>
<b>FURTHER RESEARCH</b> .....	<b>19</b>
<b>POINTS A RESOLUTION SHOULD ADDRESS</b> .....	<b>19</b>
<b>BIBLIOGRAPHY</b> .....	<b>20</b>
<b>Topic B: Fair Trade to Reduce Inequality - An Evaluative Focus on Cocoa</b> .....	<b>21</b>
<b>INTRODUCTION</b> .....	<b>21</b>
<b>BACKGROUND</b> .....	<b>23</b>
Historical background.....	25
Current situation.....	26
<b>DISCUSSION OF THE PROBLEM</b> .....	<b>28</b>
<b>CONCLUSION - POINTS A RESOLUTION SHOULD ADDRESS</b> .....	<b>34</b>
<b>FURTHER READING</b> .....	<b>35</b>
<b>BIBLIOGRAPHY</b> .....	<b>36</b>

# MESSAGE FROM DIRECTORS

Dear Delegates,

We would both like to offer you a warm welcome to the UNDP committee and to this year's OXIMUN conference. It is an honour to chair one of the principal organs of the United Nations General Assembly, and we thank you for choosing this particular committee for the conference. We are very excited to hear all your insightful thoughts on the issues we selected for you.

The UNDP aims to achieve the Millennium Development Goals and more recently the Sustainable Development Goals (SDGs). Considering this, the two topics that we will be discussing this year are Urbanization and Sustainable Development and Fair Trade with an Evaluative Focus on Cocoa. Within this committee, you will be able to explore issues tied to gender equality, reduction of income inequality, educational attainment and sustainable resources management, to name a few.

In order to provide each other plenty of fruitful and thought-provoking debate, we expect you to read the study guide thoroughly before attending the conference. This document acts as a comprehensive introduction to the two topics we are debating over the three days of conference. It should be used as a springboard to independent research that you conduct to prepare for debate. We have also included some additional Further Research sources for you to investigate more on some specific issues that we found particularly relevant to the topics at hand.

For the duration of the conference, we are here to guide you, answer to any of your queries and ensure that you enjoy the committee's debates.

We will do everything we can to give you an amazing OXIMUN experience, and we hope this study guide will help get you excited for the debates to come.

All the best for your preparations and do not hesitate to get in touch with us if you are unsure about anything!

Yours,

*Directors*

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# COMMITTEE OVERVIEW

## *INTRODUCTION TO THE COMMITTEE*

The United Nations (UN) Development Programme (UNDP) embodies Article 55 of the Charter of the United Nations (1945), which outlines the organization's responsibility to promote "higher standards of living, full employment, and conditions of economic and social progress and development," as prerequisites to peace.<sup>1</sup> Originally, development activities of the UN consisted largely of providing technical advice through the UN Expanded Programme of Technical Assistance (EPTA) and support for pre-investment projects through the UN Special Fund, created in 1949 and 1958 respectively, for the benefit of less developed countries.<sup>2</sup> To streamline these assistance programs, General Assembly resolution 2029 (XX) of 22 November 1965 consolidated the EPTA and the UN Special Fund to establish UNDP as of 1 January 1966.<sup>3</sup> Today, as the UN's "global development network," UNDP promotes developing countries and territories by carrying out activities aimed at eliminating poverty, reducing inequalities, strengthening democratic governance, and supporting crisis prevention and recovery.<sup>3</sup>

## *MANDATE, FUNCTIONS AND POWERS*

Pursuant to General Assembly resolution 2029 (XX) of 22 November 1965, UNDP retained the "principles, procedures and provisions" of EPTA and UN Special Fund following their consolidation. Having broadened in scope, UNDP's present mandate is "to empower lives and build resilient nations" for sustainable human development.<sup>4</sup> As an assistance program, UNDP is "designed to support and supplement the national efforts of developing countries in solving the most important problems of their economic development, including industrial development."<sup>5</sup>

Importantly, as emphasized by General Assembly resolution 59/250, national governments retain "primary responsibility" for development within their countries. The work of UNDP is carried out through its country offices, which are focused on helping countries develop policies, institutional abilities, leadership skills, and resilience to achieve poverty eradication and the reduction of inequalities. To assist in these efforts, UNDP also administers and utilizes the United Nations Volunteers program, the United Nations Capital Development Fund, and the Special Unit for South-South Cooperation. To function effectively across the globe, UNDP works to strengthen partnerships, build capacity, and coordinate the UN's development activities.<sup>6</sup>

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<sup>1</sup> UNDP JPO Service Centre, *UNDP for Beginners: A Beginner's Guide to the United Nations Development Programme*, 2015, p. 4; Charter of the United Nations, 1945, Art. 55.

<sup>2</sup> UN General Assembly Expanded programme of technical assistance for economic development of under-developed countries (A/RES/304 (IV)), 1949; UN General Assembly, Establishment of the Special Fund (A/RES/1240 (XIII)), 1958.

<sup>3</sup> UNDP, *A world of development experience*, 2017.

<sup>4</sup> UNDP JPO Service Centre, *UNDP for Beginners: A Beginner's Guide to the United Nations Development Programme*, 2015, p. 4.

<sup>5</sup> UN General Assembly, Consolidation of the Special Fund and the Expanded Programme of Technical Assistance in a United Nations Development Programme (A/RES/2029 (XX)), 1965.

<sup>6</sup> New Zealand Ministry of Foreign Affairs and Trade, *United Nations Handbook 2017-18*, 2017, p. 245.

## CURRENT PRIORITIES

### ○ **Strategic Plan 2018-2021**

The UNDP Strategic Plan 2018-2021 has a provisional name of “The road to 2030: Creating opportunity for Sustainable Development,” which makes special emphasis on how to address the SDGs. UNDP’s approach toward the 2030 Agenda rest on the coordination of an inter-agency cooperation. The “what” of this approach will be inclusive and focus on sustainable development pathways and effective governance for prevention and participation. The “how” is addressing a broad range of risks to development and to conflict prevention. Finally, another important topic that the plan focuses on is to advance gender equality and women’s empowerment, by strengthening their capacity through political participation and leadership.<sup>7</sup>

### ○ **Sustainable Development Goals (SDG’s)**

UNDP and UNDG played a fundamental role in the determination of the post-2015 development agenda by leading consultative processes and global dialogue that began in 2012 and ultimately resulted in the SDGs. The SDGs on poverty, inequality, and governance are particularly central to UNDP’s current work and long-term priorities. UNDP is particularly committed to engaging all people and civil society in not only implementation, but also in monitoring progress of the implementation of the 2030 Agenda for Sustainable Development.<sup>8</sup> UNDP established the SDG Fund (SDGF) in 2014, which acts as a global multi-donor and multi-agency development tool to support sustainable development activities through combined and multidimensional programs. The SDGF objective is to “bring together UN agencies, national governments, academia, civil society, and business to the challenges of poverty.”<sup>9</sup> To support the implementation of the SDGs, UNDG has formulated the “MAPS” approach, which refers to mainstreaming, acceleration, and policy support. According to this approach, UNDP will assist governments to ensure the SDGs are reflected in national policies, support countries to ensure the achievement of SDG targets by addressing specific barriers to progress and provide policy expertise at every stage of implementation. In line with the MAPS approach, UNDP offers support for implementation of the SDGs around issues of coherence, linkages, expertise, access, and reporting (CLEAR).<sup>10</sup> Through CLEAR, UNDP assists countries in combining knowledge and expertise; acts as a partner to reinforce and facilitate engagement in sub-regional, regional, and global processes and institutions; and helps countries observe, learn, report, and apply lessons learned. Furthermore, UNDP is putting together sets of actions through its new Strategic Plan in order to accomplish the SDGs aim. In fact, one outcome of this plan is to facilitate “[d]evelopment plans, policies, partnerships and investments integrate the 2030 Agenda and the Sustainable Development Goals.”<sup>11</sup>

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<sup>7</sup> Executive Board of UNDP, UNFPA, and UNOPS, UNDP Strategic Plan, 2018-2021 (zero draft) (DP/2017/CRP.2), 2017, p. 8.

<sup>8</sup> UNDP, Sustainable Development Goals, 2017.

<sup>9</sup> SDGF, About Us, 2017.

<sup>10</sup> Ibid.

<sup>11</sup> Executive Board of UNDP, UNFPA, and UNOPS, UNDP Strategic Plan, 2018-2021 (zero draft) (DP/2017/CRP.2), 2017, p. 13.

## *CONCLUSION*

The UNDP Executive Board's unique position atop three organizations, UNDP, UNFPA, and UNOPS, as well as its cooperative function with UNDG, positions it to further development on all levels. With this wide range of working areas including crisis prevention, democratic governance, environment, and human rights, the most important aspects for sustainable and equal human development can be targeted by UNDP. UNDP continues to work toward sustainable development by building effective and inclusive democratic governance, strengthening resilience, eradicating poverty, and reducing inequalities. UNDP is taking concrete steps in order to help the world achieve the SDGs, with its primary tool being the Strategic Plan 2018-2021, which formulates the concrete action lines in order to reach the proposed goals.

## **Topic A: Urbanization and Sustainable Development**

*“Cities are increasingly the home of humanity. They are central to climate action, global prosperity, peace and human rights. More than half of all people live in cities and human settlements, and that proportion is projected to grow to two thirds by 2050. To transform our world, we must transform its cities”<sup>12</sup>*

## INTRODUCTION

Urbanization is defined as an “increase in the proportion of a population living in urban areas.”<sup>13</sup> For the first time in history, more than half the world’s people are urban. Between now and 2030, the world’s rural population is expected to remain largely static, while the urban population is projected to grow by 1.5 billion people. By 2030, 60 percent of the global population will live in cities. Over 90 percent of that urban growth will occur in cities and towns of the developing world, mostly in Africa and Asia.

The urbanization of the global population has fundamental ramifications for the economy, society and the environment. Urban centres currently cover only a small part of the world’s land surface - 0.51 percent of the total land area. However, urban areas will expand significantly during the next two to three decades. Based on current trends, urban land cover will increase by 1.2 million km<sup>2</sup> by 2030, nearly tripling global urban land area between 2000 and 2030.

Cities cover a small part of the world, but their physical and ecological footprints are much larger. Cities accounted for 82 percent of global GDP in 2014<sup>14</sup> and by 2025 this will rise to an estimated 88 percent. There will be 230 new cities by then, all in middle-income countries. One hundred cities in China alone may account for 30 percent of global GDP at that time.

Cities’ vulnerability goes beyond exposure to climate change impacts and extreme events. Violence and crime are pressing issues in many urban areas. The urbanization process in developing countries is often poorly managed, resulting in inequitable, exclusionary and fragmented cities and increased risk of violence, especially among disenfranchised sections of the urban population that cannot access the formal political system, including refugees and Internally Displaced People (IDPs). While there are challenges to be addressed, there are also critical opportunities to be seized in making growth more sustainable, inclusive and equitable, cities more resilient and their inhabitants less vulnerable. Urban residents in well-planned cities enjoy better access to employment opportunities, health care, education and public services compared to their rural counterparts. Well-managed urban areas have lower per capita energy, climate and ecosystem footprints and lower costs per person for infrastructure and basic services. And the concentration of resources, ideas and energy in urban areas is fertile ground for the creativity and technological innovation needed to solve the many developmental challenges the world faces today.

Millenials in their 20s and 30s are moving into cities at an astounding rate, attracted by the concentration and density of people that they can connect with.<sup>15</sup> At the same time, companies, including start-ups companies, are increasingly moving into dense, dynamic and energetic urban

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<sup>12</sup> UN Secretary-General, *Secretary-General’s message on World Cities Day*, 2016

<sup>13</sup> OECD, *Glossary of Statistical Terms: Urbanization*, 2003

<sup>14</sup> A 2011 report by McKinsey and Company, *Urban world: Mapping the economic power of cities*, estimated that 600 urban centres accounted for 60 percent of the global GDP and that the population of these 600 cities, between 2007-2025, will grow 1.6 times faster than the population of the world as a whole.

<sup>15</sup> Gizmodo (2016), *Millenials will live in cities unlike anything we’ve seen* (accessed on 19 August 2016) <http://gizmodo.com/millenials-will-live-in-citiesunlike-anything-weve-se-1716074100>

centers where talent, entrepreneurs, infrastructure, knowledge and capital are clustered. These two mutually reinforcing dynamics are shifting and shaping the way cities are developed, spurring innovation and revitalization, creating new relationships between local residents, companies and local governments, as well as exposing underlying challenges in cities.

<b>Rank</b>	<b>City</b>	<b>Country</b>	<b>Average annual growth rate 2006 to 2020 (%)</b>
1	Beihai	China	10.58
2	Ghaziabad	India	5.20
3	Sana'a	Yemen	5.00
4	Surat	India	4.99
5	Kabul	Afghanistan	4.74
6	Bamako	Mali	4.45
7	Lagos	Nigeria	4.44
8	Faridabad	India	4.44
9	Dar es Salaam	Tanzania	4.39
10	Chittagong	Bangladesh	4.29

*Source: City Mayors Statistics (n.d.), The world's fastest growing cities and urban areas from 2006 to 2020, [http://www.citymayors.com/statistics/urban\\_growth1.html](http://www.citymayors.com/statistics/urban_growth1.html)*

## *IMPORTANCE OF BUILDING SUSTAINABLE CITIES*

The challenges faced by urban infrastructure over the past few decades have been largely influenced by numerous aspects. These include a rising scale of urbanization with emergent urban informality, a growing demand for services, the increasing unit costs of infrastructure provision associated with the sub-optimal expansion of cities, a legacy of underinvestment in asset replacement and infrastructure extensions and poor operational management and maintenance.

High and inefficient consumption of services among middle and high-income consumer classes, slow inclusion of a green infrastructure approach, and inequitable distribution of services and infrastructure, also continue to exacerbate the spatial and socioeconomic segregation in cities.

Additionally, the effects resulting from the persistent dependence on and inappropriate policies and business models have been worsened by the effects of climate change on services such as water supply, wastewater management, hydroelectric power generation, storm water management and flood protection. According to a report by UN Habitat in 2011, cities contribute up to 70% of the world's total greenhouse gas (GHG) emissions, and over 75 per cent of total global energy generated is disbursed in cities. Urban residents are already exposed to the negative effects of climate change and many of the most defenceless populations are located in cities. However, the solutions to this global challenge, whether through mitigation or adaptation, also primarily have to be found in the urban areas. One of the most critical factors to be considered here is the role and subsequent effects of the Climate Change and Weather Extremes. According to the annual global analysis of NOAA, 2016 has been declared the hottest year on record. With the first six months of 2017 in the books, average global surface temperatures so far, this year are 0.94°C above the 1950–1980 average, according to NASA. That makes 2017 the second hottest first six calendar months on record, behind only 2016. We are about halfway to the 2-degree Celsius temperature limit agreed on in the Paris global climate agreement (COP 21).

In 2015, Karachi, which is the largest city of Pakistan, was hit by a severe heat wave which caused death of almost 2000 people. This was followed by a similar heat wave in South Indian states, mostly in Andhra Pradesh, Telangana, Punjab, Uttar Pradesh, Odisha and Bihar, which caused death of at least 2500 people. A report following the events in Karachi by the Sindh government addressing the causes of the heat wave listed UHI (Urban Heat Island) Effect as one of the primary causes behind the Karachi incident. This was explained to occur predominantly because of reduced and slow process of evapotranspiration in the city combined with a decreased amount of vegetation due to which the city lost the cooling effect of trees and the reduction of CO<sub>2</sub> from the atmosphere. Furthermore, geometric effects were highlighted in terms of rising number of buildings and grey structure in the city providing multiple surfaces for the reflection and absorption of sunlight, and thus increasing the efficiency with which the city is heated. This is termed as the 'Urban Canyon Effect'. Another effect described of the increased number of buildings was the blockage of wind, which restricted cooling by convection and pollution from dissipating. Another contributing factor described in the report was related to transportation, pointing waste heat from automobiles resulting in high level of pollution in the atmosphere and hence causing the UHI. The future climate scenarios suggest that the frequency of these kinds of disasters in the South Asian countries may increase with the rise of the temperature in future.

## *CULTURAL, SOCIAL AND POLITICAL ASPECTS OF URBANIZATION*

As the rate of urbanization has increased, numerous social, cultural, and political factors have influenced the development of urban areas.<sup>16</sup> Consequently, urbanization is closely tied to a changing social fabric, as cities frequently act as a nexus of different cultures.<sup>17</sup> Although both the New Urban Agenda and General Assembly resolution 70/214 promote cultural dialogue and

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<sup>16</sup> UN Conference on Housing and Sustainable Urban Development, New Urban Agenda, 2017, p. 11

<sup>17</sup> Ibid., p. 12

inclusion, research has shown that changing cultural dynamics caused by rapid urbanization has decreased mental well-being among vulnerable urban dwellers.<sup>18</sup> Though cities offer unparalleled economic opportunities with urban areas accounting for up to 80% of gross national product globally, differences between the rich and poor in cities are exacerbated.<sup>19</sup> Attracted by economic opportunities and the prospect of improved quality of life, poor rural populations migrate to cities.<sup>20</sup> Many urban migrants arrive in cities through unofficial channels and are often unable to afford regulated housing. This rural-urban migration frequently results in inequality and marginalization due to cultural differences as well as prejudices, which are amplified by the creation of slums or temporary residences.

With inequalities amplified, the urban poor form an especially vulnerable population, often marginalized and excluded from accessing services such as waste water management, energy access, transportation, education, and healthcare. While 670 million people used to live in slums in 1990, this number has increased to 863 million in 2017.<sup>21</sup> Adding to the urban migration and consequent growth are displaced people and international migrants, of which 20% live in the world's 20 largest cities. In some cities, less funds are allocated to infrastructure development in poorer neighbourhoods. According to UNDP, public spaces accessible to all would mitigate marginalization and reduce inequality as poor and rich neighbourhoods become more integrated.<sup>22</sup> As local governments are the most accessible to urban communities, empowering urban governance and planning on the political level closest to the community in question is of utmost importance and has proven to be more effective.<sup>23</sup>

## *ECONOMIC OPPORTUNITIES OF URBANIZATION*

Urbanization is not only the subject of SDG 11 specifically but is also a key driver for achieving other SDGs; Goals 8 and 9 specifically highlight and support the benefits of urbanization.<sup>24</sup> Access to jobs, higher wages, education, and healthcare, which are often missing in rural regions, are found in urban areas, as 55% of the gross domestic product (GDP) in low-income states, 73% of GDP in middle-income states, and 85% of GDP in high-income states originate in urban regions. The

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<sup>18</sup> Trivedi et al., Rapid urbanization – Its impact on mental health: A South Asian perspective, 2008.

<sup>19</sup> UNFPA, Urbanization.

<sup>20</sup> Ibid

<sup>21</sup> IOM, Migration in the 2030 Agenda, 2017, pp. 85-86.

<sup>22</sup> UNDP, Sustainable Urbanization Strategy: UNDP's Support to Sustainable, Inclusive and Resilient Cities in the Developing World, 2016, pp. 12-15.

<sup>23</sup> UN ECOSOC, Effective governance, policymaking and planning for sustainable urbanization: Report of the Secretary General (E/2014/67), 2014, p. 11

<sup>24</sup> UN DESA, Sustainable Development Knowledge Platform: Sustainable Development Goal 8: Targets & Indicators;

high rates of urbanization in East Asia and Africa coincide with the fastest growing economic regions in the world, with an annual growth rate of around four percent.

This economic growth often originates in cities, where a significant part of the urban workforce is employed in the informal sector. Although this sector provides employment and an income to its workers, low pay, excessive overtime, unsafe working conditions, and little to no social protections are common. Rural-urban migrants who did not receive the level of education offered in cities often work in the informal sector and constitute a group especially vulnerable to economic risks which are associated with urbanization.

Infrastructure is a key element of poverty alleviation. It often acts as a catalyst to development and enhances the impact of interventions to improve the poor's access to other assets, e.g., human, social, financial, and natural assets. Its impact is felt both on the economic and social sectors. Without roads, the poor are not able to sell their output on the market. In India, it has been shown that roads alone account for seven percent of the growth in aggregate output of the rural areas. Without electricity, the industrialization process, which provides the poor an important source of employment, is unlikely to take off. In Costa Rica, a retrospective review of the rural electrification experience through electrification cooperatives indicates that for one of these cooperatives the number of major businesses jumped from 15 to 86 after electrification. Without potable water and sanitation health is at risk. The social and economic impact often go hand in hand.

To address this problem, the ILO works toward improving the economic opportunities of those in the informal sector, suggesting that working conditions can be improved through “realizing fundamental principles and rights at work, creating greater and better employment and income opportunities, extending social protection, and promoting social dialogue.”<sup>25</sup> Furthermore, as outlined in the UN Economic Commission for Africa's Economic Report on Africa 2017, economic opportunities can be enhanced through addressing the quality and form of urban development early on, as well as recognizing different economic opportunities, increasing economic efficiency, and implementing long-term strategies for economic urban planning.<sup>26</sup>

## *WAYS TO ENSURE SUSTAINABILITY*

### ***Transportation and Mobility Systems***

Traffic is one of the major development problems of any major city of the developing world and a major contributor to greenhouse gas emissions. The development options to ease traffic include mass transit public transport, increased car-centric road transportation or shared economy

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<sup>25</sup> ILO, Resolution concerning decent work and the informal economy, 2002, p. 2; UNECA, Contribution to the 2015 United Nations Economic and Social Council (ECOSOC) Integration Segment: Harnessing the potential of the Informal Sector for inclusive growth in Africa, 2015, p. 2.

<sup>26</sup> UNECA, Economic Report on Africa 2017: Urbanization and Industrialization for Africa's Transformation, p. 88

solutions. Mass transit public transport has higher up-front costs in terms of initial infrastructure investments and service integration with existing transport options, although these costs can be mitigated through innovative approaches such as bus rapid transit.<sup>27</sup> Car-centric road transportation, on the other hand, has lower up-front costs, as roads can be constructed and improved incrementally, as exemplified by Dakar's approach, which uses paving stones and small scale contractors for road construction.<sup>28</sup> Finally, there is a growing recognition of the potential benefits of shared economy solutions such as carpooling and bike schemes in Amsterdam and Copenhagen, in helping cities save costs and protect the environment.

In many cities of the developing world, the default choice has been expansion of the road network for cars. However, in the longer term, investments in road building to reduce congestion induces more cars onto the road and creates a cycle of car dependency that spurs urban sprawl. The lack of an integrated and efficient public transport system, meanwhile, severely hampers mobility and accessibility to social and economic activities (particularly for those unable to afford private cars), while also increasing pollution, traffic hazards and costs to deliver public services. The lower short-term costs of focusing on car-centric road transportation rather than mass transit results in higher long-term costs in gridlock, fossil fuel dependence and pollution with its increased costs related to health care, and consequently a decrease in productivity. The challenge for cities is to overcome the short-term infrastructure investment costs of efficient mass transit systems, which requires political will, effective planning and implementation and access to suitable financing.

## ***Energy Systems***

Cities face a trade-off in energy generation systems between options that have lower up-front costs but are often polluting and inefficient (e.g., diesel generators and coal-fired plants) and investments in renewable sources (solar, wind or hydro) that may have higher capital costs but are less polluting, produce fewer GHG emissions and often have lower life-cycle costs. Energy efficiency measures in buildings, businesses and industries can provide additional benefits including cost-savings and increased income. Sustainable energy solutions can also contribute to other urban issues such as air quality, waste management, more efficient transport, better health and safety. Developing cities also face the choice to draw their energy production from a single energy source or to develop more diversified energy systems, making them more resilient to shocks such as natural disasters or sudden fuel price hikes.

These choices raise the question not just about the financial calculus of these investments in sustainable and resilient energy systems, but also about the added policy and technical complexity of planning for and instituting municipal codes for energy efficiency and incentive mechanisms or policies for renewable energy investments such as feed-in-tariffs. These complexities often lead capacity-constrained developing countries to opt for well-tested solutions such as grid systems and coal or diesel power plants, even when these have much higher total long-term costs. Yet, cities play a major role in transforming the current energy systems towards a more sustainable energy future, providing urban populations with access to affordable, reliable, zero-carbon and climate resilient energy solutions.

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<sup>27</sup> The rapid bus transport system in Curitiba is a mass transit transport system that has reduced pollution from cars and improved travel efficiency for its population, serving 2 million passengers a day.  
<http://www.sustainablecitiesnet.com/models/sustainable-city-curitiba-brazil/>

<sup>28</sup> This is not only cost-effective but has generated employment for local communities and improved water absorption and resilience due to the use of semi-permeable materials. UCLG (n.d.), Dakar Initiative  
[http://www.uclg.org/sites/default/files/Dakar\\_initiative.pdf](http://www.uclg.org/sites/default/files/Dakar_initiative.pdf)

## ***Environment Protection and Waste Management Systems***

Many developing countries cite the need to modernize at the cost of environmental degradation. Pollution and water contamination and depletion may be seen as necessary side effects to rapid modernization, with the assumption that, once cities become more developed, the rate of pollution and environmental destruction will decrease and eventually recede.<sup>29</sup> Public officials may be tempted to allow pollution for immediate economic growth. However, this incurs long-term costs for clean-up and remediation, as many developing countries are now facing.<sup>30</sup> Yet, cities also present unique opportunities for developing innovative waste management such as waste-to-energy technologies (e.g., methane from landfills), reusing and recycling as an economic opportunity and ecosystem-based sewage treatment. Solid waste management measures including composting and generating energy from methane combustion can also help reduce methane emissions in landfills, increase forest carbon sequestration and contribute to overall reduction of greenhouse gases.

## ***THE CHALLENGES OF URBANIZATION***

Indeed, urbanisation provides individuals migrating from rural areas with various opportunities. Nevertheless, uncontrolled urbanization may lead to problems, such as land insecurity, excessive water and air pollution, noise nuisance and pollution through waste disposal. These issues clearly threaten the health and well-being of inhabitants and also have a negative impact on the environment surrounding them. All these problems are “very complex and their interactions are hard to define. Any analysis on the topic must therefore adopt an economic as well as socio-cultural understanding to effectively engage with the problems of urbanisation.

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<sup>29</sup> Wheeler, D. (2000), Racing to the bottom? Foreign investment and air quality in developing countries, The World Bank <http://www.tandfonline.com/doi/pdf/10.1080/19463131003704213>

<sup>30</sup> China estimates that cleaning up water pollution in its seven major watersheds will cost US\$11 billion over the next five years. Source: <http://www.ibtimes.com/china-announces-ambitious-plan-clean-its-water-close-down-polluting-factories-1886320>

## ***Health Effects and Economic Challenges***

The quality of life in most urban areas seems to be high. Notwithstanding, the various environmental problems mentioned above are detrimental to the urban population. The main issues are the inadequate clean water and sanitation in many urban areas, the inexistence of an environmentally friendly rubbish disposal system, and industrial pollution. In addition to these, the rapid inflow of people from rural areas can also result in the creation of slums. These areas are heavily populated with substandard housing and very poor living conditions. This can lead to health issues, resulting from low levels of sanitation, causing “respiratory infections and other infectious and parasitic disease”, that are very expensive to treat.

Furthermore, it is noteworthy to address the fact that the decrease in rural population affects the agricultural productions due to shortage of workers in rural areas. Hence, there is a decrease in the production of food in rural areas, which often results to inflation, as there is more demand and less supply of food products. This shift of the population is a worldwide phenomenon.

## ***Environmental Challenges***

Ever since the industrial revolution the world’s population has been ever growing. While the world’s population is doubling, the world’s urban populations has almost tripled. Evidently this has had negative consequences on the environment. The rapid migration of rural people to urban areas puts pressure on the already limited space available causing health and environmental problems.

One must take into consideration, however, that growth of the population varies depending on the development of a country. For instance, countries in Latin America have the highest proportion of their population living in urban areas. Moreover, countries in East and South Asia are to be expected to have fast growth rates within the next 30 years. In the near future almost the entire population of the world will be living in an urban environment. All this will lead to a redistribution of the world’s demographics affecting, thus, the Earth's natural ecosystem. This shift of the rural population to urban population can have serious effects, if not regulated, on the following components of the environment: the atmosphere, the lithosphere, the hydrosphere and the biosphere.

## ***CURRENT SITUATION***

### ***UNDP’s Position***

As the population of the developing world becomes increasingly urban, their needs and priorities change in tandem with their economic, environmental and social footprints. UNDP will help cities develop tailored solutions that address the specific needs and context of each city, helping transform their development approaches and shift to more sustainable, inclusive and resilient development trajectories.

Each city is a complex emergent system<sup>31</sup> with a unique set of resources, constraints and developmental parameters. Seeing cities as complex emergent systems implies that interventions to address specific sectoral issues such as urban poverty needs to take into account the influence of direct factors such as costs of living, living environment, geography, transportation and health care, as well as underlying barriers such as land tenure and civil registration systems or the role of informal networks based on language in mediating access to power and resources.

Recognizing the complexity of cities and the dynamism and scale of urbanization, UNDP will work to improve the systems that shape cities (i.e., governance, environment, society, enterprise, finance) using our extensive development experience to develop multidimensional development solutions connecting different players across the global, regional, national and local levels.

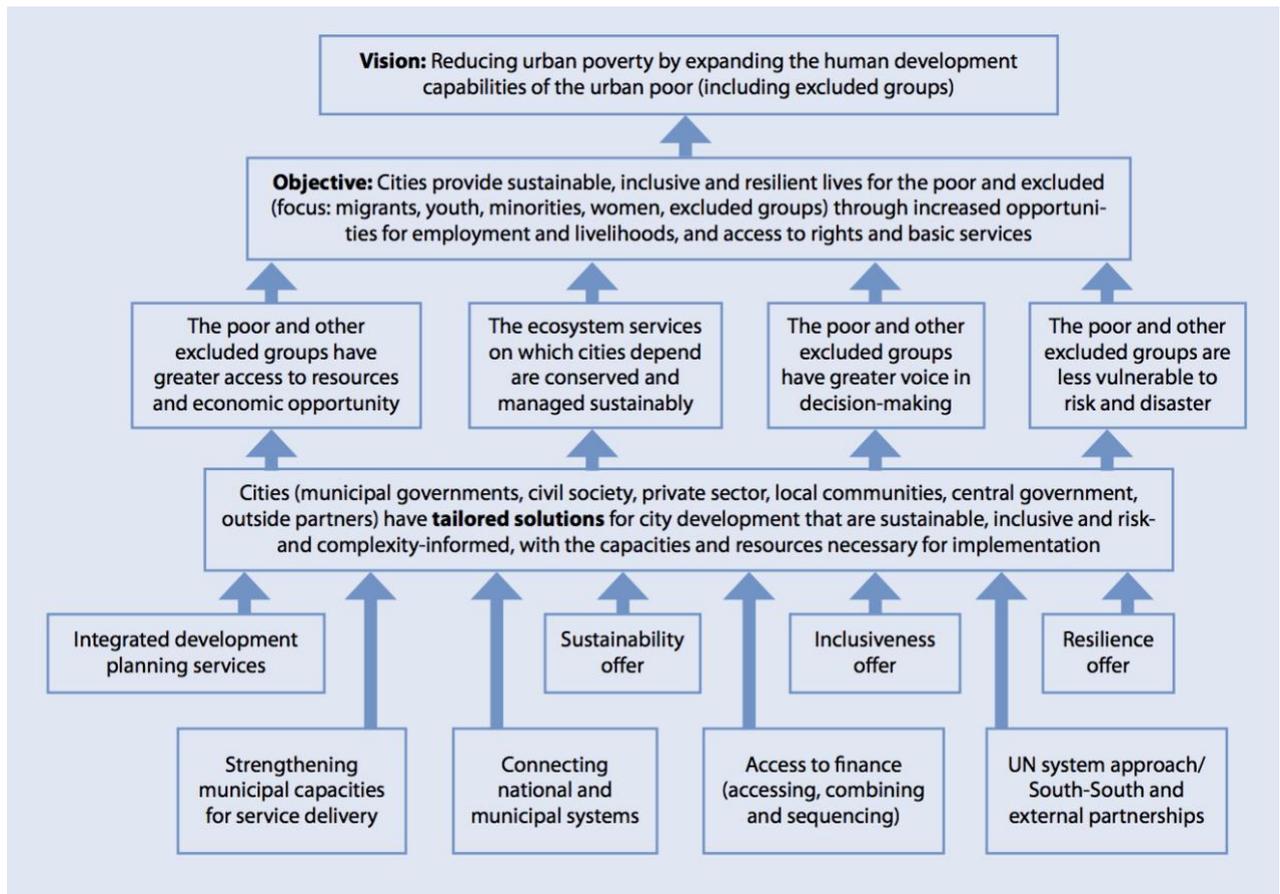
UNDP will target its resources and expertise more explicitly at the city and municipal levels, with a particular focus on supporting secondary and tertiary cities that may have more limited institutional capacities and less access to technical and financial resources compared to megacities and urban capitals. Support to megacities and urban capitals will be undertaken only where there are specific issues or entry points on which UNDP's value added is clear, for instance where an intervention in a megacity provides a platform from which to catalyse change in the secondary and tertiary cities within the same urban system. The intention is not to duplicate the efforts or replicate the expertise of existing actors, but to identify spaces where clear value can be added.

UNDP will step up support for locally led initiatives and join forces with other actors in strategic coalitions with clear objectives. These solutions form an overall package of integrated development planning services for municipal authorities to address fundamental city development challenges such as sustainable energy and mobility systems, inclusive and equitable social service provision, inclusive growth and local economic development, modern urban governance approaches, disaster- and risk-resilient systems, and post crisis or post-conflict recovery.

The solutions will draw upon UNDP's extensive technical expertise, national and global networks and in-country experience, combining these into city-specific programmes and strategies tailored through a suite of analytical approaches. These approaches include broad and inclusive consultations and coalition-building, long-term visioning and futures analysis, technical analysis and development planning, and capacity-building and financing packages that combine and sequence combinations of public and private funding.

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<sup>31</sup> Michael Batty (2011), *Cities, Complexity and Emergent Order*, Centre for Advanced Spatial Analysis (available at <http://www.complexcity.info/files/2011/09/BATTY-CITIES-ERA21.pdf>)



*UNDP's Theory of Change. Source: UNDP Sustainable Urbanization Strategy, UNDP's support to sustainable, inclusive and resilient cities in the developing world, 2016*

## KEY PLAYERS

### *Latin America*

For over 40 years, Latin America's urban population has sky-rocketed. As of 1950 only 40% of its population used to live in urban areas but as of 1990 it rose to 70%. One can see this region as the world's urban leader as by 2050, it is predicted by UN Habitat that 90% of the population will be living in cities. Indeed, this has led and will probably lead towards better health care and other services, but this unprecedented growth will need innovative shifts in urban planning, economic models, and global governance structure. Creating jobs for the 470 million potential workers that are estimated to exist by 2040 to improving social equity, these are all factors that need to be taken into consideration by governments of the region.

### *Africa*

One can argue that Africa is a very special example when it comes to urbanisation. In contrast to regions such as Asia or Latin America where structural transformation leads to a shift from an agriculture-based economy to an industrial based one, Africa had only recently experienced rapid growth. The region has become the second fastest urbanising continent after Asia. Nevertheless, it is the least urbanised region of the entire world. By 2050, it is predicted that its urban population

will only represent 55% of the continent's total population. Indeed, uncontrolled urbanisation may cause severe environmental issues, bad infrastructure and poor sanitation but low urbanisation may be an obstacle to economic prosperity. This is evident in Africa as 60% of its population lives in slums. This shows that urbanisation does not directly imply economic prosperity. A good urban management is needed to ensure that the standard of living of the individuals is of a satisfactory level.

## ***Asia***

Starting from Urbanisation and Environment, Asian and Pacific cities need to start facing the current environmental issues and come up with solutions as more urban development implies rise of more environmental issues. More specifically Asian cities need to start considering solutions for the effects of 'consumerism, including expanding vehicle use and significant resource footprints of wealthy urban populations concurrently with the often intense and localised impact of degradation through poverty in the absence of infrastructure and services.

Asia has done a decent effort towards achieving the Millennium Development goals for water and sanitation, it is still observed that the overall environmental quality of life in the area in question still remains comparatively low. Therefore, Asia and the Pacific cities need to consider a 'Green Urbanisation Agenda' in order to tackle water sanitation, the challenging growth of waste and further pollution problems as well as climate change; results that occur because of rapid urbanisation.

As for urban governance and social policies, Asian and Pacific cities are still processing the best way to manage their prompt urban growth and financial progress. Furthermore, new national policies and legislations should complement and support this effort of either local or national governments. Interestingly, and in reality, the future of the planet rests upon whether Asian and Pacific cities prosper in their drive for environmental sustainability. As a result, it is crucial that, cities need to invest in more resilient economies and green sustainable development.

## ***Global North***

After the industrial revolution, alterations in the production of material, distribution of wealth, the labour market, and patterns of population occurred. Of course, not all agricultural communities became industrialised, but all people's lives have changed radically since then. And as a result, large-scale urbanization occurred in order to meet the demands for the industrial labour. Living conditions have also changed due to the industrial revolution. In fact, 'as early as 1850, many European cities were centers of industrial growth. By 1850, over 50% of the entire population of Great Britain lived in either a town or a city instead of in a rural community'. Today, environmental problems continue to be detrimental to people's health, and inequality has persisted (the wealthy escaped in the suburbs, whilst inner-city spaces are being degraded).

## CONCLUSION

Through SDG 11, urbanization is recognized as an important factor in sustainable development. Even though there are positive effects linked to urbanization, it also poses threats and challenges to certain aspects of sustainable development, as the quality of life can decrease through poorly managed urban migration.<sup>32</sup> Along with other international organizations and UN bodies, the Second Committee has approached the role of urbanization in sustainable development from numerous sides, such as cultural implications, economic opportunities, public transportation, and access to basic services. The SDGs and the New Urban Agenda, as outcome document of the Member States' discussions on the role of urbanization, promote sustainable development while recognizing the influence and impact of urbanization, especially in developing countries, where the rate of urbanization is greatest. To harness the positive effects of urbanization in achieving sustainable development, it is imperative to recognize the benefits and drawbacks of urbanization and consequent economic development.<sup>33</sup>

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<sup>32</sup> UN General Assembly, Role of transport and transit corridors in ensuring international cooperation for sustainable development (A/RES/69/213), 2014; UN General Assembly, Towards comprehensive cooperation among all modes of transport for promoting sustainable multimodal transit corridors (A/RES/70/197), 2015; UN General Assembly, Ensuring access to affordable, reliable, sustainable and modern energy for all (A/RES/71/233), 2016; UN General Assembly, Culture and sustainable development (A/RES/70/214), 2015; UN General Assembly, Entrepreneurship for sustainable development (A/RES/71/221), 2016.

<sup>33</sup> UN System Task Team on the Post-2015 UN-Development Agenda, Sustainable Urbanization: Thematic Think Piece: UN Habitat, p. 5.

## *FURTHER RESEARCH*

Delegates are encouraged to further research this topic, starting from the considerations reported above. Seeing the negative effects rapid urbanization can have on human settlements, how can this phenomenon be turned into a positive force for sustainable development? How can the current UN framework for strengthening urban governance and increasing social and economic inclusivity be improved? Are there any key aspects missing from the HLPF discussion that would better link the relationship between urbanization and sustainable development? How can equality be effectively promoted in growing urban environments? How can cultural and social barriers be overcome to reduce the risk of conflict in an urban environment? Considering what has been accomplished by the international community so far, and with the New Urban Agenda widely recognized and promoted, which factors still need to be approached to support sustainable development through urbanization?

## *POINTS A RESOLUTION SHOULD ADDRESS*

The demands of the citizens of a city are becoming more diverse. Governments are required, not only to provide for these people, but also to make them feel included. This can only happen by realizing the potential of each individual life. Moreover, distribution of concentrations of urban resources must adjust to these new needs and demands. A crucial topic should be the prevention of crime and violence and of course the efforts to eliminate any form of discrimination which is either related to gender, sexuality, nationality, disability or anything that tends to give rise to discriminatory behaviours. Clearly social measures that relate to Governance will not only end there. Other practical measures need to be taken into consideration as well. For instance, in the expansion of a city or even the creation of a new one to meet the needs of urbanisation, governments will have to, for instance, ensure that services and facilities are accessible to everyone. Therefore, governments will need to ensure that schools, parks, hospital are of adequate number and located in accessible areas to meet the needs of the population.

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## Topic B: Fair Trade to Reduce Inequality - An Evaluative Focus on Cocoa

### INTRODUCTION

In our profit-driven economy, large companies have devised audacious methods to boost their production and earn more money, with little regards to environmental conditions, human rights and other labour laws. In response to this phenomenon, partnerships have been designed to seek greater equity in international trade and to improve small-scale businesses. Fair Trade favours the rights of workers by ensuring that they receive an appropriate level of compensation and a safe working environment. It focuses on the setting of fair prices for exported goods produced in developing countries, with the price defined by what a fair wage is in the local context.

Beyond pure economic concerns, supporters of this form of trade also strive to ensure that farmers are working under standard labour conditions and that their cultural identity is respected. Indeed, many workers are exploited by being forced to cultivate only profitable crops and receiving a meagre salary for their labour. Unless farmers get a fair return for the goods they produce, the economic, human and environmental costs will continue to worsen. The benefits of Fair Trade are very promising, since it has already helped over 1.2 million farmers in the past 40 years by providing adequate infrastructure to maintain sustainable living conditions<sup>34</sup>. It has granted them access to the European and North American markets in fair and equitable practices.

Cocoa production epitomizes the effects of Fair Trade for the 6 million cocoa farmers who earn their living solely from growing and selling cocoa beans<sup>35</sup>. Chocolate is unarguably one of the most consumed product in the world, coming in various forms such as cocoa powder, chocolate bars, confectionaries and even cosmetics products. Although for consumers, eating chocolate is often associated with pleasure, this isn't the case for the farmers who work hard to grow the cocoa beans. Indeed, various threats including deforestation and climate change render cocoa farming very unsteady. The production can never be fully anticipated, and this is a great cause for concern for the small-scale farms that rely solely on this crop to earn their living.

These environmental hazards are only a small chapter of the story though, since other problems continue to plague the cocoa industry at a much greater scale. Child labour is the main issue that hampers any chances of success for the children who spend hours on the fields instead of attending school. These children, who are inured to strenuous work and violence, have no chances of grasping other opportunities that could enable them to break the cycle of poverty they are locked into. In 2015, up to 30% of the children under 15 years old in sub-Saharan Africa were child labourers, with most of them engaging in agricultural activities like cocoa farming<sup>36</sup>. These appalling numbers urged advocates of Fair Trade to take action and respond to the exigent demands of this issue.

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<sup>34</sup> Urvashi Pokharna, "Free Trade or Fair Trade - Which One Is Really Better?," *Opinion Front*, March 19, 2018, <https://opinionfront.com/free-trade-or-fair-trade-which-is-better>.

<sup>35</sup> "Cocoa Farmers," Fairtrade Foundation, accessed August 19, 2019, <https://www.fairtrade.org.uk/Farmers-and-Workers/Cocoa>.

<sup>36</sup> "Child Labour in Cocoa Production," in *Wikipedia*, n.d., [https://en.wikipedia.org/wiki/Child\\_labour\\_in\\_cocoa\\_production](https://en.wikipedia.org/wiki/Child_labour_in_cocoa_production).

Fair Trade plays a role in obviating the further degradation of the situation by providing support to farmers through funding and encouraging the development of community initiatives. Local governments do this by offering credit, training and advanced technological tools for the farmers. Above all, it restores the dignity of producers by ensuring that there is a minimum price set for each ton of cocoa beans sold and guaranteeing that they are fairly rewarded for their work. Fair Traders defends farmers' cause through private actions like boycotts of products made with child labour. Gender equality is also a prominent concern that continues to affect the lives of thousands of women working on the fields. Fair Trade then acts as a protector of women's basic rights by granting them equal pay and access to the same opportunities as their male counterparts.

Despite its evident role in creating a thriving global economy, the initiative is still poorly implemented in the most vulnerable countries. The human rights issues discussed above continue to stymie the actions of governments and NGOs, and cultural barriers are hard to trespass in order to fully implement it. Also, the trade regulations lack transparency, with some retailers inflating the price of Fair Trade goods and failing to pass the profits back to the growers. Consumers often aren't willing to purchase Fair Trade products and pay the extra price because they aren't aware of what Fair Trade is, and how exactly it contributes to the lives of local farmers. The role of advocates is to educate and sensitize the community on the ethical aspects of the movement, and promote demand for fairly traded commodities.

## BACKGROUND

There are several steps in the process of cocoa production, and farmers need to grow the crop according to specific climatic requirements to produce a satisfactory yield. The cocoa tree (*Theobroma Cocoa*) grows in tropical areas within 10 degrees latitude from the equator: Africa, Asia and Latin America.<sup>37</sup> Chocolate is made from the fruit of this cocoa tree. The fruits are called pods and each pod contains approximately 40 cocoa beans. The beans are dried and roasted to then create the cocoa beans that are sold on the market<sup>38</sup>. The beans can further be transformed into powder, butter or liquor to use in a variety of products like chocolate bars or cosmetics. There are 3 types of cocoa beans: common grade *Forastero cocoa* accounting for 80% of global production, high-grade *Criollo cocoa*, and high-grade *Trinitario cocoa*, accounting both for approximately 10% of worldwide production. This is simply to point out that there are various types of pods, that can then cater to different tastes and forms of chocolate products.

Cocoa needs high temperatures and humid conditions to grow successfully, which makes South America an ideal place for this crop to yield its pods<sup>39</sup>. It is also predominantly produced in hot and humid regions of Africa such as the Ivory Coast or Ghana, both countries being the world's top exporters of cocoa beans. On the other side of the supply chain, both the USA and Europe are the major consumers of chocolate. What used to be religious traditions such as Easter are now major commercial opportunities for international giants to boost their yearly sales of chocolate.

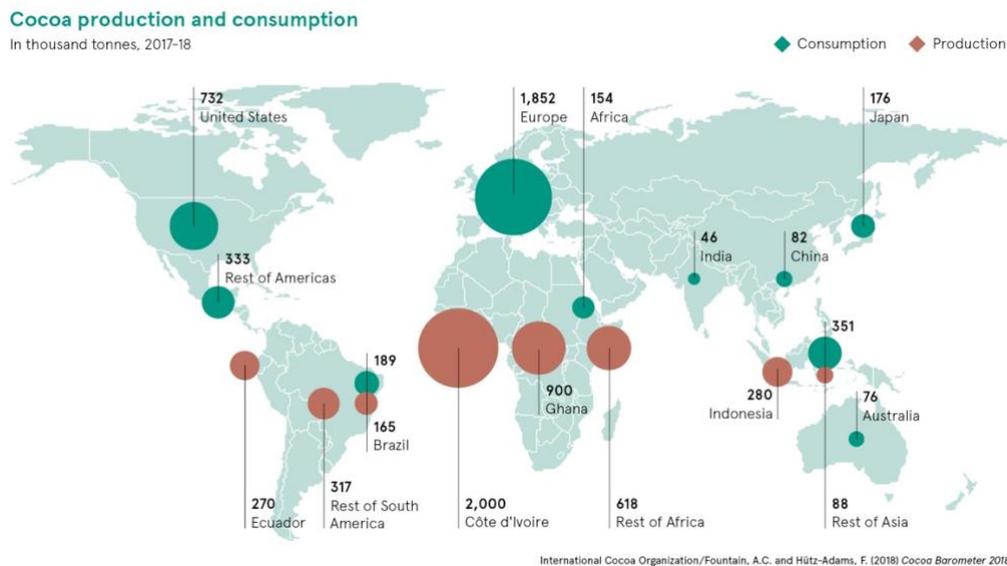


Figure 1: Map displaying the production and consumption of cocoa worldwide from 2017 to 2018. Retrieved from: <https://www.raconteur.net/business-innovation/child-labour-cocoa-production>.

<sup>37</sup> CBI, "Exporting Cocoa Beans to the Netherlands," 2019, [https://www.cbi.eu/market-information/cocoa/netherlands/?fbclid=IwAR15jGvbaHtnKuyxmIH-sFs2\\_OQGAkYfvpzCKKcwQK\\_rVniFMMy5YVqxBU6g](https://www.cbi.eu/market-information/cocoa/netherlands/?fbclid=IwAR15jGvbaHtnKuyxmIH-sFs2_OQGAkYfvpzCKKcwQK_rVniFMMy5YVqxBU6g).

<sup>38</sup> History.com Editors, "History of Chocolate," History, August 21, 2018, <https://www.history.com/topics/ancient-americas/history-of-chocolate>.

<sup>39</sup> "Where Is Cocoa Grown around the World?," Chocolate Phayanak, 2019, <https://chocolatephayanak.com/unkategorisiert/where-is-cocoa-grown-around-the-world/>.

Today, there are currently 22 countries that farm Fairtrade cocoa<sup>40</sup>. Overall, there are two important concepts in Fair Trade. These include the Fair Trade Minimum Price and the Fair Trade Premium. The former covers what it costs the farmers to grow their crops. When the market price is higher than the minimum price, the trader pays the market price. When it's lower, he has to pay the Fairtrade Minimum Price. Fair Trade certification ensures that cocoa farmers are paid a minimum price per ton. In 2011, the Fairtrade Labelling Organisations International (FLO) created an international standard for the minimum price on cocoa, established at \$2000 per metric ton of cocoa<sup>41</sup>. On the other hand, Fair Trade Premium refers to an additional sum of money which goes into a communal fund for workers and farmers to use<sup>42</sup>. In the cocoa industry, this money is usually used to replace old cocoa trees and invest in better facilities for crop collection, transport and storage. In 2015-16, cocoa farmers earned around £22 million pounds in Fairtrade Premiums, and 25% of this was invested in supporting families to meet their daily needs. Aside from these two standards, Fair Trade also ensures that women have a voice in the community, by being represented in decision making and benefiting directly the increased value generated by the sales. This is particularly relevant in cocoa farming where the initiative helps to ameliorate the lives of women who face adversity in their countries by seeing little of the profit they most contribute to. Women, alongside the disabled, are thus the individuals that benefit the most from Fair Trade, as they are paid wages for the work they produce, this not always being the case in developing countries.

The criteria for Fair Trade cocoa certification vary amongst the organisations, but the standard requirements are the following. First, Fair Trade help farmers to organise as cooperatives and associations in order to receive a fair price for their product. Second, Fair Trade Certification inspects cocoa farms to report on any child labour abuses or unmet child labour standards, and act immediately if laws are breached. Third, Fair Trade standards champions the use of environmentally friendly products by prohibiting the use of harmful agro-chemicals and GMOs. Finally, it ensures that the farmers are paid an appropriate price for their product, and buyers also contribute to developing infrastructure, health centres and training in cocoa farms<sup>43</sup>.

The movement of Fair Trade is particularly relevant within the UNDP committee, as it addresses many of the Sustainable Development Goals (SDGs) that the UN strives to reach by 2030. This includes but is not limited to decent work and economic growth and the eradication of poverty (SDG 8 and 1 respectively). The creation of entrepreneurship and job opportunities, especially in small-scale farms, are effective tools to eradicate forced labour and human trafficking in the cocoa industry. Regarding SDG 1 on the eradication of poverty, the UNDP strives to end poverty in all forms and dimensions by 2030. Progress has been particularly limited in regions like Sub-Saharan Africa and South Asia<sup>44</sup>, which are areas where cocoa farming is widespread. Climate change and food insecurity are both factors that threaten poor communities plagued by poverty, therefore exacerbating the need for the UNDP's support in these countries. Another important goal for this committee is to advance gender equality and women's empowerment, which is at the heart of the issue of gender imbalance in this particular supply chain.

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<sup>40</sup>“Cocoa,” Fairtrade International, accessed August 19, 2019, <https://info.fairtrade.net/product/cocoa#>.

<sup>41</sup>“Fair Trade Cocoa,” in *Wikipedia*, n.d., [https://en.wikipedia.org/wiki/Fair\\_trade\\_cocoa](https://en.wikipedia.org/wiki/Fair_trade_cocoa).

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<sup>43</sup>“Fair Trade Cocoa.”

<sup>44</sup>“Goal 1: No Poverty | UNDP,” United Nations Development Programme, accessed August 27, 2019, <https://www.undp.org/content/undp/en/home/sustainable-development-goals/goal-1-no-poverty.html>.

## *Historical background*

The development of Fair Trade started in the mid-20<sup>th</sup> century, with incipient actions in the USA that then rapidly expanded to other Northern countries. In 1958, the first formal Fair Trade shop in the US was established.<sup>45</sup> Activities were also developing in Europe and notably in the Netherlands, with the creation of Fair Trade Original in 1967<sup>46</sup>. This importing organisation was the first to work closely with farmers in Africa, Asia and Latin America, making honest food and drink accessible to everyone by developing local trade chains<sup>47</sup>.

Developing countries also got involved by joining the United Nations Conference on Trade and Development (UNCTAD) conference in 1968, where they adopted a new political agenda stressing the establishment of equitable trade relationships between the high-income and low-income nation states. Even though the agenda wasn't fully implemented at national level, it surely helped in propagating the necessity of practicing Fair Trade around the globe.

From the mid 70s, advocates of Fair Traders started cooperating through organisations by creating larger agencies that were burgeoning across all parts of the globe. Advocates of Fair Trade and NGOs in Asia, Africa and Latin America established South Fair Trade Organisations, which linked up with the new cooperatives in the North<sup>48</sup>. The last decade of the 20<sup>th</sup> century was marked by the establishment of the Fairtrade Labelling Organisations International (FLO) association in 1997. The FLO permitted Fair Trade products to be sold alongside non-Fair Trade items in large supermarkets, diversifying their availability to mass consumer markets. The most relevant agreement in the history of Fair Trade cocoa remains the Harkin-Engel protocol, also called the Cocoa Protocol. Signed in 2001, its goal is to put an end to the worst forms of child labour and to forced labour in the production of cocoa<sup>49</sup>.

In parallel to these networking events happening across borders, Fair Trade enterprises and Fair Trade labelling were also proliferated, aggrandizing further the global movement. In 1994 in particular, the first Fair Trade certification of a cocoa product was arranged by the Max Havelaar Foundation of the Netherlands<sup>50</sup>. The benefits of Fair Trade escalated quickly and reached a pinnacle in 2009, when the turnover of these sales reached 3.4 billion euros<sup>51</sup>. This continues in the 21<sup>st</sup> century, with 4,500 products in 74 countries certified worldwide.

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<sup>45</sup>Peter Bondarenko, "Fair Trade," in *Britannica*, <https://www.britannica.com/topic/fair-trade>.

<sup>46</sup>WFTO and EFTA, "History of Fair Trade," World Fair Trade Organization, 2015, <https://wfto.com/about-us/history-wfto/history-fair-trade>.

<sup>47</sup>"MISSIE," Fairtrade Original, accessed August 20, 2019, <https://www.fairtradeoriginal.nl/over-ons/>.

<sup>48</sup>WFTO and EFTA, "History of Fair Trade."

<sup>49</sup>"Fair Trade Cocoa."

<sup>50</sup>"Fair Trade Cocoa."

<sup>51</sup>Pokharna, "Free Trade or Fair Trade - Which One Is Really Better?"

## ***Current situation***

Cocoa beans are currently used in 3 main segments: the chocolate confectionery, with European players such as Ferrero, Nestlé or Mars dominating this channel, the food industry where cocoa is used in biscuits, ice cream or pastries and finally the cosmetics industry, as more and more consumers are interested in cosmetics with natural ingredients.

Confectionery companies are making major commitments to sourcing their cocoa sustainably. Many of our favourite chocolate and sweet brands have pledged to ensure that their products are Fair Trade and are striving to provide support to the communities working on cocoa farms. In January 2010, Kit Kat converted its Kit Kat Bar to use the Fair Trade certified cocoa<sup>52</sup>. Ben & Jerry's, the American ice cream manufacturer, has also committed to use Fair Trade certified cocoa in all their ice creams since 2013<sup>53</sup>. Internationally recognized brands including Sainsbury and Starbucks have initiated Fair Trade in most products they use. Chocolive, Green & Black's, Dagoba Chocolate and Alter Eco are other companies that use all or some Fair Trade cocoa in their chocolate.

Some brands have derived alternative methods to ensure to a certain extent that their produces are Fair Trade friendly. Cadbury, UK's most famous chocolate brand, has abandoned Fairtrade certification and adopted its own systems of self-regulation, including investing more in areas such as its supply chain, bonuses for farmers, training and climate change prevention<sup>54</sup>. The company claims that Fair Trade brings benefits to some producers, but not the workers at the bottom of the supply chain such as farmers of raw materials like cocoa. Similarly, Endangered Species Chocolate, a chocolate manufacturer in the USA, removed its Fair Trade certification in 2006.<sup>55</sup> They decided to directly support the farmers in Dominican Republic, where they source their cocoa, by using the money previously used for Fair Trade certification. They pledge that cocoa farmers in their supply chains are still receiving a fair wage. However there are some limitations to these initiatives, the most obvious being that companies stating that they comply to Fair Trade practices without a Fair Trade label might not actually be following Fair Trade practices. This could kill the whole purpose of Fair Trade with companies saying that they charge premium prices without actually paying higher wages to farmers.

Also, large groups that are renowned worldwide are still reverting to their shady practices to manufacture our favourite chocolate bars. In September 2015, three lawsuits were filed against Nestlé, Hershey and Mars<sup>56</sup>, accused of dissembling their practices by portraying themselves as socially and ethically responsible, when some of their cocoa is in fact harvested by child slaves. This poses a problem since these are powerful companies that have a lot of market power and can easily influence consumer purchase. Nowadays, the production of chocolate free from child labour or slavery, combined with Fair Trade, are amongst the most important topics for consumers. Supporters of Fair Trade Cocoa have also urged big multinational companies like Hershey to create Fair Trade cooperatives with their cocoa producers in West Africa. This brand captures 40% of

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<sup>52</sup>“Fair Trade Cocoa.”

<sup>53</sup>“Fair Trade Cocoa.”

<sup>54</sup>Daniel Thomas, “Is Cadbury’s Move the End for Fairtrade?,” *BBC*, November 28, 2016, <https://www.bbc.com/news/business-38137480>.

<sup>55</sup>“Fair Trade Cocoa.”

<sup>56</sup>Vandita, “7 Famous Brands That Use Child Slaves To Make Your Chocolate,” 2019, <https://anonhq.com/7-famous-brands-that-use-child-slaves-to-make-your-chocolate/>.

the US market<sup>57</sup>, highlighting the urge for the brand to switch to Fair Trade products. Despite the resilience of the advocates of Fair Trade, these efforts have not had any major success.

The Fair Trade standard is becoming more and more popular in the cosmetics industry too. The breakthrough of these products is largely attributed with the growing popularity of natural and organic products. Brands are working closely with the FLO by incorporating new products under the certification system<sup>58</sup>. Cocoa butter is a common ingredient in many beauty products such as body lotions and haircare oil, providing many opportunities for the industry in that sector.

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<sup>57</sup>“Fair Trade Cocoa.”

<sup>58</sup> “Fairtrade in the Cosmetics Industry: A Relatively Slow Uptake,” Comestics design-europe.com, 2010, <https://www.cosmeticsdesign-europe.com/Article/2010/04/13/Fairtrade-in-the-cosmetics-industry-a-relatively-slow-uptake>.

## DISCUSSION OF THE PROBLEM

### 1.1 *Political*

Although the benefits of Fair Trade have proven to be already vital for penurious farmers in the South, the movement still stirs some controversy among consumers. Some claim that Fair Trade is actually a marketing tool that pushes wealthy consumers to spend more money on certain products, whose sale does in fact little to benefit the producers in developing countries directly. This is true to a certain extent, in the cases where middleman interfere in the sales process and pocket all the extra money generated by the Fair Trade Minimum Price, without passing back the money to the cocoa farmers. Therefore there is no certainty that in 2016, organisations received exactly 24.6 million euros of Fairtrade Premium<sup>59</sup>, yet the statistics still do highlight the massive economic boost for farmers who collect it. Others think that corporate plantations and big businesses have set foot in poor countries to compete against local Fair Trade products, thus harming the workers. The last point of contention inspects the issue with Fair Trade pricing, as these products are slightly more expensive than average, thus harming price sensitive consumers. Nevertheless, less price sensitive consumers are willing to pay extra for Fair Trade products in order to support these practices that empower local communities and reduce the development gap with lagging countries.

### 1.2 *Economic*

In many exporting countries like the Ivory Coast or Ghana, farmers that harvest and sell cocoa rely on this crop as their single export crop. However, the farmers who grow the cocoa beans only receive 3.2% of the price of the final cocoa bar on average<sup>60</sup>. This proportion is too meagre for families to sustain a living and send children to schools. In Africa in particular, the tax collected by the trade of cocoa is the government's main source of revenue<sup>61</sup>. Although cocoa farming initially appears as a profitable activity considering the amount of chocolate consumed across the globe, those who produce it are in fact far from amassing piles of money. The main threat for these workers is the volatility of cocoa price, which is amongst the most variable amongst all the staple commodities that are currently traded. The price of cocoa has declined in recent years despite high demand. Between 2016 and 2017, global cocoa prices drop by more than one third<sup>62</sup>, wreaking havoc in those farms where cocoa is the only source of income. A vicious cycle then kicks it, exacerbating a bit more the poor economic situation most farmers find themselves in. Low prices means no capital to invest in farms or improve production, as well as a lack of employment opportunities. Producers then find themselves with low yields that continue to shrink their incomes, thus rarefying opportunities for investment.

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<sup>59</sup>“Cocoa.”

<sup>60</sup>“Fair Trade Cocoa.”

<sup>61</sup>“Fair Trade,” in *Wikipedia*, n.d., [https://en.wikipedia.org/wiki/Fair\\_trade](https://en.wikipedia.org/wiki/Fair_trade).

<sup>62</sup>“About Cocoa,” Fairtrade International, accessed August 21, 2019, <https://www.fairtrade.org.uk/Farmers-and-Workers/Cocoa/About-Cocoa>.

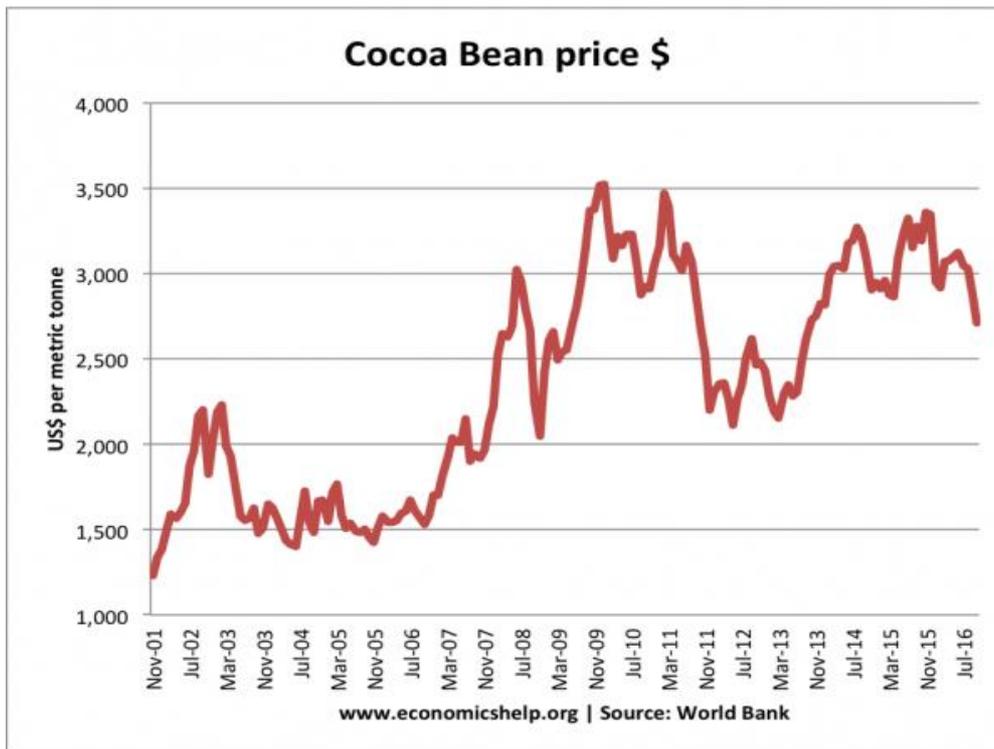


Figure 2: Graph showing the evolution of coco bean price from November 2001 to July 2016. Retrieved from: <https://www.economicshelp.org/blog/24369/inflation/shrinkflation/>.

Another issue with low cocoa prices is that families are not able to access fully healthcare, schooling and safe and secure houses. Governments could counter this issue by providing interest-free loans or partner with NGOs to distribute school equipment, although these sort of actions plans are often very slowly implemented in developing countries. The cocoa farmers average age is increasing, currently at 50 years old<sup>63</sup>. There are then fewer and fewer workers because the benefits of cocoa farming are too small in comparison with the rising production costs and household expenses. Rare are the young people who want to stay in this industry as the wages are so low.

Solutions to cocoa farming include income diversification, that is the production of other crops like eggplants or bananas when cocoa prices are low or when weather hinders production. Alternatively, farmers are encouraged to take part in the Agricultural cooperative, where producers are paid a fair price to ensure that they have enough money for clothes, food and school fees<sup>64</sup>. Farmers in these cooperatives often act as their own bosses, so they directly monitor the distribution of income, and get bonuses from bags of cocoa beans. Some of this money also goes to community projects such as wells or other infrastructures, rather than to individual farmers themselves.

### 1.3 Socio-cultural

The extensive efforts to combat inequalities in the trade of this commodity has bolstered a strong sense of engagement in many Northern countries, directly affecting the lives of the farmers in the

<sup>63</sup>“Fair Trade Cocoa.”

<sup>64</sup>“Fair Trade.”

South. However, the apparent success of the initiative also shadows some hidden truths that highlight limitations in the measures previously taken to combat the issue. For example, the industry's pledge to reduce child labour in Ivory Coast and Ghana by 70% hasn't been met in 2015, so the deadline had to be extended to 2020<sup>65</sup>. Although the measures effectively attack the pith of the problem, there are often flaws that partially rescind the success of the initiative. For example, Global Exchange is an international human rights organisation that has been involved with the cocoa industry by stating that Fair Trade cocoa is an effective method to end the use of child labour in cocoa production. It has concluded that the industry will only adopt Fair Trade certification when consumers demonstrate preference for Fair Trade cocoa. This decision stems from the failure of the goal set in 2001 by the US cocoa industry, who had provisioned to end abusive and forced labour on cocoa farms by 2005 and had outlined the steps the industry would have to take to reach this target<sup>66</sup>. Therefore, even if there has been progress to mitigate the issue of child labour, not a single company or government is close to reach the sector wide objective of the complete elimination of child labour<sup>67</sup>. Along the same lines, Child Labour Monitoring and Remediation Systems implemented by the International Cocoa Initiative and its partners has helped fight the issues that plagues the sector, but the initiative is currently only reaching less than 20% of the over two million children impacted by the problem<sup>68</sup>.

Child labour remains one of the biggest challenges in the cocoa industry, as the low wages in cocoa farmers unable farmers to hire additional labour who are instead forced to use child labour to fill the gap. For example, in 2009, over 109,000 children in the Ivory Coast were engaged in child labour<sup>69</sup>, directly impacting their education and their chance to attend school. Fortune Magazine in the US also issued that approximately 2.1 million children in West Africa "still do the dangerous and physically taxing work of harvesting cocoa"<sup>70</sup>. Having access to education is nevertheless essential to break the cycle of poverty. Employing children to work on cocoa farms, which may initially seem enticing to boost production, is in fact seriously harming producers. Farmers are unconsciously entering a vicious cycle of poverty by employing children; this prevents them from going to school and gaining an education, thus thwarting any chances of lifting the community out of poverty when children reach adulthood.

One solution to this issue is Fair Trade itself, and more particularly ensuring that adult farmers are paid a fair price for the work they contribute to. This would enable companies to employ adult workers by paying farmers a price that enables them to live sustainably. Farmers must also be given support regarding access to the Internet, so that they can consult accurate information about the world cocoa market price and bargain efficiently themselves during trade.

Gender inequality also affects the lives of many sedulous women who sacrifice themselves to ensure that they can provide food and clothing for their families. This problem pervades mostly West African countries, where women make up more than half if not 2/3 of the labour force, yet don't receive much or any funds from the production. They earn around only 21% of the production<sup>71</sup>, which underpins the gender imbalance in some communities. In Ghana, some

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<sup>65</sup> "Harkin–Engel Protocol," in *Wikipedia*, n.d., [https://en.wikipedia.org/wiki/Harkin–Engel\\_Protocol](https://en.wikipedia.org/wiki/Harkin–Engel_Protocol).

<sup>66</sup> "Fair Trade Cocoa."

<sup>67</sup> "Fair Trade Cocoa."

<sup>68</sup> "Fair Trade Cocoa."

<sup>69</sup> "Fair Trade Cocoa."

<sup>70</sup> "Cocoa Farmers."

<sup>71</sup> Sebastian Lander, Jenny Tither, and Heather Nicholson, "The New Queens of Cocoa," Fairtrade Foundation, accessed August 22, 2019, <http://stories.fairtrade.org.uk/the-new-queens-of-cocoa/>.

women even work on their husband's land as unpaid family labour<sup>72</sup>. Cocoa trading and production has historically been male dominated, which makes it tough for women to find a place in an industry that constantly questions their ability to manage and run a farm. Additionally, women's contribution is often not accounted for because they don't benefit from appropriate training and access to resources that maximize their potential. However, research has found that promoting women in trade lead to significant benefits for them as individuals, on top of improving the general welfare of the family and communities. It is necessary for governments and NGOs to focus on women in particular when they direct their initiatives, as they could contribute significantly to the enrichment of the communities working on the farms. Of course, UNDP cannot counter the cultural norms and beliefs that continue to shape societal views regarding the relationship between men and women, but it can surely encourage Nation States to consider this issue. Some international companies have even already taken action, like Cadbury. The UK brand has recognized the challenges of socio-economic sustainability in this industry by launching the Cadbury Cocoa Life in 2012, an approach that strives to seek dialogue through dialogue at community level, listening to the needs of each labourer employed in the farm<sup>73</sup>.

## 1.4 *Environmental*

Climate is an important factor affecting the production of cocoa beans, as the weather can become unsteady and affect the yield of trees for a season or more. With changing weather patterns, cocoa farmers face more difficulties, and are more at risk of rain damage and disease. For example, in Indonesia, droughts have led to high seed mortality and tree mortality for younger plantations, that are too tenuous to fight diseases brought along by the droughts<sup>74</sup>. Smallholding farmers lack access to sustainable cocoa farming practices, notably due to pests and diseases that attack the cocoa trees. A solution to this issue is to switch to other types of cocoa trees. Ghana has started to do so by farming a hybrid cocoa tree that yields crops after three years instead of five years<sup>75</sup>. However, seeding such hybrid trees isn't possible everywhere as the cultivation depends on the climate and the soil of the region in question. Another alternative is to introduce climate-smart agriculture, by digging trenches to control surface water or plant tree species that quickly uptake water<sup>76</sup>. The big manufacturing giants have also joined the COP21 conference in Paris to acknowledge the harsh weather conditions on cocoa farms, discussing the effects of future shortages in the chocolate industry induced by the devastation effect of climate change.

Deforestation is also extensively affecting the yield of cocoa beans, as the area of land available for production is rapidly shrinking. Farms wear out the soils and then explore the forest further to access fresh land<sup>77</sup>. This process stresses the cocoa trees that are unable to supply satisfactory yields for farmers who expected an opposite effect by extending their crop production area. Some farmers are even reverting to illegal practices by cutting down protected forests, amounting to a

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<sup>72</sup> Stephanie Barrientos and Adwoa Owusu Bobie, *Promoting Gender Equality in the Cocoa-Chocolate Value Chain: Opportunities and Challenges in Ghana* Global Development Institute, 2016, [www.gdi.manchester.ac.uk](http://www.gdi.manchester.ac.uk).

<sup>73</sup> Barrientos and Bobie.

<sup>74</sup> Oliver Nieburg, "Devastating' Impact of Climate Change on Cocoa Can't Be Ignored, Says Rainforest Alliance," *Confectionery News*, December 21, 2015, <https://www.confectionerynews.com/Article/2015/12/21/Climate-change-Impact-on-cocoa-production-devastating>.

<sup>75</sup> "Fair Trade."

<sup>76</sup> Nieburg, "Devastating' Impact of Climate Change on Cocoa Can't Be Ignored, Says Rainforest Alliance."

<sup>77</sup> "Environmental Impact of Cocoa Production," in *Wikipedia*, n.d., [https://en.wikipedia.org/wiki/Environmental\\_impact\\_of\\_cocoa\\_production#Deforestation](https://en.wikipedia.org/wiki/Environmental_impact_of_cocoa_production#Deforestation).

staggering 50% of preserved land being exploited clandestinely<sup>78</sup>. This phenomenon is particularly dire in Ivory Coast, where 7 out of the 23 Ivorian protected areas being converted in cocoa production sites.

## 2. KEY PLAYERS

### 2.1 *West Africa*

Since the colonial division of labour, African producers were unable to develop their own industries themselves. They received very low prices for the crops they produced, causing poverty to pervade the continent. The issue with West Africa now is that most of the production sites are small family-run farms, which means that producers have little direct access to market and that they rely on middleman to carry out the transactions. Middlemen are often unfair to producers, who don't receive a fair trade for their production, even though cocoa is their primary source of revenue. Ivory Coast, Nigeria and Ghana are the largest producers of *Forastero* cocoa beans in the world, with the Ivory Coast and Ghana producing over 60% of the global cocoa supply<sup>79</sup>. A typical cocoa farmer in Ivory Coast earns under 1\$ a day, when Fair Trade's benchmark for a living income is 2.5\$/day<sup>80</sup>. This is even below the World Bank's new \$1.90 per day standard for extreme poverty<sup>81</sup>. Similarly, the average farmer in Ghana in the 2013-2014 season made 84¢ per day, making the situation particularly dire for these two countries. Other cocoa-producing countries include Cameroon, Madagascar, São Tomé and Príncipe, Tanzania and Uganda.

### 2.2 *South East Asia*

This region contributes to 14% of the world production of cocoa<sup>82</sup>. The major exporters are Malaysia, Indonesia and Papua New Guinea. Indonesia in particular only started producing cocoa in the late 21<sup>st</sup> century, but it is now the world's third largest manufacturer<sup>83</sup>. It is the small-scale business that contribute to most of the expansion of this supply chain, outperforming bigger companies and large private estates<sup>84</sup>. Although it yielded almost 660 tons of cocoa in 2017, the country is going through a bit of a rough patch lately, as production gradually diminished over the years. The main causes are the ageing trees, low productivity and farmers' choice of cultivating other crops.

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<sup>78</sup>“Environmental Impact of Cocoa Production.”

<sup>79</sup>“Cocoa Farmers.”

<sup>80</sup>“Cayat,” Fairtrade Foundation, accessed August 22, 2019, <http://www.fairtrade.org.uk/Farmers-and-Workers/Cocoa/CAYAT>.

<sup>81</sup>“Fair Trade Cocoa.”

<sup>82</sup>“Fair Trade.”

<sup>83</sup>“Where Is Cocoa Grown around the World?”

<sup>84</sup>“Cocoa,” *Indonesia-Investments*, n.d., <https://www.indonesia-investments.com/business/commodities/cocoa/item241>.

## 2.3 *Latin America*

The cocoa tree is native to the rainforest regions of the Amazon area and has been cultivated in South and Central America for thousands of years<sup>85</sup>. Brazil was actually the largest exporter during the 19<sup>th</sup> century before West Africa took over. The future is promising for the cocoa industry in Brazil, as expected by the National Association of the Cocoa Processing Industry (AIPC), which expects a doubling in production by 2028<sup>86</sup>. Cocoa in Latin America is also produced in Costa Rica, Panama, Peru and Bolivia. Much of the cocoa produced in Latin America is organic and is regulated by an Internal Control. The latter ensures that organisations operate effectively and efficiently, reliably report on their finances, and comply with enforced laws<sup>87</sup>.

## 2.4 *United States of America*

The USA has held a major role in Fair Trade since the initiation of the movement, as the first formal Fair Trade shop opened here. Since 2012, there are 62 cocoa-growing cooperatives in the US Fair Trade system, with most producers originating from Bolivia, the Ivory Coast, Dominican Republic, Ecuador, Ghana, Panama and Peru. Although the amount of Fair Trade certified cocoa and chocolate products has increased since 2010, this proportion still amounts to a small percentage of the total market for cocoa products.<sup>88</sup> Fair Trade USA has encouraged US-based companies with the Fair Trade label to generate more than \$220 million for their cocoa farms they support. This organisation acts mainly in West Africa and Latin America, by providing additional support towards community development like health care and education, support for women and protection for the environment. The US is a player holding an important role in the chocolate and cocoa industry, directly affecting the cocoa producers in other parts of the globe. In 2015, the US produced 1/5 of the world's demand for chocolates<sup>89</sup>.

## 2.5 *Europe*

The Netherlands is the world's largest importer of cocoa beans, with 85% imported from West Africa. Interest in Latin American cocoa beans is growing too. In 2017, they imported 991,000 tones, valued at 2.2 billion euros<sup>90</sup>. The largest European chocolate consumers are Switzerland (9 kg per capita) and Germany (7.9 kg). The European Cocoa Association<sup>91</sup> (ECA) acts as an intermediary between the European importer countries and the local producers, by serving as a senior management- level discussion forum for the companies involved in the cocoa supply chain. In producing countries, ECA talk directly with the governments to understand their needs and priorities. In Europe, the organization strives to devise methods where all Member States of the EU can work collaboratively in order to create lasting change in this industry.

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<sup>85</sup>“Where Is Cocoa Grown around the World?”

<sup>86</sup>“Where Is Cocoa Grown around the World?”

<sup>87</sup>“Internal Control,” in *Wikipedia*, n.d., [https://en.wikipedia.org/wiki/Internal\\_control](https://en.wikipedia.org/wiki/Internal_control).

<sup>88</sup>“Fair Trade Cocoa.”

<sup>89</sup> “Fair Trade Cocoa.”

<sup>90</sup>CBI, “Exporting Cocoa Beans to the Netherlands.”

<sup>91</sup>“About Us,” European Cocoa Association, accessed August 22, 2019, <https://www.eurococoa.com/en/about-us/>.

## *CONCLUSION - POINTS A RESOLUTION SHOULD ADDRESS*

This topic sets the stage for a lively debate as it is very controversial: countries with mature economies might emphasize the benefits of free trade over fair trade, as they favour their nation's economic growth to the detriment of local workers. On the other hand, developing nations would wish to empower marginalized communities, all the while reminding that fair trade strives for non-violation of human rights.

The breadth of the study guide is expansive considering the number of fields that it touches upon: environmental, socio-cultural, political and economic. You are encouraged to address each aspect of the subject at hand, incorporating the situation of your country into your analysis. Here are a few questions that you could consider while researching the topic:

- How can development aid be used to improve the business skills of rural communities, in order to avoid exploitations by middlemen and entrepreneurs?
- How can the local government provide support to small-scale farms, and in particular those that rely solely on cocoa?
- What campaigns can NGOs put in place to sensitize the international community about the gender imbalances that undermine cocoa production?
- How can the UN and in particular the UNDP influence the Nation States regarding cultural beliefs and societal conventions that restrict the full development of a community's potential?
- What measures can local farms take to anticipate the volatility in cocoa pricing?
- How can governments ensure that the previous treaties and protocols are effectively enforced in their country?
- How should international brands that don't comply with Fair Trade principles be sanctioned?
- To what extent are alternative forms of supporting Fair Trade sustainable?
- How can the UN contribute to reach the sector wide initiative of complete elimination of child labour? How feasible is this objective?

## FURTHER READING

- The story of strong-willed women working on cocoa farms in the Ivory Coast, managing every aspect of the production while also running the family household.

<http://stories.fairtrade.org.uk/the-new-queens-of-cocoa/>

- More on the Harkin-Engel Protocol (or Cocoa Protocol), one of the most prominent treaties in the context of child labour on cocoa farms.

[https://en.wikipedia.org/wiki/Harkin%E2%80%93Engel\\_Protocol](https://en.wikipedia.org/wiki/Harkin%E2%80%93Engel_Protocol)

- A global perspective on the link that ties multinational companies to the producers in the developing world, and how big international brands might be hurting the farmers more than we think.

<http://www.aei.org/publication/do-multinational-corporations-hurt-poor-countries/>

- A helpful document that explores the motivation behind consumers in the North, with an evaluative focus on the Netherlands, the world's largest exporter of cocoa.

[https://www.cbi.eu/marketinformation/cocoa/netherlands/?fbclid=IwAR15jGvbaHtnKuyxmIH-sFs2\\_OQGakYfvpzCKKcwQK\\_rVniEMy5YVqxBU6g](https://www.cbi.eu/marketinformation/cocoa/netherlands/?fbclid=IwAR15jGvbaHtnKuyxmIH-sFs2_OQGakYfvpzCKKcwQK_rVniEMy5YVqxBU6g)

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