

## Executive Summary

### Fair and local: Farmers of the world unite?

A discussion paper comparing the experience of marginalised farmers across the world

The Fairtrade Foundation is a charity dedicated to eradicating poverty amongst the world's poorest producers. It is increasingly apparent that some of the problems faced by farmers in poorer countries are similar to those faced by marginalised producers in rich countries. Clearly, these two groups of farmers start from two very different socio-economic positions. Nevertheless through exploring what marginalises farmers, this paper hopes to shed light on solutions that best ensure a sustainable and inclusive agricultural sector.

### What is meant by marginalised farmer?

Farmers can be classified in many different ways, but here are some descriptions of farmers that indicate a farmer is more likely to be marginalised:

<p><b>Small scale</b></p> <p>Farmers that operate on smaller scale must work harder to make a profit. They work on smaller scales of economy and are less able to afford technology that increases efficiency. Research has shown they will have less choice about who they sell their produce to. As a result they are likely to receive a less favourable price for their goods.</p>	<p><b>Extra rural</b></p> <p>The physical location of farms has a bearing on market access, ultimately affecting the price a farmer receives for their goods. Economic migration from rural to urban areas is depleting the agricultural workforce, which threatens the future viability of certain industries, such as cocoa production in West Africa.</p>
<p><b>Struggle to access credit</b></p> <p>Without credit farmers find it difficult to invest in input and technology that improve yields and productivity. Without access to formal credit, a farmer is more likely to accept informal credit. In low income countries, this can mean giving up a proportion of their crops. In higher income countries, farmers will source from less competitive suppliers to access a line of credit. In all cases, without credit, farmers are less able to deal with financial crises, such as crop failure.</p>	<p><b>Getting heard</b></p> <p>As agricultural supply chains become increasingly dominated by a handful of companies, farmers find it hard to be heard and to negotiate a fair deal for their produce. For example five companies control 80 percent of world banana's market. In all parts of the world, marginalised farmers struggle to make their voice heard politically. The result is less access to support from the state.</p>

Marginalised or not, all farmers face two major threats to the status quo.

- Climate change**

Unpredictable and disturbed weather patterns will represent a severe challenge to global farming. In some cases the impact will be catastrophic. Research has shown that all produce currently certified by Fairtrade will be challenged.
- Rising oil prices**

The majority of farmers depend on oil, directly or indirectly. Rising oil prices have already dramatically increased the cost of important inputs to farming, such as fertiliser.

A countervailing view to the need to help marginalised farmers would suggest that these farmers are the victims of economic change and interference is protectionism. Here are four reasons to address this view explaining why help for marginalised producers are needed:

### 1. **Without them we will be unable to feed the world**

Feeding the world's population, predicted to be nine billion by 2050, is going to require tapping into the potential of all farmers and all types of land.

### 2. **They are needed for vibrant rural economies**

With the majority of people in developing countries living rurally, agriculture is key to developing sustainable livelihoods. The economic problems of urban areas in richer countries, such as unemployment, can be addressed through making agriculture more sustainable.

### 3. **Wider society needs countryside custodians**

Preserving the countryside as well as addressing environmental challenges will require the help of farmers.

### 4. **Facing future risks**

When dealing with agricultural challenges of the future, some of which we might not be aware of yet, we are likely to benefit from the knowledge of the past.

## **Fighting back – Solutions for better inclusion**

So what can farmers do to address the problems of marginalisation? Here are some solutions relevant to farmers in both high and low income countries:

#### ✓ **Cooperation**

Farmers working together in a coordinated way bring several benefits that address the marginalisation of farmers. These include increased purchasing power to drive larger discounts, co-operation and sharing of equipment and a greater voice in public policy.

#### ✓ **Tapping consumer power**

Consumers have become increasingly aware and interested in the production methods involved in what they consume. The success of Fairtrade is evidence of this. Such movements allow shoppers to make an informed choice so they can target their purchases to help support marginalised farmers.

#### ✓ **Regulation**

The scale of the problem means that government intervention is needed, in particular to regulate the relationship between large retailers and their suppliers. This would ensure they are not misusing their purchasing power to unfairly squeeze margins in a way that will harm the interests of marginalised farmers.

#### ✓ **Enlightened business**

A new breed of business is emerging that is alive to the concerns of businesses in their supply chain. They have moved beyond seeing poor treatment of suppliers merely as reputational risk, more to a partnership approach. These companies not only have a greater understanding of the needs of their partners, including primary producers in their supply chains, but they are able to create value from this partnership, through making a virtue to their consumers of these relationships.

## **Conclusion**

Some perceive a conflict between Fairtrade and local produce, but in many ways this is false. Farmers the world over, struggle with similar problems, to which there are similar solutions. Ultimately, all supply chains end with the consumer. They have become accustomed to cheap food, with bargain prices being made possible through the squeezing of the margins of those with less power in the supply chain – including farmers. Until customers re-evaluate the true value of the food they eat, marginalised farmers will continue to struggle.