

Shopping for a better life in Africa – Fairtrade helps African farmers beat poverty

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In September, the world's leaders will take stock of progress made towards their pledge of halving global poverty by 2015. A third of the way since the "Millennium Development Goal" were agreed in 2000, the assessment will not be positive. Insufficient additional efforts have been made to ensure that the benefits of globalisation reach those most in need. Fairtrade successfully links mainstream business to development helping a million producers beat poverty.

For 19th-century explorers, the Kagera region was in the heart of Africa, between the continent's great lakes, where Livingstone and other adventurers searched for the source of the Nile. Today, Kagera is the northwest tip of Tanzania, remote and isolated between the Rwanda Mountains and Lake Victoria.

In the past decades, the people there have had their share of misery. In the 1980s, a well-meant development project to increase the fish in Lake Victoria ruined the lake's delicate ecological balance and led to endemic insect plagues gravely affecting agriculture in the region. Since then, over a quarter of the population has contracted HIV. In 1995, the ferry from Kagera, the region's main lifeline to the

outside world, capsized, killing over five hundred. In the ensuing years, world market prices for coffee, Kagera's only cash crop, plunged to record lows, reducing farmers' income to less than a dollar a day.

More than the sum of the parts

It's in this difficult environment that Kagera Cooperative Union (KCU) must operate. Founded in the 1930s, it currently comprises some 90,000 small coffee farmers organised in 124 village cooperatives. In Kagera, "small" means half a hectare of land on average, which must feed a family of six and generate sufficient cash income, through the sales of coffee, to pay for school fees, clothing, healthcare and all the daily necessities. In Kagera, for a small farmer,

it's quite a challenge to make ends meet.

Since 1988 KCU has been selling an increasing part of its members' coffee under Fairtrade terms. Since then the farmers' and KCU's total additional income through Fairtrade has surpassed \$7 million.

Yet more important than the extra money, Fairtrade is teaching the farmers and their Union how to adapt to liberalisation and globalisation.

In the 1970s and 80s, Tanzania was known and appreciated for its "African socialism" as defined by the country's founding father Julius Nyerere. Cooperative unions had the monopoly over coffee production; the state controlled coffee exporting through a parastatal auctioning system. Nyerere's approach ensured decades of peace, but



Thanks to Fairtrade, pineapple farmers of the Asoproagroin Cooperative in Costa Rica are selling into premium retail chains all over Europe.

failed to bring the level of development and prosperity he envisioned. By the 1990s, the country had no choice but to accept IMF and World Bank financial support in exchange for the liberalisation of the country's economy.

Ten years on, Tanzania shows solid economic growth and a steady widening of the gap between the haves and have-nots. While many foreign-born/educated are familiar with operating in a liberal environment and know how to make it work for them, in Tanzania's rural areas the country's rapid transition from a socialist to a liberal economy is causing bewilderment and inability to adapt. For KCU as well, losing the virtual monopoly on coffee processing and trading it had for several decades to an influx of business start-ups taxed the Union to its limits. According to its leadership, now KCU is doing well to a large extent due to its Fairtrade experience, which allowed it to develop its expertise in international trade in a protected environment.

Fairtrade provides benefits to the whole community

The other reason for KCU's successful transition undoubtedly is the strong role it plays in the support and development of Kagera's rural communities. In many of these, the "Primary Societies" of coffee smallholders affiliated to the Union invest in improved school

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education and primary healthcare, in burgeoning small business and in improving infrastructure and transportation. Through their participation in the Societies, farmers can access agricultural advice, support

in converting to organic production, and loans to expand their businesses. Although nowadays there are many buyers for their coffee grains, most smallholders continue to sell through KCU not because the Union always pays the highest price, but because it helps them find their way in a globalised world.

There are dozens of producer organisations in Africa and in Latin America and Asia that are playing a role similar to KCU, i.e. using the benefits reaped through Fairtrade to help their members deal with liberalisation and globalisation.

Overcoming trade barriers

Take EurepGap, a series of requirements for growing and handling fresh produce that supermarket chains are making mandatory for their suppliers since the BSE and other food scandals. Although useful in protecting consumer health, EurepGap standards are complicated and certification is expensive. Moreover, for many producers in Africa struggling to get by,

Proving that consumers care

Fairtrade's fundamental premise is that sustainable development of the world's poorest producers requires that they can sell their products at a price that covers their costs of production and provides them with a business margin that allows them to invest in their future. This is reflected in the Fairtrade minimum price that a buyer must pay when purchasing from a Fairtrade-certified producer, and the Fairtrade premium that the producer must receive at all times.

Should the general market price be higher than the Fairtrade minimum, the market price applies. In view of its developmental character, access to Fairtrade is limited to those producers that need support most: organised small-scale producers, and workers on plantations and in factories.

Other Fairtrade standards reflect sensitivity to these producers' biggest problems in developing their business. For example, because of the difficulties of many small-scale producers in accessing capital, the standards stipulate that under certain conditions, buyers are obliged to pre-finance part of their purchasing contracts.

Consumers can identify products produced and traded respecting Fairtrade standards thanks to the Fairtrade Certification Mark on them. In most countries the Mark is a black person against a green and blue background, in the USA, Canada and Switzerland national Fairtrade Marks are used.

Fairtrade's approach has been criticised for distorting market mechanisms. But is this really the case? With its standards, Fairtrade actually tries to create a specific market segment that disadvantaged producers and workers can access on preferential terms – a strategy straight out of the marketing textbooks.

Practice shows that the Fairtrade approach is an attractive business model: ever since Fairtrade labelling was created, its worldwide sales have continuously increased, with annual growth rates that most other business can only dream of. Over 2003, worldwide growth was almost 40 per cent, over 2004 growth was over 50 per cent.

Yet such market impact is possible only because there are millions of consumers all across the globe that are making the effort to understand what Fairtrade is trying to achieve, to look for Fairtrade products when shopping, and to pay a bit more for them. That "bit more" last year generated over €60 million extra income for producers, allowing them to view the future a bit more optimistically.

Sip wine to beat apartheid

A generation ago, white South-African entrepreneurs were victim to one of the most successful political campaigns ever: the consumer boycott of products from South Africa, in protest of apartheid. Change couldn't have been more radical since. After the ANC came to power, it instituted a "black empowerment" program aiming at progressive black co-ownership of white companies. Early 2004, Fairtrade integrated this program into its standards by stating that to participate in Fairtrade, a farm needed to participate in black empowerment and be at least 25 per cent black-owned. The Fairtrade-premium received on sales should then be used primarily to increase this percentage.

Since then, the exports of Fairtrade tea, fresh fruit, vegetables and wine have taken off. 24 producer cooperatives and black empowerment farms are now Fairtrade-certified, a figure that could easily double by next year.

The South African government has understood the potential of Fairtrade not only for export, but also for domestic sales. First ideas to start offering Fairtrade-labelled products to consumers in South Africa's urban areas are evolving rapidly. For consumers everywhere, the easiest way to really eradicate economic apartheid is to splurge on Fairtrade-labelled South African wine.

Not aid but Fair Trade

If you are a small-scale cotton producer in Mali, bad luck: your most important export market, the European Union, pays cotton producers in Spain and Greece a subsidy of over €1 per kilo of cotton, more than half the going price for cotton, so that they can keep competing with you. Subsidies in the United States are somewhat lower, but because they are paid to many more U.S. farmers, their effects are even worse. These subsidies contribute to worldwide overproduction of cotton and dismally low market prices, especially affecting those who are most hard-pressed for cash: farmers like you.

In the early 1960s, UN Conference on Trade & Development recognised that the world's poor are helped best not by charity but by international trade and coined the slogan "Not aid but trade". Since then, Global Agreement on Tariffs and Trade and World Trade Organisation have been doing their best to make it happen.

Yet trade in itself will only 'deliver' development if it gives the world's poorest producers a fair chance on the world market. That is why FLO and other Fair Trade organisations seek to use their commercial success as proof that fairer rules for international trade are possible economically. They have set up a modest advocacy office in Brussels to lobby the EU ...and are finding that the EU has been responding. Following the "Everything but Arms" program to provide Least Developed Countries tariff-exempt entry into the Union, the EU recently came forward with a proposal to reduce tariffs and subsidies for sugar. FLO believes that besides general reductions of tariffs, an excellent way to promote sustainable development is to give preferential treatment tariff or VAT-exemption, quota exemption etc. to Fairtrade or organic-certified products. The Commission for Africa installed by the British government has made "fairer trade" a cornerstone of its recommendations to reduce poverty. It should adopt this concept of preferential market access in its advocacy.

EurepGap often appears as yet another barrier thrown up by the affluent to protect their markets. Still, without complying, the risk of losing their export market is growing from day to day. Therefore, many Fairtrade-certified producer organisations have set up programs to inform their members and work with them to comply with EurepGap. At the same time, EurepGap requirements are being integrated into the Fairtrade standards and FLO negotiates with European retailers to give Fairtrade producers sufficient time to adapt to the new standard.

Fairtrade Labelling Organizations (FLO) International is the worldwide umbrella of national organisations

promoting Fairtrade labelling in their countries: the Fairtrade Foundation in the UK, Transfair in the US, Canada, Germany and Italy, Max Havelaar in Switzerland, France and several other countries. Besides setting standards, assisting producers and owning Fairtrade's certifier FLO-Cert GmbH, FLO and its members seek to convince governments and multilateral bodies that labelled Fairtrade is a powerful tool to link globalisation to poverty reduction and development, a tool they should endorse and support. Ways to do so are:

- The integration of Fairtrade in their strategies to promote development alongside capacity-building, micro-credit schemes etc.;

- Supporting campaigns to encourage companies and consumers to participate in Fairtrade;
- Adopt Fairtrade concepts and strategies in efforts to reduce trade barriers and increase access of

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The Conocaco cooperative in the Dominican Republic is assisting its cocoa farmers to convert to certified organic production and to ensure the high product quality Europe's critical consumers expect.



To secure a permanent spot on the global market, Fairtrade-certified producers must produce the highest-quality coffee beans.

producers in developing countries to markets in the North.

There are encouraging signs that the message is getting across. In recent years the European Union has been increasing its interest in Fairtrade, the Food & Agriculture Organisation of the UN (FAO) is setting up a major project to promote Fairtrade in Western

Africa, and the British Commission for Africa in its report focuses on "fairer trade" as a core means to reach the Millennium Goals.

What is still lacking is full-fledged enthusiastic commitment to help Fairtrade become the key instrument for all the world's poorest producers in converting liberalisation and

globalisation from a threat to their survival to a crucial opportunity to share in globalisation's benefits, made possible in the end by millions of shoppers who contribute their grain of salt to making life a little better for those who need it most.

ABOUT THE AUTHOR

Social psychologist and economist by education, Luuk Laurens Zonneveld stumbled onto Fair Trade in the mid-1980s while travelling through Africa as journalist. Since then, he has been purchasing Fair Trade products for the Dutch market, initiated Fair Trade advocacy in Brussels, spent four years in Cuba to develop the Oxfam's program there, and has been general director of FLO since May 2001.

ABOUT THE ORGANISATION

FLO International is the worldwide standard setting and certification organisation for labelled Fairtrade. It is made up of two organisations:

The multi-stakeholder FLO e.V. develops and reviews standards and assists producers to gain and maintain certification and to capitalise on market opportunities. It works with local liaison persons who help producers participate in Fairtrade;

FLO Certification Ltd. ensures that producers and traders comply with the standards, and that producers do indeed invest the benefits received through Fairtrade in their development. FLO-Cert works with over 60 local inspectors.

Over 450 producer organisations with over a million producers and workers in 49 countries are currently Fairtrade-certified. Fairtrade standards cover many food products, flowers, plants, cotton and sports-balls.

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