

The World Fair Trade Organization (WFTO) is committed to achieving trade structures that work to help the poor<sup>1</sup>. As part of the Organization's dynamic improvement process, we will develop a definition of the marginalized and a tool to facilitate their identification. This will further assist in certifying that Members Organizations are working with those who need it most.

The Guarantee System of internal quality management tools is designed to facilitate the improvement of people's livelihoods and communities, in accordance with the Organization's mission. This system is built on a Fair Trade Standard that sets the criteria applicable to certify Organizations as engaging in Fair Trade management and operation practices. Many of the Standard's criteria have been established as mandatory requirements to join WFTO. They are based primarily on the Ten Fair Trade Principles, the first of which states that opportunities must be created for Economically Disadvantaged Producers. As this project is concerned with defining those who will benefit the most from these fair trade practices, Principle One is the most relevant to our work.

The main purpose of this research is to compose a definition of those WFTO seeks to help. We have reviewed the definitions, measurement instruments, and indexes of many Organizations and Government Agencies in an attempt to formulate a definition that is both precise and inclusive. To this end, we have also analyzed the impact of marginalization through some case studies. As a first step in evaluating their compliance with the Fair Trade Standard, members must conduct a Self Assessment. They must make sure that poverty reduction and support to marginalized small producers through trade are in their aims and primary activities. Since they must demonstrate positive impact on marginalized groups<sup>2</sup>, it is especially relevant to provide them with an interpretation of what this means and how it could look. This, coupled with an identification tool, will facilitate the determination of whether or not they are fulfilling this requirement.

### Definitions and Indexes

**USAID** defines marginalized as those who are denied, or have very limited access to, privileges enjoyed by the wider society. They form a marginalized class because they are perceived as deviating from the norm, or lacking desirable traits, and therefore are excluded or ostracized as outsiders, because of ethnicity, gender, LGBT, disability, or geography. Businesses owned by LGBT people and stigma by the customers or governmental institutions, which may lead to mental and psychological problems, increasing their vulnerability to poverty. USAID asserts that people with disabilities are not included in anti-poverty mechanisms (not in any MDGs).<sup>3</sup>

**UN/UNESCO** has no agreed definition of "marginalization and uses The EFA Global Monitoring Report 2010 definition of marginalization as "a form of acute and persistent disadvantage rooted in underlying social inequalities". It has a comprehensive list of marginalized groups which includes women, hard-to-reach groups such as indigenous people and ethnic minorities, poor households, people living in informal settlements, individuals with disabilities, rural populations, nomadic populations those affected by armed conflict and HIV and AIDS, and street and working children.<sup>4</sup>

**Human Development Index (HDI)** emphasizes that people and their capabilities should be the ultimate criteria for assessing the development of a country, not economic growth alone, while **Inequality-adjusted Human Development Index (IHDI)** adjusts HDI to how those achievements are distributed among its population. **Gender Inequality Index (GII)** measures gender inequalities in reproductive health, empowerment, and economic status and **Multidimensional Poverty Index (MPI)** identifies deprivations across the same 3 dimensions as the HDI and shows the number of people who are

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<sup>1</sup> About WFTO. Mission and Vision

<sup>2</sup> Guarantee System Handbook. Ch. 6.

<sup>3</sup> Leaving no one behind: Inclusion of marginalized populations

<sup>4</sup> Tenth meeting of the Working Group on Education for All (EFA). Concept paper on Marginalization.

multi-dimensionally poor and the number of deprivations with which poor households typically contend with. It can be deconstructed by region, ethnicity and other groupings as well as by dimension.<sup>5</sup>

**OHCHR** defines minorities rather than marginalized based on shared ethnic, cultural, religious and/or linguistic characteristics. Such groups are typically non-dominant vis-à-vis the majority(ies) in the spheres of economic, political, social and/or cultural life.<sup>6</sup>

**DFID's** concept of marginalization is based on systematic exclusion of certain groups in society from opportunities that are open to others, because they are discriminated against on the basis of their race, religion, gender, caste, age, ethnic background, HIV or other health status, disability, migrant status, sexual orientation, social status or where they live or other social identity. A very common basis for marginalization is spatial exclusion - disadvantage on the basis not of who you are but where you live. DFID differentiates between subtle and overt exclusion, with the former being more frequent.<sup>7</sup>

**USIP** defines marginalized mostly in the conflict resolution and peacebuilding context, as groups such as women and minorities that are trapped in conflict torn environments and may have been victimized or excluded in the past. The engagement of women is necessary to ensure sustainable peace, economic recovery, and social well-being. Women improve the chances for legitimacy when they are involved in mobilizing constituencies for peace and helping to design core programs such as security sector reform.<sup>8</sup>

**World Bank** equals marginalization to exclusion and identifies 4 basic forms of exclusion: from economic, political, cultural and social life of the communities, which altogether create a vicious cycle. Marginalization starts with the lack of access to basic infrastructure, then turns to the next phase of a lack of identity documents which blocks integration into society's mechanisms. Third is a lack of an education system, and fourth - lack of employment opportunities.<sup>9</sup>

**CSIS Youth, Prosperity, and Security Initiative** and the **International Youth Foundation's** Global Youth Wellbeing Index was based on 40 indicators in 6 domains: citizen participation, economic opportunity, education, health, information and communications technology, safety and security. Some of the indicators that relate strongest to identifying who may or may not be marginalized are the agency citizens to make choices about their lives and futures, whether or not people have access to roads, school enrollment, social exclusion within schools and other political decision-making processes, access to hygiene, enclosed bathrooms, access to electricity, and freedom of movement.<sup>10</sup> Similarly, the Social Inclusion Index "is the concept that a citizen has the ability to participate in the basic political, economic and social functioning of his or her society. It includes economic empowerment, access to basic social services, access to infrastructure (physical and institutional), access to the formal labor market, civil and political participation and voice, and the absence of legally sanctioned discrimination based on race, ethnicity or gender."<sup>11</sup> The Social Inclusion Index measured both the inputs and outputs of social inclusion. The inputs were composed of the political environment, economic conditions, state policies, and access to services that promote social inclusion. The outputs contained the economic, political, and policy outcomes that results from policies, rights, and economic conditions that lead to social inclusion over the long term.

The Global Competitive Index put forth by the **World Economic Forum** was similar, but focused a bit more on the economic climate. It identified 12 pillars that drive competitiveness. These pillars are institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation. What was most interesting about the

<sup>5</sup> United Nations Development Programme. Human Development Reports.

<sup>6</sup> Marginalized minorities in development programming

<sup>7</sup> Reducing poverty by tackling social exclusion. A DFID policy paper.

<sup>8</sup> United States Institute for Peace. Cross-cutting principles.

<sup>9</sup> The World Bank. Integration of marginalized communities - a gain for all.

<sup>10</sup> Global Youth Wellbeing Index

<sup>11</sup> The Social Inclusion Index

Global Sustainable Competitiveness Index was its acknowledgement of three, primary barriers for competitiveness: Lack of *access to basic necessities* (sanitation, improved drinking water, and healthcare), *vulnerability to economic exclusion* (vulnerable employment, extent of informal economy, lack of social safety net protection), and *social cohesion* (social mobility, youth unemployment, see the Income Gini Index).<sup>12</sup>

The **Organization for Economic Cooperation and Development's** Better Life Index has 11 indicators in which it is able to rank countries in. The report went into detail about how “a weak social network can result in limited economic opportunities, a lack of contact with others, and eventually, feelings of isolation.”<sup>13</sup> The **U.S. Gallup-Healthways Well-Being Index**<sup>14</sup> also emphasized the negative effects of a weak social network when it looked at five, variously weighted elements of well-being: purpose, social, financial, community, and physical. The **Doing Business** Index focused more on which barriers prevent business ownership within indexed countries. The key indicators it focused on were access to credit, legal protection/transparency, getting access to electricity, registering property, enforcing contracts, dealing with construction permits, labor market regulation, and paying taxes. It is important to note whether the groups we assess will have access to credit, electricity, and enforceable civil and property rights.<sup>15</sup>

The **World Bank's** Human Opportunity Index outlines what gives an individual the opportunity to have a good life. The main indicators were not being underweight, being fully immunized, living outside of poverty, and having access to good quality education, primary education, electricity, and clean water. For those in refugee camps, the **UNHCR** produced a report on what it means to be a member of a “particular social group” within a refugee society. This article incorporated the fact that there are perceived groups that may or may not find solidarity amongst even themselves. Our tool might be used to not only identify marginalized groups, but also to differentiate those who are most at risk within those marginalized groups.<sup>16</sup>

The **Canadian Marginalization Index** measures four dimensions of well-being: residential instability, material deprivation, ethnic concentration, and dependency.<sup>17</sup> The Mexican “Index of Marginalization” similarly stated that marginalization is evidenced by the “absence of access to education, the residence in inadequate housings, the insufficient monetary income perception and the related with to the residence in small locations.”<sup>18</sup> The Index of Marginalization looked at literacy, years of education, and the percentage of population living in dwellings without toilets, electricity, access to water, etc. One of the most interesting things about the index is the fact that assessments did not judge areas based on political boundaries.

### Case Studies

Prior to drawing a formal definition of the target groups that Fair trade aims at protecting, a careful study of cases of marginalized groups (as described in WFTO principle # 1) was conducted. This was not only done to develop a stronger intuition on this theme but also to identify similarities and patterns among these various manifestations of oppressions.

In Africa, for instance, we noted several cases of violations of WFTO Principle # 1 on *trading with concern for the social, economic and environmental well-being of marginalized small producers and doesn't maximize profit at their expense*. This is evidenced by the scale of US and European governments support of their farmers by the issuance of large subsidies that has created critical imbalances in international trade. These policies have had a disastrous impact on two of Africa's chief exports: cotton and sugar. Mali, where

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<sup>12</sup> WEF Global (Sustainable) Competitiveness Index

<sup>13</sup> OECD's Better Life Index

<sup>14</sup> U.S. Gallup-Healthways Well-Being Index

<sup>15</sup> Doing Business

<sup>16</sup> UNHCR “Membership of a particular social group”

<sup>17</sup> Canadian Marginalization Index

<sup>18</sup> Index of Marginalization

more than 3 million people (a third of its population) depend on revenues from cotton, has witnessed an ever increasing number of economically marginalized farmers living in abject poverty and cut off virtually any form of medical access.

A different type of marginalization that highlighted the unintended consequences of poor local macroeconomic decisions was found in India. After a series of structural reforms and stabilization policies in the 1990s focused on industry, tax reforms, foreign trade and investment, the Indian government failed to include any specific package for its agricultural sector. As a result of this exclusion, the overwhelming majority of Indian farmers has been suffering from poverty, inequalities in access to health and education and even experienced more suicide rates<sup>19</sup>. Small and marginal farmers, who represent 80% of Indian agriculture, also face challenges on integration of value chains globalization, market volatility and climate change. Women, despite playing a pivotal role in agriculture in India, are continually denied their property rights and access to other productive resources. Their Literacy rates and mean years of education are also significantly lower than their male counterparts.

Finally, Guatemala provided an example of marginalization fueled by the “push and pull” factors of an increasingly globalized economy, particularly the demand of sugar. The second largest exporter of sugar in Latin America and with 70% of its local production geared towards export, Guatemala has consequently allowed sugarcane export companies to aggressively rent or buy massive amounts of land, making the cultivation of other crops increasingly difficult for local small farmers. Hence, the latter group has been at a real disadvantage due to unclear property rights. When the government allocates land to large-scale enterprises, farmers without clear title can be pushed off their land. In March of 2011, 769 families were forcibly removed from the Polochic Valley. Their homes and crops were burned, and three campesinos died during the eviction by the security forces of the Guatemalan government and the company<sup>20</sup>.

### Key takeaways

Marginalization or social exclusion is a concept that describes both a current condition, and a dynamic process.<sup>21</sup> As a condition, it means that excluded individuals or groups are unable to participate fully in their society. This is mostly associated with elements of identity (i.e. race, gender, ethnicity, caste, religion, etc.); or location (i.e. disaster or conflict stricken, remote, and stigmatized areas, among others). As a multidimensional and dynamic process, it refers to the social relations and organisational barriers that block the attainment of livelihoods, human development and equal citizenship. Marginalization/Social exclusion is a process and a state that prevents individuals or groups from full participation in social, economic and political life and from asserting their rights. It derives from exclusionary relationships based on power.

Having reviewed the materials provided by others in the Development field, as well as the real circumstances faced by some of those living in a marginalized state, we will compose a definition that is suited to the particular characteristics of those WFTO can reach. As a project designed to encompass all potential participants, this review of material constitutes a first step. It is paramount that the parameters and interpretation are well suited to what marginalization in the context of Fair Trade means. Producing an identification tool will be the culmination of an important step toward improving and increasing the impact of the Organization and all its members.

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<sup>19</sup>Shashank Bengali. Farmer suicides reflect growing desperation in rural India, Los Angeles Times, Aug. 2014. <http://www.latimes.com/world/asia/la-fg-india-farmer-suicide-20140805-story.html#page=1>

<sup>20</sup> Niezen, Cecilia. *Farmers Struggle for Land in Guatemala*, <http://www.oxfamamerica.org/explore/stories/farmers-struggle-for-land-in-guatemala/>

<sup>21</sup> DFID Social exclusion review

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