Equitrade

Malagasy Company

A scheme enabling poor countries to keep a bigger share of the wealth they generate

Equitrade goes one step further than Fairtrade, which ensures that growers and farmers in the developing world receive the correct market rate for their produce. Although Fairtrade helps to reduce exploitation of the poor, most of the value of their cash crops is added by processing, and most processing takes place in the developed world. Thus, for example, only 5 percent of the ultimate resale price of a bar of Fairtrade chocolate remains in the country that produced the cacao from which it is made. The balance goes to the wealthy nations in which the bar is made and sold.

Equitrade (short for "equitable trade") was set up in 2005 to enable poor nations to process and package their raw materials into finished products themselves, and thus to earn a greater share of the profits. Under

"Equitrade is . . . a standalone foundation and intends to extend to many products."

Neil Kelsall, Noetic Associates

a pilot Equitrade chocolate-producing scheme run by the Malagasy Company in Madagascar, just over half of the revenue remained in the country of origin, 40 percent of it going to the local manufacturer and packager, and 11 percent to the government in tax, which was then reinvested in the industry. The remaining 49 percent was divided between the exporter, the distributor, and the retailer.

According to Neil Kelsall of Noetic Associates, a British company pioneering this approach, "All it would take to end poverty in Madagascar is £750 million a year." The island's farms cannot generate that amount of money, but Equitrade aims to enable the nation to profit more substantially. To do that, it needs only equipment and a little expertise: by providing both, Equitrade could make poverty history. **GL**