



Regional Consultation on “Tackling Crisis of Agricultural Sustainability in Northern Region: Role of State, Civil Society and Agribusiness”

Background Note

We believe that all people have the right to a sustainable livelihood. However, these rights are systematically violated. Of the 70% of the world's poor depending on agriculture for their livelihoods; farmers make up half of world's hungry, and half of agricultural waged workers live in poverty.

In the past twenty years, the world has witnessed a fundamental change in the role of corporations and this change has had a profound impact on the incidence of poverty across the globe. Along with the most important national economies, **corporations** are now, the most powerful entities in terms of setting terms of trade, distributing wealth, and creating or squashing demand. Among the most powerful corporations are those engaged in input production, such as seed and fertiliser, and supermarket production and retail chain. For example, 50 out of the largest 100 economic entities are corporations rather than countries. Just a handful of multinational corporations today control 90% of trade in grains. Many hold greater net worth than most African countries. Therefore there is need to understand the impact of agricultural private sector on the lives of farmers and agricultural workers, especially women, in developing countries.

We recognise that the private sector, from small businesses to big MNCs has the potential to play a vital role in promoting economic development and poverty alleviation. However, this POTENTIAL IS BEING LOST. Based on analysis of their shareholder returns and profits, and on the experience of farmers and workers worldwide, we believe that they are capturing disproportionate benefits while pushing risk on to those who can least cope with it and denying millions of people their rights. They set the terms of international trade in key commodities and food crops, which may reduce cash returns to poor farmers and increase food insecurity. Prices cannot be said to be set by the market, but by the powerful businesses within that market. Smallholder producers, workers and traders who cannot bargain with such large operators, have to accommodate the low and fluctuating prices, terms of employment, terms of production contracts and production sites. The debts, and the risk of being excluded from the food system both as producers and as consumers leaves them with no other option but to take part on these less than favourable terms. Companies are influencing politics and policies to their own benefit both at the national and international level.

However, little has been done in quantifying the impact of concentration in the agricultural private sector on the lives of farmers and agricultural workers in developing countries. It is in this context that a series of regional consultations have been planned to develop our understanding about the impact of agribusiness on rural livelihoods and food security. This would enable us in building the policy arguments around the risks and opportunities associated to corporations in this sector in order to build a compelling case that would make the issue easy to communicate and campaign on.