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Powerful participants and sidelined stakeholders:
exploring Private Standards Initiatives
in a global value chain

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The Governance Implications of Private Standards Initiatives in Agri-food Chains





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Powerful participants and sidelined stakeholders:
exploring Private Standards Initiatives
in a global value chain

1. Private standards initiatives as a form of collaborative governance
2. Conceptual framework
3. Case study of a Kenyan PSI
4. Governance structures and processes in PSIs
5. Conclusions














Private standards initiatives (PSIs)

- Organisations, networks & individuals who develop, monitor and promote new standards (on labour rights/ good agricultural practice)
- Focus on PSIs in global south
- Early enthusiasm
 - Localisation
 - market access
 - space for participation
 - multi-stakeholder



Concerns

- Overshadow or conflict with government regulation of business & undermine existing institutions (Utting 2005)
- They 'reorganize aspects of the market to better suit its needs' (Busch & Bain 2004)
- Prevent other regulatory approaches being developed
- Benefits conditional on effective representation of relevant stakeholders, periodic reviews of standards, and effective monitoring systems (Courville 2003)



HEBI: short-lived collaboration 2002/3

"to encourage the development and use of locally developed schemes, as sustainable and credible monitoring systems. For example, the South African Wine Industry Ethical Trade Association scheme and the development of the Horticulture Ethical Business Initiative scheme in Kenya" (Sainsbury Ethical Trade reports, 2002 and 2003)

"striving to develop an all-encompassing Code of Conduct that will be acceptable to all stakeholders. World Flowers has actively participated in HEBI discussions and meetings and two supplier farms were audited during the pilot trials" (World Flowers website)

2007

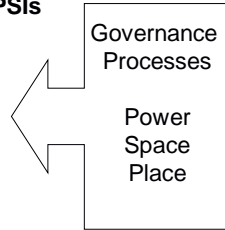
"It's absolutely dead in the water...HEBI is out of money and out of ideas....There is no multi-stakeholder forum in Kenya...You're back to KFC being the only game in town..." (interview, UK private sector)



Governance implications of PSIs

Formal governance

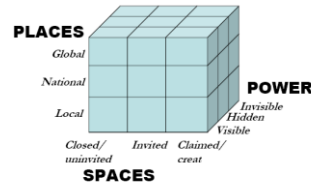
- Legislative- who sets the rules and how
- Judicial- how conformity is assessed
- Executive- how compliance is promoted



*Global value chains
Governance as 'normalisation'
Kaplinsky and Morris (2002), Gibbon et al (2008)*

*Power cube analysis of democratic
spaces for citizen engagement
Gaventa (2006)*

Governance processes



How spaces are created, where and the power relations within them.....

Source: Gaventa, J (2007) Participation and Citizenship: Exploring Power for Change, presentation at ODI/IDS Development Horizons Seminar, January 22, 2007, <http://www.odi.org.uk/resources/documents/Gaventa.pdf>, accessed 28/08/09

Legislative governance and HEBI:

participants

Aim to have multi-stakeholder initiative in ETI mould
Unions not participated
Individuals rather than organisations
Side-lining of civil society
Donors as observers and as funders

content

Aim to synthesise the social codes prevalent in the sector
Identify best practice
Gender committees to deal with discrimination
Link to relevant Kenyan legislation

Judicial governance

Aim to institutionalise Participatory Social Auditing

"helps in getting the truth...Participatory social auditing – you get things you don't get with conventional approaches"

Parts of HEBI standard used by auditors (Africa Now, KFC) but not the process methodology

Executive governance

Aim to promote the use of locally appropriate standard and be the focal point for stakeholder engagement regarding national labour standards

Strategic plan not agreed
Resources dwindled
Meetings badly planned

Governance & HEBI

Some non-chain actors have a role in Legislative and Judicial governance

- NGOs & 'experts'
- Donor support to the initiatives
- Some voices continue to be excluded: smallholders and workers

Whilst the disputes between civil society and private sector and non-participation of trade unions affect Executive governance, the power of buyers and exporters affects the scope of activity

- Visible *value chain* power
- Hidden agenda setting
- Invisible power shaping acceptable solutions

Opening and closing space

Visible & hidden power of retailers (and donors') in *creating* the space and inviting participants

"We got the people round the table, decided that the issues should be solved in Kenya.Because **they** didn't get the right structure, perhaps it was always doomed; [but for the larger retailers], HEBI could not offer the capacity to audit. ...HEBI [had to learn to] fly quite quickly....[but as it took time] companies have had to use alternatives." (interview UK private sector)

Visible power of Kenyan exporters

- Standard content not methodology
- Identifying new solutions (KFC and Fairtrade service oriented NGOs)

Hidden power of Kenyan exporters

- Board meetings irregular/short notice
- Mis-communication

Invisible power

- Standards & audit as only mechanism



Contrasting visions of local PSIs for labour rights



Future trajectories

- Retailers want compliance but FAST
 - No time for PSA and developing relationships between stakeholders
 - Some evolution of business-led standards
 - changes in KFC
- Global versus local solutions
 - GSCP: Global Social Compliance Programme
 - Some keen to have 'local resources' but on their terms and for special cases



Conclusion

- Local PSIs are, perhaps inevitably, highly influenced by upstream actors, but not only buyers
- Spaces for dialogue opened when external pressure mounts
- Invited spaces gradually closed down
- Need to recognise visible, hidden and invisible power processes in context of the ethical space
- But PSIs often regarded as a technical instrument
- Standards initiatives are policy spaces which are dynamic and have their own history & process of negotiation between competing visions and interests



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