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Beyond the vertical: An evolving framework for understanding the governance of private standards initiatives in the agri-food chain

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Structure of presentation

- Background to paper – the project
- Evolving framework
- Kenya and PSIs
 - KenyaGAP
 - HEBI
- Preliminary analysis
- Preliminary conclusions



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

The Politics of Private Standards (POPS)

African horticulture is responding to market demand for quality produce that also complies with buyer codes on agricultural practice and labour rights by establishing private standards initiatives (PSIs)

What do PSIs mean for regulation and stakeholder relationships in developing countries and along the global value chain?

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- PSIs may be a mechanism to
 - improve product quality and competitiveness
 - facilitate access to higher value markets
 - localise standards so that they are more appropriate to local conditions and issues
 - improve farmer and worker welfare
 - provide a space for the participation of previously voiceless groups
- However, they might:
 - overshadow or conflict with government regulation of business
 - undermine the capacity of trade unions to represent their members
 - fail to empower workers and other unheard groups to have a voice or improve labour standards
 - prevent other regulatory approaches being developed

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Questions

What is the nature of governance in the PSIs?

- What do PSIs say they do?
- What are the key processes and outcomes?
 - How sustainable are PSIs?
 - Whose voice is heard in PSIs?
- How do PSIs relate to other institutions including TUs, NGOs & public sector regulators?
 - Internally?
 - With respect to other institutions?
- How can we explain these outcomes?

Who ultimately regulates the agri-food chain?

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Primary empirical focus

Global agri-food chains from Kenya

- Particularly horticulture (fresh veg & flowers)

Case studies of emergent PSIs in Kenya

- Good agricultural practices (KenyaGAP)
- Labour standards (HEBI)



Beyond the vertical: An evolving framework for understanding the governance of private standards initiatives in the agri-food chain

- Evolving framework
- Background research (pre fieldwork)
- Preliminary analysis & tentative conclusions
- What else do we need?

Building up an extended form of VCA

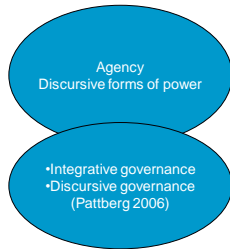
- Aim to recognise the significance of buyer power in the chain but also to consider horizontal forms of governance within the context of PSIs
- The VCA anchors the framework in the material context of value chains and the associated south-north structures
- Need for other concepts to enhance the institutional element of VCA by illuminating the functions and impacts of the PSIs, both in the strict regulatory sense and also in terms of the more subtle processes resulting from the interaction of civil society, public and private sector players.

Foundations of my approach

Gibbon and Ponte (2005)
 • 'whole chain governance'
 • Horizontal as well as vertical
 • Quality standards as form
 • of 'control at a distance'

Kaplinsky and Morris (2001)
 'lens of civic governance'
 • who makes the rules and how and
 • associated discourse (legislative);
 • how conformity is assessed (judicial)
 • management of participants including the
 • use of incentives and sanctions (executive)

'Extensions' to be developed



HEBI



Stated aim:

- 'to promote ethical social behaviour in the horticulture and floriculture industry in Kenya'

Original steering committee

- Government
- Civil society organizations,
- Trade associations/employers

- Plus observers (donors and NGO)
- Significant absence - Trade unions invited, but have not participated

<http://www.hebi.or.ke/index.htm>

Most recent board of directors:

- Kenya Human Rights Commission
- Worker Rights Watch
- Kenya Women Workers Organisation
- Kenya Flower Council
- Homegrown Kenya Limited
- Karen Roses Ltd
- Central Organisation of Trade Unions (Kenya)

Observers

- Africa Now
- Royal Netherlands Embassy Representative
- Government Representative from the Ministry of Agriculture, Horticulture Division
- Government Representative from the Ministry of Labour
- Government Representative from the Ministry of Trade

KenyaGAP

Standard for **good agricultural practice**

- CCCP on pesticide use and environmental impacts of production, worker health and safety & welfare
- To ensure deliver of safe food to the consumer

Developed by Kenyan horticultural exporters and others ("public-private partnership")

- GlobalGAP National Technical Working Group led by FPEAK

Benchmarked against GlobalGAP (EurepGAP version 2.1)

LOCAL PSI	HEBI	KenyaGAP
Dimensions of governance		
1. Governance context	Media and NGO allegations stirred up antagonism, but also incentive for suppliers to participate	UK retailer requirements for GAP assurance mechanism, donor concerns about implications of certification requirements on smallholders
2. Legislative	<i>(who makes the rules and how)</i>	
<i>Origins of PSIs</i>	National and international social and environmental codes adopted by exporters and producers in 1990s. Sub following media exposure, NGO campaigns, and ETI intervention – multi-stakeholder initiative established 2002 (with donor funding)	Concerns regarding challenges that smaller producers faced in certification and a desire to develop a local interpretation of GlobalGAP. Establishment of a National Technical Working Group in late 2004. Donor funding
<i>Members/players</i>	<ul style="list-style-type: none"> • Exporters / Exporter Association (e.g. KFC) • NGOs • Government as observer (Ministry of Labour and Ministry of Trade) • Donors as observers (Dutch Embassy, and until recently UK Department for International Development) • Trade unions related to stake part, (but later Central Organisation of Trade Unions named as member of Board) 	<ul style="list-style-type: none"> • FPEAK association (representing medium and small scale operators) • Government • Donors (GlobalGAP, USAID) NGOs and 'experts' • Farmers mentioned as participants but it seems that smallholders' interests are represented by proxy through donors, NGOs and experts • Workers are not represented at all
<i>Standard content</i>	Developed with other stakeholders, ETI base code interpreted in Kenyan context. Greater detail than the ETI base code and more guidance for auditors (NB ETI base code is not an auditable standard)	Re-working of GlobalGAP standard with greater focus on smallholders and local agronomic conditions (e.g. use of rain-fed agriculture rather than irrigated by some and using manual rather than mechanical application of pesticides). Supplemented by a Quality Management System template
3. Judicial	<i>(how conformity is assessed; procedures for auditing and why whom)</i>	
<i>Auditing approach</i>	Participatory social auditing methodology adopted and developed but not in widespread use	Formal auditing against detailed set of CPOC.
<i>Who audits?</i>	HEBI has trained local social auditors. Other local social auditing services exist, commercial and non-governmental, some commercial are branches of	Accredited third party auditors

LOCAL PSI	HEBI	KenyaGAP
Dimensions of governance		
4. Executive	<i>(management of compliance including the use of incentives and sanctions)</i>	
Buyer expectations	The major buyers for many exporters of horticultural produce are UK retailers, the majority of whom are members of ETI and have made a commitment to improving labour standards in their supply chains. There are differing approaches to implementation of social codes, despite the ETI's assertion that the Base Code represents a minimum requirement for any corporate code of labour practice, for some compliance is 'aspirational'. Moreover, there are no financial incentives for producers, and compliance does not mean that a supplier is guaranteed a market, indeed the signals from buyers can be mixed.	Retailer members of GlobalGAP (predominantly in the UK and Netherlands) began to require their suppliers to be certified against the GlobalGAP standard from January 2004. Will recognise local standards that have gone through a rigorous benchmarking process (e.g. KenyaGAP). Lack of certainty however regarding how long the KenyaGAP standard will be recognised (unless modified) now that a new version of GlobalGAP has been launched.
Role of importers & exporters	Exporters have been proactive, with regard to social standards; the UK is major market and producers are keen to protect reputation. HEBI however, is not the only social standard with which they are involved: there are a range of international flower industry standards and labels with social dimensions (e.g. SIFC, Flower Label Programme) and some are involved in Fairtrade. Some of the importers who have particularly close links with Kenyan exporters are also members of the ETI and have been proactive social standards debates.	Producers must make the necessary investment to ensure that they meet the retailers' requirements and who pay for certification, but retailers and importers may assist in the process by providing advice and information, especially for preferred suppliers.
Role of other actors in promoting change/compliance	Some NGOs are starting to specialise in ethical sourcing; others more campaign oriented, so differences are emerging between NGOs involved with HEBI. Considerable antipathy between NGOs and trade unions: NGOs claim that SPANLU does not adequately represent women or temporary workers, the trade union claims that NGOs have no mandate to speak on behalf of workers.	Some NGOs and donors have assisted producers, especially small scale producers, in meeting certification requirements.

Initial findings (1)

Legislative governance

- Participation from beyond private sector
- Civil society participation is patchy
 - Dependent on existing relationships
 - Skills and capacity
 - Whether invitation extended
 - Who do they represent?
- Content
 - some element of localisation
- Convergence/ competition

Initial findings (2)

Judicial governance

- Compliance versus learning approaches
 - Future of participatory approaches to auditing?

Executive governance

- Requirement for market access or aspiration?
- Risk passed on to supplier
- Mixed signals from some retailers

Governance beyond the vertical?

Donor involvement important to sustain initiatives

Civil society actors may have a role in legislative governance
shaping the details of standards
offering insights into local conditions

Civil society involvement in judicial governance through their involvement in participatory social auditing is weakening.

However, executive governance, i.e. the co-ordination within the chain, which is based on structural power, tends to be beyond the reach of most actors involved in the PSIs – limited horizontal governance.

Shift ever more from worker rights to managing risk in private regulation of labour standards?

The MSI approach was an attempt to wrest some control back from retailers to southern stakeholders, to improve auditing and provide a greater voice for TUs, NGOs and ultimately workers.

If this is stalling, then what are the implications for worker voice and livelihoods? What now? Where has the focus gone?