Participation makes ethical trade work for the poor

RIU

Validated RNRRS Output.

Although social and environmental codes of practice are now widespread in the export horticulture sector, they are not always effective in improving working conditions and livelihoods. New models and methods developed through work in Europe (the UK) and Africa (Ghana and Zimbabwe) allow poor people to participate directly in developing and implementing ethical codes of practice. They include guidelines on how to build support for such codes, as well as multi-stakeholder organisations to develop and implement them. The guidelines also set out how to develop practical criteria, indicators and verifiers, and how to conduct integrated social and environmental audits. The new knowledge also provides a better understanding of how future strategies, options and constraints will affect the further development of codes of practice for the benefit of poor people. Key ethical trade or fair trade bodies, both in horticulture and in other areas, are already putting these insights into practice.

Project Ref: **CPH16:**
Topic: **5. Rural Development Boosters: Improved Marketing, Processing & Storage**
Lead Organisation: **Natural Resources Institute (NRI), UK**
Source: **Crop Post Harvest Programme**

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Geographical regions included:

Ghana, India, Kenya, UK, Zimbabwe,

Target Audiences for this content:

Crop farmers, Processors, Traders,

Document Contents:

Description

CPH16

A. Description of the research output(s)

1. Working title of output or cluster of outputs.
In addition, you are free to suggest a shorter more imaginative working title/acronym of 20 words or less.

Back to ethics: Enhancing African ethical trading bodies in export horticulture

2. Name of relevant RNRRS Programme(s) commissioning supporting research and also indicate other funding sources, if applicable.

Crop Post Harvest Programme.

3. Provide relevant R numbers (and/or programme development/dissemination reference numbers covering supporting research) along with the institutional partners (with individual contact persons (if appropriate)) involved in the project activities. As with the question above, this is primarily to allow for the legacy of the RNRRS to be acknowledged during the RIUP activities.

R7168/R7468
The project was initially led by Mick Blowfield, Natural Resources Institute, with a team of NRI staff including Man-Kwun Chan and Geoffrey Bockett and Stephanie Gallett, and was managed as part of the Natural Resources and Ethical Trade (NRET) programme, now led by Dr Anne Tallontire (contact person: Natural Resources Institute, Central Avenue, Chatham Maritime, Kent, ME4 4TB, Tel: + 44 1634 88 3460, Fax: + 44 1634 88 3567, Email: A. M.Tallontire@gre.ac.uk).

There were three phases to the project:
Phase 1: 1 June 1998 to 30 April 1999;
Phase 2: 1 May 1999 to 30 June 2001;
Phase 3: 1 August 2001 to 31 January 2002.

Institutional research partners in the project included

Zimbabwe: Centre for Applied Social Sciences (CASS) of the University of Zimbabwe. CASS then sub-contracted:

Dr Rufaro Madakadze: then of University of Zimbabwe, Dept of Crop Science, P.O. Box MP167, Mount Pleasant, Harare. Zimbabwe, now University of Zululand South Africa (Zimbabwe team leader)

Elias Madzudzo, social scientist; left for overseas appointment in 2000 and was replaced by,

Diana Auret, of DMA Consultants, an experienced social auditor, now based in South Africa.

Ghana: the project was managed by Stephanie Gallat of NRI (who was then based in Ghana) who worked with Seth Gogoe (now working for SGS) and further inputs were provided by Bo van Elzakker of the Dutch

consultancy firm, Agroeco,

4. Describe the RNRRS output or cluster of outputs being proposed and when was it produced? ***(max. 400 words)****. This requires a clear and concise description of the output(s) and the problem the output(s) aimed to address. Please incorporate and highlight (in bold) key words that would/could be used to select your output when held in a database.*

At the inception of these linked projects, many of the major European supermarkets were starting to develop **ethical codes of practice** as a result of growing consumer concern about food production methods and their **impact on poor people and the environment.** Such codes can help improve the environment and the lives of poor people in third world countries if they are implemented sensitively and with real commitment from all stakeholders along the supply chain. However, if handled insensitively, codes at best will have little effect, and at worst can harm rather than help poor people. The two phases of the project worked with private sector and civil society organisations in Europe (mainly UK) and Africa (mainly Ghana and Zimbabwe) to develop approaches and tools that will allow direct participation of poor people in developing and implementing ethical codes of practice in the **export horticulture sector**.

The project developed *models and methods* for drawing up and implementing codes of practice in ways that benefit poor people. Models and methods developed include:

- how to build stakeholder awareness and support for codes of practice;
- how to build **multi-stakeholder institutions** for developing and implementing codes;
- how to develop practical **criteria, indicators and verifiers** that meet the priorities and constraints of **workers, smallholders and employers/exporters;**
- how to carry out an **integrated social and environmental audit** on small to medium scale farms, where there are few formal management systems and record-keeping is not well practised.

The project has generated *knowledge* in the following areas:

- a set of example indicators and verifiers for measuring compliance against social and environmental standards that are appropriate to African export horticulture, and are practical and reflect the real interests of workers and smallholders as well as being acceptable to employers/exporters;
- a systematic assessment of the level of compliance of smallholder vegetable farmers in Zimbabwe to codes of practice, and management recommendations for improving and monitoring smallholder compliance;
- a better understanding of future strategies, options and constraints vis-à-vis the further development of codes of practice for the benefit of poor people.

5. What is the type of output(s) being described here?
Please tick one or more of the following options.

Product	***Technology***	***Service***	***Process or Methodology***	***Policy***	***Other Please specify***
			X		

6. What is the main commodity (ies) upon which the output(s) focussed? Could this output be applied to other commodities, if so, please comment

The outputs focused on the export horticulture sector. In Zimbabwe this was mainly baby vegetables sold to European, mainly UK, supermarkets, but also cut flowers. In Ghana the emphasis was on pineapples. The

outputs may however be applied to a broader range of fresh fruits and vegetables and other agro-food commodities, the key factor being the extent to which codes of conduct aiming to improve environmental and social conditions of production have been developed, which tend to be a characteristic of buyer-driven value chains, particularly directed at (northern) European markets, especially the UK.

7. What production system(s) does/could the output(s) focus upon?
Please tick one or more of the following options. Leave blank if not applicable

Semi-Arid	***High potential***	***Hillsides***	***Forest-Agriculture***	***Peri-urban***	***Land water***	***Tropical moist forest***	***Cross-cutting***
	x			*X*			*X*

8. What farming system(s) does the output(s) focus upon?
Please tick one or more of the following options (see Annex B for definitions).
Leave blank if not applicable

Smallholder rainfed humid	***Irrigated***	***Wetland rice based***	***Smallholder rainfed highland***	***Smallholder rainfed dry/cold***	***Dualistic***	***Coastal artisanal fishing***
x			*x*			

*9. How could value be added to the output or additional constraints faced by poor people addressed by clustering this output with research outputs from other sources (RNRRS and non RNRRS)? (**max. 300 words**).*

Please specify what other outputs your output(s) could be clustered. At this point you should make reference to the circulated list of RNRRS outputs for which proformas are currently being prepared.

RNRRS
Management systems for export horticulture, R8271 and R8431, Dr A Graffham, Jan 2003 to Dec 2004, Jan 2005 to January 2006 respectively.
The project sought to demonstrate that small-scale growers can meet EUREP-GAP food safety requirements in terms of equivalence of risk outcome. It explored different models by which small producers can meet buyer standards at the local and national level and developed a cost-effective management system and institutional framework to attain EUREPGAP.

Clustering with this project would enhance understanding of the complementarity and potential conflicts between the management systems for GAP and social and environmental codes

Non-RNRRS

DFID PASS: Project No **V0102, Assessing the social impact of the adoption of codes of practice, June 2002 to October 2005, Valerie Nelson**

The project collected evidence from two export industries and countries, on the different outcomes and impacts

for workers in code adopting and non adopting companies and illuminated the changing context for code adoption.

DFID SSR: Project No Ethical Trade in African Horticulture: Gender, rights and participation, R8077, 2002-2005,, Anne Tallontire, Stephanie Barrientos and Catherine Dolan,
The project found that if codes are to enhance the rights of all workers, including women, they must be implemented in a gender-sensitive way. The process of code implementation must identify poor employment practices and issues of greatest concern to workers.

The two projects above built on and extended the findings of R7168/R7468 and so would be drawn on in developing future work on social codes and related institutions. Their findings give further weight to the case for reinvigorating the social and environmental content of codes, and the need for strengthening institutions that may improve the empowering impacts of codes.

Validation

B. Validation of the research output(s)

*10. **How** were the output(s) validated and **who** validated them?*

*Please provide brief description of method(s) used and consider application, replication, adaptation and/or adoption in the context of any partner organisation and user groups involved. In addressing the "who" component detail which group(s) did the validation e.g. end users, intermediary organisation, government department, aid organisation, private company etc... This section should also be used to detail, if applicable, to which social group, gender, income category the validation was applied and any increases in productivity observed during validation **(max. 500 words)**.*

The project adopted an action research approach using tools from Participatory Rural Appraisal. The team worked closely with targeted institutions and actors in Ghana and Zimbabwe at a variety of levels. Validation was achieved through:

- Sociological and institutional analysis of Southern and South-North institutional frameworks;
- Initial stakeholder analysis to inform case study farm selection;
- Case studies of companies in Zimbabwe (4) and Ghana (7) to develop indicators and verifiers for measuring compliance against the broad social and environmental standards in European codes of practice:
    - Data collected through repeated visits to the same stakeholder;
    - Range of participatory rural appraisal (PRA) tools (e.g. semi-structured interviews, focus group discussions, and ranking) to facilitate workers and smallholders in identifying and prioritising their own indicators and verifiers;
    - Supplementary methods used to identify environmental indicators and verifiers;
    - Additional social and environmental verifiers identified through discussions with management;
    - Initial sets of indicators and verifiers identified refined through a process of iteration involving all key stakeholders.

- Design and field-testing of integrated social and environmental auditing approach for small to medium-scale farms (Ghana);
- Assessment of smallholder compliance based on field work carried out on three smallholder schemes supplying the three case study companies in Zimbabwe;
- Cost of compliance study in Ghana; a model (spreadsheet) was developed to collate cost of production figures and informed estimates were made of likely changes that would need to be made by the exporters in order to reach compliance with code requirements;
    - Stakeholder approach to identify an appropriate awareness-raising strategy.
- A set of five briefing sheets and eight theme papers were developed,

The key target institution in Zimbabwe was the Horticulture Promotion Council (HPC), which is the official trade association for horticultural exporters and growers. HPC has its own code of practice which was already being developed prior to the inception of the Project. During the project other agricultural export industries became interested in joining the HPC Code which was expanded in scope and an independent, multi-stakeholder body – the Agricultural Ethics Assurance Association of Zimbabwe (AEAAZ) was set up to oversee the development and implementation of the code. In the latter part of the Project, therefore, links were also established with the AEAAZ. HPC helped facilitate the research and assisted in dissemination of results to the wider industry.

In Ghana, since no single exporter group (such as Horticultural Association of Ghana [HAG], Sea Freight Pineapple Exporters Association of Ghana [SPEG] and Vegetable Producers and Exporters Association of Ghana [VEPEAG]) represented the industry as a whole, it was decided to set up an informal Ethical Trade Working Group. This comprised representatives from HAG and SPEG (who are themselves exporters), the Export Promotion Council, and the Ministry of Food and Agriculture (MOFA), and two smallholders.

Codes were new to Ghana. It was therefore understood that the Working Group (WG) was an experimental set up, where HAG, SPEG and their members would learn more about what was involved through representation on the WG.

*11. **Where and when** have the output(s) been validated?*

*Please indicate the places(s) and country(ies), any particular social group targeted and also indicate in which production system and farming system, using the options provided in questions 7 and 8 respectively, above **(max 300 words)**.*

South-North Institutional Frameworks

- **ETI:** Project team was invited to join the Ethical Trading Initiative (ETI) Zimbabwe pilot working group.
- **COLEACP Harmonised Framework:** Two Project team members were instrumental in writing the labour and smallholders standards for the COLEACP Harmonised Framework. The labour and smallholder standards and their interpretation draw directly from the findings from this Project.
- The **project briefing sheets** were widely distributed throughout the sector and were freely available on the Internet. Many of the recommendations have been implemented especially by category managers for major retailers (e.g. a major international distributor of fresh fruit and vegetables asked for further copies to

distribute to all their suppliers in the Caribbean and Pacific region) and national code bodies (e.g. by Kenya Flower Council).

Ghana

- **Horticulture Association of Ghana:** The results from fieldwork on development of criteria, indicators and verifiers were summarised into a draft Ghanaian code of practice. HAG stated the intention to adopt this draft Code for the Ghanaian export horticulture industry. The Project was significant in raising awareness and support for a national code, as well as having developed the draft code itself.
- **EUREP GAP Working Group:** An informal working group of leading horticultural exporters in Ghana was established to support the implementation of EurepGAP in Ghana. Project Team member Stephanie Gallat was asked to co-ordinate the interpretation and implementation of EurepGAP's social chapter.

Zimbabwe

- **Zimbabwe national code (AEAAZ code):** The implementation of the Zimbabwe national code was influenced by the Project findings, e.g. the food safety and environmental criteria, indicators and verifiers were used in revising the Zimbabwe code's Self Audit Questionnaire for growers.
- **Support for smallholders:** Influenced by the findings from this study, the AEAAZ sought specific funding for training and supporting smallholders on code compliance.

Current Situation

C. Current situation

12. ***How and by whom*** *are the outputs currently being used? Please give a brief description* ***(max. 250 words****).*

A significant way that the Outputs are being used is through the professional work of the researchers involved in this project both within the Natural Resources and Ethical Trade programme at NRI and in key ethical trade or fair trade bodies (including Traidcraft, Ethical Trading Initiative and Agroeco). The outputs from the Project continue to inform practice in the ETI which has promoted the multi-stakeholder national code body approach through its pilots and experimental projects and has tacked issues facing smallholders. The Outputs also fed into ISEAL's Social Accountability in Sustainable Agriculture, www.isealalliance.org.

Some retailers have adopted aspects of the Outputs in their strategies for code implementation, and have established dialogue with key industry and multi-stakeholder bodies in sourcing countries.

There are an increasing number of southern code bodies. Many of these cover a wide range of industry issues including quality and technical specifications. Early in the decade social issues became overshadowed in many countries by EurepGAP, compliance with which took priority. Social codes were used and audited, especially by

or on behalf of sourcing countries, but the momentum to build national capacity and locally applicable codes and practices has slackened. However, social and environmental codes continue to feature in the requirements of major buyers and it is likely that more pressure to comply with these codes, and demonstrate associated positive changes on farms, will increase soon, not least with the publication of recent code impact assessments (see Q20/21). Some producer associations are starting to take them seriously.

*13. **Where** are the outputs currently being used? As with Question 11 please indicate place(s) and countries where the outputs are being used **(max. 250 words).***

Multi-stakeholder code approaches. The South African ETI pilot led to the establishment of WIETA (the Wine Industry Ethical Trade Association) in the wine industry; in March 2006 it extended its scope to other agricultural products. In Kenya the Horticulture Ethical Business Initiative (HEBI) is also a national multi-stakeholder code body, which draws on lessons from the Outputs.

Outside of agriculture, the ETI has applied a multi-stakeholder approach in the establishment of a National Homeworkers' Group in India which brings together industry, NGOs, trade unions and other relevant stakeholders to tackle the problems affecting homeworkers in garment value chains.

The ETI has also been influential in taking forward the issues affecting smallholders in horticultural (and tea) value chains that were identified in the Project, through the development of the Smallholder Guidelines. These were piloted in Kenya and some ETI members are currently implementing the Guidelines in their own supply chains, as is VegCARE which links nearly 500 Kenyan smallholder farmers to export markets.

Broad-based or EurepGAP Code bodies exist in several African countries, for example Ghana, Zambia, Uganda, Tanzania. The NRI project prepared the way for the Ghanaian horticulture industry to successfully organise to engage with the requirements of EurepGAP.

The phenomenal growth of the market for Fairtrade products and its extension into fresh produce has also reawakened interest in the effective implementation of social and environmental criteria and indicators, e.g. Ghana is becoming an important source of Fairtrade certified fresh fruit for UK category managers.

*14. What is the scale of current use? Indicating how quickly use was established and whether usage is still spreading **(max 250 words).***

Social and environmental codes of practice are in widespread use in the export horticulture sector, particularly in supply chains to UK supermarkets. However they are not always applied in an effective manner that actually improves working conditions and livelihoods. However some retailers and category managers are applying codes and are supportive of local efforts to improve their implementation.

Between 2002-2005 concern about EurepGAP compliance dominated the attention and capacity of many African code bodies and intense price competition amongst retailers and certain purchasing practices restricted the spread of the outputs to countries listed in Q13.

However, there are signs that concern for social and environmental codes, locally relevant indicators and local

social auditing capacity is climbing back onto the agenda. Recent contacts with category managers suggest that there is renewed interest in the effective implementation of social codes, rather than a demand for top-down, ready-made solutions.

The ETI Impact Assessment Study found that benefits from codes were less widespread than previously hoped, with impacts related to commitment among buyers, suppliers and collaborative action. In order to protect their reputation, ETI member companies now face the challenge of raising their game and finding ways to enhance the impact of their codes.

Another commercial driver is the increase in the market for Fairtrade labelled fruit and vegetables. Some category managers have sought to differentiate themselves as suppliers of Fairtrade produce and have built up experience in social criteria which they wish to apply to all products.

15. In your experience what programmes, platforms, policy, institutional structures exist that have assisted with the promotion and/or adoption of the output(s) proposed here and in terms of capacity strengthening what do you see as the key facts of success? ***(max 350 words).***

For the successful adoption of the Outputs a combination of South-North and Southern institutional frameworks must be in place. The actions of several institutions have been important in promoting the Outputs and implementing them in their work. The policies of private sector organisations, notably retailers driving the horticultural value chain are critical, as buyer commitment is critical to improving the benefits from codes, especially the acceptance of the importance of local stakeholder dialogue in their implementation.

One of the main lessons from the Project, which has been echoed in other related projects listed in Q9, is the importance of Southern code bodies, preferably involving multiple stakeholders, for adoption of and sustaining ethical codes of practice.

An important international institution for the promotion and adoption of the Outputs has been the Ethical Trading Initiative. This has been significant in promoting the approaches embodied in the Outputs both through the activities of the secretariat in facilitating experimental projects, sharing lessons about the application of social codes of practice and documenting good practice and also through the activities of the corporate members. In particular it has promoted the establishment of multi-stakeholder code bodies in the countries/sectors in which it has had experimental projects, building on the experience of AEAAZ which emerged in Zimbabwe whilst the Project was on-going.

NGOs have also been important in promoting the adoption of the Outputs. International NGOs such as Traidcraft, AfricaNow and Hivos have been important in ensuring that codes do not lead to the exclusion of smallholders from export horticulture markets. National NGOs have also been significant in raising the profile of working conditions, e.g. Kenyan Women Workers' Organisation.

The COLEACP Harmonised Framework (see Q11) has influenced the content of several southern codes.

The Outputs fed into ISEAL's Social Accountability in Sustainable Agriculture project, particularly regarding auditing smallholders. The ISEAL Alliance has been an importance vehicle for sharing good practice in codes

amongst organisations involved in ethical standards.

The outputs have been used in the research projects that listed in Q9, which in turn are feeding into the work of bodies such as the ETI.

Environmental Impact

H. Environmental impact

24. What are the direct and indirect environmental benefits related to the output(s) and their outcome(s)? ***(max 300 words)***

This could include direct benefits from the application of the technology or policy action with local governments or multinational agencies to create environmentally sound policies or programmes. Any supporting and appropriate evidence can be provided in the form of an annex.

Following locally developed environmental criteria in the form of ethical codes would reduce the adverse environmental impacts of the export horticulture sector, particularly through the reduction in use and proper application of pesticides.

25. Are there any adverse environmental impacts related to the output(s) and their outcome(s)? ***(max 100 words)***

There are environmental issues related to the export horticulture industry with respect to airfreight of produce from Africa to European markets. However this is not directly related to the Outputs of the project the aims of which include the reduction of adverse environmental impacts as a result of the industry.

26. Do the outputs increase the capacity of poor people to cope with the effects of climate change, reduce the risks of natural disasters and increase their resilience? ***(max 200 words)***

Not applicable
