

## NRET Working Paper 1:

# Ethical trade and export horticulture in sub-Saharan Africa: The development of tools for ethical trading of horticultural exports by resource poor groups

### *Introduction*

The development of ethical trade in fresh produce offers the potential for improved opportunities for income generation by resource poor groups in developing countries. However, emerging criteria and tools for ethical trade, driven by Western ideals, may not represent the perspectives of resource poor groups involved in export horticulture. The challenge, therefore, is to develop guidelines to ensure that standards and methodologies developed are appropriate to the needs of producers and allow resource poor groups to participate in and benefit from ethical trade.

This working paper, produced as part of the Natural Resources and Ethical Trade programme managed by NRI, addresses the following issues:

- The role of export horticulture in sub-Saharan Africa and its variable impact on the resource-poor.
- Moves towards ethical trade in export horticulture, focusing on limitations of current approaches.
- A research agenda for developing appropriate criteria for ethical trade in horticultural products.

### *Horticultural Exports from Sub-Saharan Africa: Kenya, Zimbabwe and Ghana*

International trade in horticultural products, comprising fresh and processed fruit, vegetables, nuts and flowers, is one of the most dynamic components of international agricultural trade. The countries of Sub-Saharan Africa are playing a significant role in supplies of out of season vegetables, tropical fruit and cut flowers, especially to European markets. Major players are Kenya, Zimbabwe, Cote d'Ivoire, Ghana and South Africa.

Some countries have based their trade on high volume commodities such as bananas, pineapples and citrus fruits; others have targeted narrow niche markets of high value, low volume exotic and "out of season" products (or non-traditional commodities).

Growth in **non-traditional exports** has been associated with pressures from the World Bank and other major donors for liberalisation. Certain commodities have won the label non-traditional because they were not previously produced in that country, were only produced for domestic consumption or have found new export markets (Little and Dolan, 1998).

Non-traditional horticultural exports include snow peas, cut flowers, French beans, and 'Asian vegetables' (chilli peppers, aubergines and okra).

In 1996 fruit and vegetable exports to the EU from Ghana, Zimbabwe and Kenya totalled 35,000, 20,000 and 35,000 tonnes respectively, with Zimbabwe and Kenya also having significant cut flower exports, valued at 40 and 90 million ECUs respectively (NRI, 1997). In such countries export horticulture is an important means of income generation to rural communities

in developing countries, either through smallholder outgrower schemes or through employment on commercial farms. The sector is also a source of demand for a wide range of goods and services.

### *The resource-poor and export horticulture*

The resource poor may be involved in export horticulture as employees on large plantations and commercial farms or in packing plants or as contract farmers in outgrower schemes. There is a school of thought that emphasises the negative consequences of export horticulture, which can in some circumstances be very great. Nevertheless there are also a number of benefits for people involved in export horticulture, including the resource poor. The experience of export horticulture is varied and

there are advantages and disadvantages of working in different types of job, for different companies and in different products, as indicated below.

### **Farm workers on estates**

Estates provide regular work for many people throughout Africa, and can be an important source of income for households which have little land. In some countries, such as Kenya and The Gambia, large estates are increasingly dominating horticultural exports (Little & Dolan 1998 and Dijkstra 1997). Recent investigations, however, have highlighted poor terms and conditions for workers, including unpaid, forced over-time, unstable contracts and low pay (Christian Aid, 1996).

### **Workers in packing plants**

Post-harvest activities in these businesses often employ predominantly female labour which gives many women unprecedented income and autonomy, and may offer other benefits such as relatively good income, provision of housing, childcare and education by private sector companies involved. At the same time the gender bias in employment may also have negative implications for women such as by increasing “time poverty” (Goodland, 1998) and by potentially adverse effects on women’s health and safety. It can also impact negatively on family health and education, through removal of maternal care.

### **Smallholder Outgrowers**

There have been many concerns about the impact of contract farming on poor households, but some recent studies suggest that under certain circumstances there are rewards for smallholder contract farmers (Stringfellow & McKone, 1996). However, Jaffe’s (1994) analysis of a variety of outgrower schemes in Kenya indicates that a number of internal and external factors may contribute to the ‘success’ of an outgrower scheme, and underlines the importance of taking a broad historical view since institutional structures may change over time.

In addition to the environmental issues raised for estate workers there are particular concerns as regards out-grower schemes focusing on the relationship between the export and supplier:

- carrots and sticks to ensure that farmers keep to sales agreements;
- the terms on which farmers have access to working capital;
- the nature of technological support provided by exporters to farmers;
- the capacity of farmers or farmer groups to engage in business agreements.

Issues relating to outgrowers and their relationship with traders and exporters are particularly absent from the ethical codes that are an increasingly important part of export horticulture.

### **Moves towards ethical trade in export horticulture**

Ethical trading is an area of growing interest throughout Europe and a particular focus of British government policy. Interest in ethical trade stemming from growing consumer concern about the working conditions of producers and the environmental impact of horticulture is resulting in a wide range of initiatives to implement ethical trading standards in the area of horticulture.

Ethical trade is an umbrella term that embraces a range of different principles from organic farming to environmental sustainability to fair trade. These different standards have their roots in particular sectors (for instance, organic standards focusing on organic production, fair trade focusing on the terms of trading), but there is a growing trend to embrace wider concerns so that, for example, fair trade standards increasingly include environmental and in some cases organic criteria.

It is this recognition of common interests that is bringing together different initiatives under an ethical trading umbrella. Christian Aid’s campaign, *Change the Rules*, has identified the need for the development of codes of practice for ethical trade for use by all major retailers (Christian Aid, 1996), and many of the large UK supermarket chains have started to develop their own codes of conduct based on social in addition to more well-established environmental standards.

Exporters in sub-Saharan Africa are increasingly aware of the ethical standards that are being developed, but are concerned that these are being driven by stakeholders in the North without much input from developing countries. Motivated by a concern to protect their trading positions and to acquire a clear and unbiased picture of developments, exporters and exporter associations in

Zimbabwe, Kenya, Uganda and Zambia have identified the need to develop common codes of practice incorporating their own environmental and social justice criteria to protect their trading position in their main markets in Europe.

### **Limitations of current approaches**

It is becoming increasingly clear that the nascent codes of practice may not address the particular needs of export horticulture in developing countries. Consequently major retailers, fair trade organisations and lobbying organisations, as well as the exporters and producers, are looking for criteria to assess ethical dimensions of trade with developing country horticultural producers, and tools that will allow this assessment to be carried out effectively and efficiently.

There is a risk that resource poor groups may be excluded from income generation opportunities in export horticulture through the imposition of inappropriate standards and methodologies for ethical trade initiatives. Western organisations, including major retailers, acknowledge a lack of data on primary stakeholder interests but are under pressure to respond to consumer concerns, and are adopting or developing codes of conduct without proper field testing of their impact. Impartial consultation with primary stakeholders is urgently required in order to identify

#### **MPS (Milieu Project Sierteelt)**

MPS (meaning 'Environmental Project on Ornamental Plant Cultivation') is a Dutch floriculture industry code of practice that informs auction buyers about the environmental performance of nurseries. It was originally designed to address consumer concerns of adverse environmental impact of flower production in The Netherlands. The MPS label is being promoted as a global standard for cut flower producers and cut flower exporters supplying the Dutch auctions are under pressure to join the MPS label scheme. It is now seeking to include social as well as environmental criteria. However, many exporters in developing countries have found the criteria and methodologies required by the scheme to be inappropriate to their circumstances. Fears have been voiced that environmental criteria would include the effects of international transport, thus making it very difficult for producers from developing countries to qualify for the label.

criteria that are appropriate to resource poor groups involved in export horticulture and to determine appropriate tools or methodologies for implementing ethical trade initiatives.

Some current standards also have a methodological weakness. There is a debate between procedure-based and performance-based approaches. Although they may espouse continual improvement, it has been argued that systems such as ISO 14001, based upon procedures and management systems, are compatible with low performance targets (Viana et al, 1996 and Welford, 1995). Whilst these codes are flexible and allow organisations to set their own standards, the systems do not force organisations to set anything other than minimum criteria. Consequently, some companies set challenging targets while others do not, but all of these companies can say to the outside world that they comply with the same certified standard.

Other attempts to set out criteria and indicators have recognised that there are significant knowledge gaps relating to the renewable natural resource sector in developing countries. Some schemes (e.g. the Fairtrade Foundation's system for smallholder banana growers in the Caribbean) are still using criteria developed for plantations to assess social impact, and detailed environmental criteria have not yet been agreed (NRI 1997). New social criteria such as SA8000 do not address this problem as they focus on manufacturing rather than rural production systems.

Overall it is apparent that ethical agenda is being driven by Western norms and values. A major challenge for ethical initiatives involving developing countries is how to involve these stakeholders when they come from different countries, environments and cultures with commensurably diverse norms and values, and standards of living. It is anticipated that the methodological approaches evolved by the development community for assessing social and environmental impact, including stakeholder participation (see for instance Mikkelsen, 1995, and Okali et al, 1994) can be incorporated into ethical initiatives which, because of their strong corporate sector involvement, have tended to adopt tools developed by the business community such as auditing (Zadek & Burns 1997). Bringing together these different approaches will be an important element of ethical trading over the next few years and in horticulture this is an area in which organisations such as NRI and Agro-Eco are working.

## **Looking Forward....**

NRI and project collaborators in Ghana (TechnoServe), Zimbabwe (Horticultural Promotion Council and Horticultural Crops Development Authority) and Kenya (Association for Better Land Husbandry), are currently developing methodologies that take into consideration the needs of different stakeholders, particularly those in sub-Saharan Africa. The first phase of the project will involve case studies of commodities exported from Ghana, Zimbabwe and Kenya.

Analysis will contribute to identifying appropriate criteria and will assess the demand and requirements for methodologies and tools for use in ethical trade. A participatory approach will be adopted for the project activities so that there may be continual feedback from and to primary stakeholders in the target countries to allow them to progress their own activities in ethical trade initiatives. The criteria and methodologies will be tested and promoted in a wider range of geographical and institutional settings in subsequent stages of the project. Overall the key questions that will be addressed are:

- Which ethical criteria are replicable and appropriate, and incorporate the needs of resource poor groups for different commodities, production systems and locations?
- What are the practical issues that may affect the use of ethical criteria, particularly in respect of constraints to auditing and certification, or issues related to certain stakeholder groups or types of production system?
- How might these ethical criteria be implemented?

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