

SUMMARY OF WORKSHOP

4 APRIL 2000

This together with the attached presentations is a record of the above workshop. It has been circulated to all participants. If you have any objection to the documents being distributed further, please contact Mick Blowfield (details below).

WORKSHOP THEME

Developing good agricultural practice for African horticulture: practical issues in building and implementing standards of social and environmental responsibility.

The scope of good agricultural practice is expanding to embrace not only crop management, but also wider environmental and worker welfare issues. There are a number of evolving initiatives both in Europe and in Africa, all being introduced against a background of rapid change in the horticulture industry. This workshop focused on the emerging issues of making such initiatives work for the benefit of all stakeholders, and ensuring that they are a benefit not a threat for the horticulture industry in developing countries.

BACKGROUND

The workshop was organised by the Natural Resources and Ethical Trade programme. The programme is managed by the Natural Resources Institute, part of the University of Greenwich.

The workshop was sponsored by the Department for International Development's Crop Post-harvest Research Programme, and is the second on achieving and demonstrating good social and environmental performance in export horticulture. Some of you will have been at last year's workshop where growers, exporters, primary marketing organisations, retailers, NGOs, government and others heard about and discussed the appropriateness of social and environmental standards, challenges for their implementation, and an agenda for future work.

The workshop this year was a chance to find out about the key events over the past year, and to discuss some of the critical issues that are emerging. It followed on from workshops in Africa which generated some of the main topics for discussion.

PARTICIPANTS

?????? Seb, can you put in the list of names and organisations

PRESENTATIONS

- The implications of the EUREP good agriculture practice framework for developing countries (Dr Kristian Moeller, EHI/EUREP)
- The Ethical Trading Initiatives experience of building multi-stakeholder partnerships to improve social performance (Dan Rees, Ethical Trading Initiative)
- Tools for managing good agricultural practice in supply chains - what works, what doesn't and the unknown (Bo van Elzakker and Man-Kwun Chan, Agro-Eco and NRET/NRI)
- Opportunities and challenges for African growers and exporters in meeting social and environmental standards (Stanley Heri and John Parkin, Zimbabwe Horticulture Promotion Council)
- The challenge of shifting from ethical production to ethical supply chains, and what that means for different stakeholders (Mick Blowfield, NRET/NRI)

The individual presentations are attached. For more copies, please contact NRET (contact details below).

DISCUSSION TOPICS

GROUP 1: The Cost of Good Practice - Is good practice an affordable proposition?

In an increasingly competitive world market, the issues of production costs, access to markets and market share are important for the financial viability of producers, importers and retailers. Change and pressure to increase efficiency is nothing new to the horticulture industry or the retail industry in general. But now is a period of major change, and good agricultural practice is another element of this.

A perceived barrier to the implementation of GAP is the costs involved. It is currently unclear what these costs are, and perhaps more importantly whether the benefits of GAP justifies the cost.

In Africa, the development and adoption of GAP is at different stages in different countries. More advanced producers and countries are worried that their competitors are gaining competitive advantage from not having to meet the same standards.

The cost of good practice is incurred in different ways, such as:

- Monitoring and verifying performance
- Investing in improvements
- Management information systems
- Capacity building

There are recurring questions about who pays for the cost of good practice – The consumer? The producer? The PMO? The retailer? The workforce? The producing country?

GROUP 2: Recognising African initiatives - Is there a role for national standards?

There are two trends in developing standards of good social and environmental practice in agriculture: the development of international standards, and the development of national standards. Any national standard or code of practice needs to be credible with buyers, and national standards aim to ensure that the key European concerns are addressed by producers. At the same time, national standards aim to ensure that country-specific definitions of good environmental and social practice are recognised, and improvements are workable within the national economic, political and cultural context.

However, national horticulture industries, particularly in developing countries, are not clear to what extent their buyers are willing to recognise and accept their standards.

They are also concerned that if national standards are not recognised in the market-place, what standards should they aim to comply with. On the one hand there are different standards from different buyers; on the other hand there are proprietary and other international standards. Each standard has a cost in terms of monitoring, verification and corrective action, and African producers fear that they will have to internalise the additional costs.

GROUP 3: Mainstreaming Good Practice - Will GAP become a prerequisite for accessing all markets?

How many standards does it take to improve social and environmental performance in agriculture? Today, we have many national and international standards, some very similar, some quite different. There is a trend to harmonise standards, but this is at an early stage. The reality today is there are different standards in different producing and importing countries. There are different standards for selling to different buyers. There are different standards for different markets (e.g. multiple retailers, wholesalers). Some producers are being asked to invest in improvements while their competitors are not.

Most people agree on the need for a level playing field, but that is not going to happen overnight, and maybe not at all. Despite promises that individual countries and producers will not be disadvantaged by the different degrees of progress, some producers are worried.

The fact is that mainstreaming GAP is a gradual process, but the playing field is being levelled while the game is going on. There is no clear indication how long mainstreaming will take, and no overall strategy against which progress can be assessed. This may lead to uncertainty amongst different players in the industry, and could mean that GAP is perceived as a threat rather than a contribution to sustainability.

SUMMARY OF DISCUSSIONS

The following are some of the key issues raised in the discussion groups and at the subsequent plenary session. **They represent different viewpoints, and not a consensus of the participants.**

THE COST OF GOOD PRACTICE

The cost components of ethical supply chain management fall under two headings: first, the cost of auditing and reporting ethical standards; second, the cost of making improvements necessary to comply with such standards. The second category needs to include the cost of training, capacity building, infrastructure, operational improvements and awareness raising.

Awareness raising is a particular concern, not least so that retailers can increase the understanding of consumers. There are a limited number of consumers interested in ethical criteria (cf. food safety), and any additional costs will most likely have to be internalised. Because GAP is often about legal compliance and maintaining reputation, there is no immediate

financial advantage: it is a long-term issue and therefore both awareness raising and need to be done gradually.

There is recognition that cosmetic requirements can add to financial and environmental cost but the industry is reluctant to lower its requirements. Examples from organic agriculture show that it is difficult to change consumer cosmetic quality expectations. It may be more realistic to focus on good husbandry in order to meet requirements, rather than expect requirements to change.

In developing countries, cost issues should be addressed by both the industry and international aid agencies, not least to ensure that GAP does not disadvantage certain types of producer or country. Requests that retailers help pay for this are likely to meet with the response that the retailers' contribution is to provide a sustainable market.

Little is known about the actual costs, and understanding both cost categories requires access to data that might be commercially sensitive. NRET has agreed funding with DFID to investigate this further, and hopes to collaborate with ETI members.

A distinction needs to be drawn between meeting the costs and reducing costs (e.g. through affordable monitoring and verification systems). Verification needs to be focused and quite short, and information systems need to be developed to assist this aspect of supply chain management (possibly along the lines of the VINET pilot project). There is no real consensus on independent verification, particularly at what level it applies and whether international or national bodies should be involved. Different initiatives and stakeholders have quite different opinions about this.

There is a key role for Primary Marketing Organisations (PMO) to play in communication, risk assessment, developing social, environmental and pesticide policies, training, reporting and raising awareness amongst producers.

RECOGNISING AFRICAN INITIATIVES

There is a need for national initiatives in order to make GAP affordable to smaller producers, to recognise national law, and to increase the relevance of GAP to specific country situations. However, there is a problem of credibility, and building the capacity to both develop, implement and promote national standards.

There is also a risk that a plethora of national standards will complicate the issue. Therefore, if national standards grow, they should do so as part of a harmonised framework involving links both with COLEACP and EUREP.

For national standards to succeed, they need to have credibility, and the question is who are the key stakeholders that can give this credibility. Some felt that retailers/buyers were more relevant in this respect than consumers. Whatever the target audience, African national standards needed to promote themselves overseas.

To be credible, the national standards need to have independent monitoring and verification, and comply with international agriculture and social benchmarks. In general there was agreement that they needed to adopt a multi-stakeholder approach, although there were differences of opinion about which stakeholders should be involved. South Africa has used international accreditation bodies such as UKAS to accredit standards, and this is something that needs to be further explored in other countries.

Some buyers felt that there was not necessarily a problem with local verification provided that the personnel were of adequate quality (e.g. ISO45000 accredited). There is a role for the EU to play in building this type of capacity.

MAINSTREAMING GOOD PRACTICE

At present there are a limited number of markets requiring GAP compliance. This does not matter provided that there is a general trend for all markets to move in this direction. However, there was some concern that the holistic approach to GAP (social, food safety, environmental issues combined) is primarily a British phenomenon. Some involved in codes of practice felt that the picture varied from sector to sector, and that there was already major international commitment to social standards in textiles and clothing.

Mainstreaming in the UK has been easier because of food scares. There is also evidence that good environmental practice reduces costs (e.g. integrated crop management). The industry generally felt that the British retailers and PMOs had always had a unique history of directly working with producers, and that this would also help mainstreaming by UK companies. However, other European companies not familiar with providing extension support to producers, may have problems taking a proactive role in helping producers meet GAP standards.

There need to be common principles/frameworks to assist the mainstreaming process, and EUREP could be a verification body for national codes.

ACTION

The main purpose of the workshop was to provide, exchange and discuss information on the latest development in holistic approaches to good agricultural practice. However, certain areas of action also arose. These were:

1. Closer collaboration between relevant bodies in setting standards (e.g. ETI, EUREP and COLEACP, possibly with facilitation by NRET)
2. Economic analysis of GAP (DFID has agreed to fund NRET work, and there is discussion on co-operation with ETI members)
3. Continued work on effective, affordable auditing, reporting and verification, with particular attention paid to smaller producers. (ETI and NRET already working on aspects of this, but needs further work and linking to initiatives such as EUREP. Particular attention needs to be

paid to social and environmental standards for smallholders, and social issues for marginalised groups [e.g. gender]).

Mick Blowfield

15 April 2000