

How to use these guidelines

This chapter is essential reading for all users as it explains what the process of implementing these guidelines involves. It outlines the scope of the guidelines, maps out a step-by-step process for using them and indicates how to get the most effective use out of them.

3.1 The scope of the guidelines

As already indicated, these guidelines aim to meet the needs of a number of different players whose roles and responsibilities vary widely. For ease of use we have therefore written a chapter for each of the major players indicating what each can do to improve labour standards – retailers (chapter 4), purchasers – a wide group in itself – (chapter 5), smallholders (chapter 6), trade unions (chapter 7) and NGOs (chapter 8). Case studies in the text indicate what purchasers and trade unions have already tried and with what effect.

The Project Group has developed a range of practical tools to support the implementation process. Because these tools are applicable to more than one group of major players, we have provided a common toolkit (sections A–G) which provides:

- the application framework setting out all the relevant labour standards from the ETI Base Code and what they mean in the context of smallholders (Toolkit, section A). This tool also indicates what purchasers and smallholders/smallholders' workers can do to meet the labour standards identified. All readers will need to refer to this key tool;
- an introduction to the needs and priorities assessment tool, the recommended approach for obtaining information about smallholders' circumstances (Toolkit, section B). This tool may be used by anyone assessing working conditions on smallholdings;
- questions based on the application framework that purchasers can use to benchmark conditions on smallholdings (Toolkit, section C);
- a sample letter and questionnaire for retailers to send to suppliers to begin mapping smallholders in the supply chain (Toolkit, section D);
- four sample documents for smallholders and those buying directly from them (Toolkit, section E);
- a sample booklet for smallholders introducing the concept of labour standards (Toolkit, section F);
- a visual aid for explaining the concept of supply chains to smallholders. This takes the form of a series of photographs, a section of which is shown in the Toolkit, section G. The complete Photobook is included on the CD-ROM.

The CD-ROM version of these guidelines is enclosed in the back pocket. This version comprises a PDF of chapters 1–9 and section A of the Toolkit, while the rest of the Toolkit is included as Word documents so that users can adapt sections for their own suppliers, smallholders and other partners. As indicated, the CD-ROM also includes the complete Photobook.



3.2 The ETI approach

ETI recognises the important role of smallholders in production and we urge other players to do the same. However, we do not favour buying from smallholders rather than plantations or commercial-scale farms as a way of avoiding obligations to employees. The ETI Base Code (8.2) specifically states that ‘obligations to employees ... shall not be avoided through the use of labour-only contracting [or] subcontracting’. A genuine commitment to improving labour standards among smallholders is the first and most vital basis for progress.

3.2.1 A gradual approach

ETI’s approach is to seek gradual, continuous improvement to labour standards within fixed timeframes. This is as appropriate to the smallholder context as it is to formal employment. We recognise that meeting the standards of the ETI Base Code with smallholders is likely to be neither straightforward nor rapid if done thoroughly and sustainably. Companies working with smallholders will need to indicate commitment to smallholders and to implementing the code with them, and to demonstrate the evidence of that commitment.

3.2.2 Going beyond the minimum standards

The ETI Base Code contains minimum not maximum standards, and companies are encouraged to go beyond minimum standards. While this document mainly outlines good practice in implementing minimum standards, there are sections of this document indicating best practice, which companies are encouraged to implement where possible.

3.3 An implementation framework

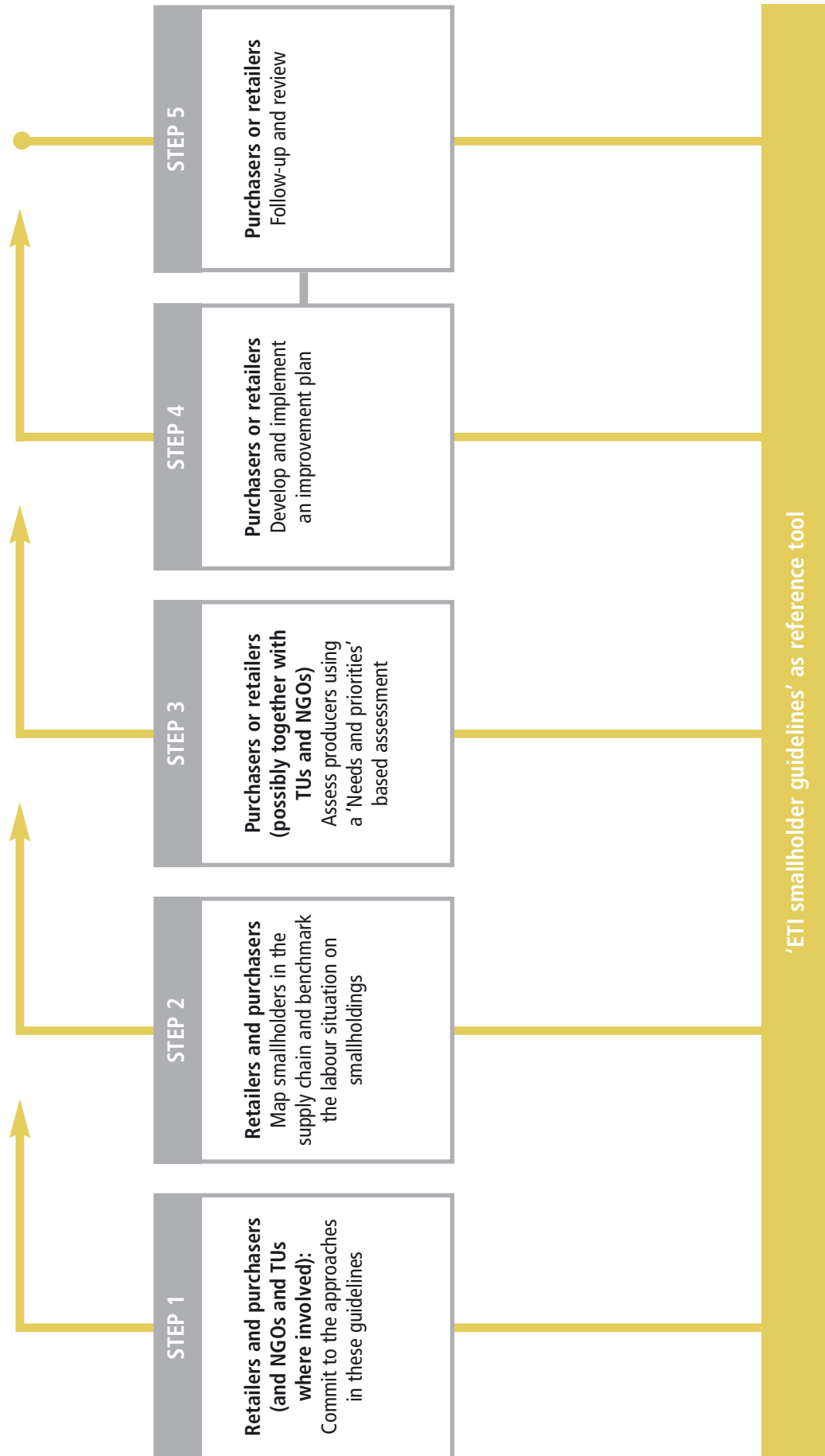
The work of the ETI Smallholder Group has shown that commitment and action is required at all levels of the supply chain for labour standards to be successfully assessed and improved with smallholders and their workers. As a result, the implementation framework outlined below relies on actions at every level. It is not a ‘compliance-based’ model, but instead follows on from the approach recommended in the guidelines, as the flow chart below indicates.

The implementation framework puts those at the bottom of the supply chain at the centre of the approach. It is tailored to the complexity and scale of the smallholders themselves and the approach is flexible depending on the characteristics of the smallholders. It indicates who needs to do what at every stage.

This framework, as with the rest of the guidelines, is generic. It provides guidance for those working with smallholders, but will need to be adapted to the specific product, industry, country and supply chain in which those smallholders are present.

3.3.1 Step-by-step to implementation

This flow chart indicates our recommendations on the steps required in the implementation process. Each step must be carried out in sequence before progressing to the next step. If a retailer or purchaser does not adopt the guiding principles, then further implementation work down the supply chain cannot take place.





3. How to use these guidelines

STEP 1 COMMITMENT

Commitment to these guidelines is an essential first step. Retailers and purchasers will need a thorough grasp of the labour standards we aspire to and the actions proposed for meeting them. The standards are set out in the Toolkit, section A. There is more guidance for retailers in chapter 4 and for purchasers in chapter 5. The role of NGOs and TUs as outlined in chapters 7 and 8 will also aid implementation of these labour standards.

STEP 2 MAPPING AND UNDERSTANDING SMALLHOLDERS

Mapping of smallholders in the supply chain and identifying their characteristics is the next step. This involves identification of where smallholders are in the chain and what the scale and characteristics of that chain is, the size of smallholdings, numbers, the nature of the crop/s, dependency, structure of organisation, labour patterns and so on. Purchasers who wish to do so can benchmark the labour situation on smallholdings in preparation for the next step (see the Toolkit, section C for guidance).

STEP 3 ASSESSING SMALLHOLDERS' NEEDS AND PRIORITIES

This involves undertaking a 'needs and priorities' based assessment of smallholders. The rationale for this is explained below in section 3.4. The results of this assessment will form the basis of practical implementation of improvements at the smallholder level. Farmers' and workers' needs and priorities can be compared to the standards of the ETI Base Code as outlined in the Toolkit, section A. This comparison will give purchasers and retailers their core target areas for action and improvement.

Some of the areas identified by smallholders/workers might not be labour standards issues. For example, they might be operational issues such as organisation or administrative systems. However, they might be areas which a willing packer/retailer can help change for the benefit of the smallholder, improving their operations and indirectly their labour standards.

Needs assessments will also enable retailers and purchasers to highlight where smallholders benefit from growing certain products, and how retailers and purchasers may be contributing to improved livelihoods and working conditions for smallholders and their workers. This may present a more balanced picture of smallholder operations, making purchasers, retailers, NGOs and TUs aware of the strong areas of the smallholders' work that they do not want to affect adversely.

STEP 4 DEVELOP AND IMPLEMENT AN IMPROVEMENT PLAN

It is important to accept that the range and variety of smallholders and the more informal agriculture sector make it impossible to adopt a single approach to improvements. A flexible approach that can be adapted as appropriate would seem the best means for going forward. How and what improvements are implemented depends on the outcomes from the needs assessment, the formality or informality of the labour situation and on the subsequent choice of approach that seems most suited to that particular supply chain and product. Some might look at training provision for suppliers and smallholders/workers, or take a more indirect approach by seeking structural adjustment to their own organisation so they can improve themselves. Some companies will undertake audits, others sample audits. While a combination of a number of these approaches might be seen as appropriate, this must be decided on a case-by-case basis.

The smaller and more formal the smallholders' situation, the easier it will be to improve labour standards. In the more informal sector, purchasers require the farmers' co-operation and trust even more so than in the formal sector. Co-operation cannot be forced.

For instance, where purchasers exercise a certain amount of economic control, the supply chain is semi-formal and the numbers of farmers manageable, a more top-down approach might bring about some change. In this situation, purchasers or retailers might use audits with less buy-in required from the farmers. To be effective, the audit design should include issues identified by the needs assessment and should focus attention on areas that are of particular concern to smallholders and workers. However, where there are larger numbers of smallholders, significant lack of organisation, minimal economic leverage and lack of farmer capacity, an approach more heavily based on needs and priorities will be required. In this case, it is much more critical to get buy-in from the farmers for what should be done and thus a more extensive needs and priorities approach is required, targeting areas the smallholders/workers have identified themselves.

Taking action: using the application framework as a reference tool

Once an assessment has been undertaken, the application framework (Toolkit, section A) should be used as a reference tool. This gives clear guidance on specific actions to be taken by purchasers to address working conditions of smallholders and their workers under each area of the ETI Base Code, as well as indicators to measure the success of those actions.

Smallholders' structures

It is important to consider supply chain structures when planning improvements. Obvious in-roads into any smallholder organisation are through its own structures. These might be an elected body at local or regional level such as a co-operative, or structures such as collection/buying centres in the community. These structures will have been identified by the mapping exercise in the needs assessment. It is also important to include and consult farmers' and workers' groups on how to implement change.

STEP 5 FOLLOW-UP

Any process undertaken with smallholders should be evaluated periodically, whether that is of audits, training given or organisational changes. It is important to build in a review of plans and implementation approaches, modifying the implementation accordingly. Periodic evaluations need to be locally based, and to include feedback from smallholders and others in the supply chain.

3.4 Monitoring labour standards of smallholders and their workers

The Group's guiding tenet was that any work undertaken to ensure that smallholders' and workers' conditions meet ETI Base Code standards should not marginalise or disadvantage them and thus undermine their ability to meet those very standards. Our experience of different methods of monitoring and assessing standards points to the use of needs and priorities based assessments rather than standard inspections/audits. The following sections indicate what led to this conclusion.



3.4.1 Are labour inspections appropriate for smallholders?

The standard method used by retailers and suppliers to assess labour standards is an inspection (audit) visit to assess farmers against the standards of the ETI Base Code. Our experience indicates that inspections are not the most appropriate tool to use with smallholders and their workers if we wish to gain a true picture of their situation and working conditions. This reflects many similar problems with the use of audits/inspections in formal working environments such as plantations or factories. Standard inspections may provide some useful information but they may not provide information on how to make sustainable improvements for smallholders and workers without harming them in the process. Standard labour inspections:

- comprise not just the accumulation of verbal evidence but also the cross-referencing of records and structures to support functions necessary to carry out that task. Demands for written records and structures within a short timeframe may be impossible for smallholders to meet, especially those not heavily supported by an exporter willing to help prove compliance;
- require the farmer to prove a certain degree of compliance rather than the auditor to prove non-compliance.

This approach:

- does not sit comfortably in the smallholder context where formal systems and the concept of proving compliance are not common. Indeed where formal systems have been implemented to support compliance-based inspections, these have caused problems;
- is narrow in scope, giving suppliers and retailers a snapshot of what is happening in relation to labour standards at the time of inspecting. Inspections do not tell us about the wider local context, or how best to make improvements in a sustainable way;
- does not detail the needs or issues central to smallholders and their workers. If retailers and suppliers genuinely wish to improve labour standards, then understanding the broader context of smallholders and their workers is vital.

3.4.2 The cost of standard inspections

Smallholders exist in vast numbers, are of different kinds, are often distributed over a wide geographical area, and are supported by a variety of supply chain structures, such as co-operatives, direct relationships with exporters or selling through a state-owned agency. As a result, any labour inspection system for smallholders, whether a blanket inspection or even a sampling process, is likely to be expensive and time consuming. The very cost of undertaking inspections may disadvantage smallholders. Why should suppliers undertake multiple inspections when instead they could source from only one plantation, with far less compliance work at far less cost? Insisting on inspections will encourage marginalisation of not just the small producer but also their hired labour force to the benefit of larger producers. This could in turn jeopardise the source of high quality products which some smallholders have the advantage in producing.

3.4.3 The relationship between 'compliance work' and smallholders'/workers' livelihoods

When working with potentially vulnerable groups, such as smallholders and their workers, the margin for error is small. The livelihood of smallholders and workers may be at risk from unintended impacts of any compliance work, further undermining their ability to benefit from their involvement in the supply chain, or even

removing them from it. Suppliers, and especially retailers and consumers who buy from them, need a much greater understanding of smallholders' situations and working contexts. A normal inspection/audit system does not provide opportunities to increase this understanding.

3.4.4 Smallholders' capacity to implement change

Where inspections or audits detect issues to be resolved among formal employers, then it is up to the company audited to implement change to reach the labour standards required of them. However, our experience indicates that smallholders cannot be expected to simply 'comply' with provisions of given standards following a formal inspection process. There is unlikely to be any structure in place to explain the process effectively or to build their capacity to meet standards. Furthermore, they may not see such requirements as having any benefit to them or their workers. Smallholders are usually at the end of a supply chain and often without the skills, capacity or leverage to garner support in aid of meeting standards.

3.4.5 Needs assessment approach

As an alternative to standard inspections/audits we recommend considering a needs and priorities assessment approach. The Group consulted with members' suppliers, partners and affiliates (as well as with government officials) all working in the tea and fresh produce sector in Kenya in October 2003. Those consulted recommended conducting needs assessments with their smallholders in order to gain a true understanding of smallholders and their workers' situations, needs and priorities. The use of a participatory research methodology for this work generated very high quality information. As a result, the research methodology has been adapted for use by those who wish to apply it as an information-gathering tool for assessing the broad context and labour standards of smallholders and their workers. This approach may require more preparation and must be used following the methodology recommended but it can be applied to all smallholder situations and is not costly. The approach is set out in the Toolkit, section B.

We suggest that all readers now look at the application framework in the Toolkit, section A before turning to the chapters provided for each main group.