② BUILDING MULTI-STAKEHOLDER INSTITUTIONS
for developing & managing national codes of practice

This is one of a series of papers produced by the Natural Resource and Ethical Trade Programme (NRET) of the Natural Resources Institute, University of Greenwich. The papers cover key themes relevant to the implementation of codes of practice in the fresh produce industry, with a focus on developing countries. They draw on findings from a 3-year NRET research project which looked at how the impact of codes on workers and smallholders could be improved. Themes covered are: the case for national codes; developing multi-stakeholder institutions; integrated social & environmental auditing; managing codes in the smallholder sector; building awareness and support for codes; and developing criteria, indicators and verifiers. For copies of the papers, please contact NRET at the Natural Resources Institute, Chatham Maritime, Kent ME4 4TB, U.K., email: nret@gre.ac.uk, or download from the Internet at: http://www.nri.org/NRET/nret.htm

Who is this paper for?

➢ Producers' and exporters' associations who are thinking about developing their own codes of practice;

➢ All code bodies (i.e. those responsible for developing and promoting codes) with an interest in how to develop multi-stakeholder institutions.

Purpose of the paper

➢ To provide guidance to producer and exporter associations on how to develop and manage national codes of practice;

➢ To share lessons and experiences of building multi-stakeholder institutions for developing and managing codes of practice.

Executive Summary

Advantages of involving other stakeholders: enhanced credibility, compatibility with existing regulations and standards; more likely to meet needs and priorities of both growers and workers; widening of the skill base; and generation of broad support for the code.

Roles of code institutions: Building an effective multi-stakeholder institution requires setting clear objectives and defining the specific roles of the institution. Key roles of institutions for developing and managing national codes of practice are:

➢ setting the standards/developing the code
➢ promoting the code (raising awareness and support) – locally and externally (market)
➢ providing advice and training to growers/exporters
➢ organising auditing systems (recruiting and training auditors, deciding on the audit approach)
➢ regular review of the standards (including whether they are in line with market expectations)
➢ quality assurance – of the code and the systems
➢ decision-making – deciding who passes, who fails, and with what conditions

Developing the code: An informal working group comprising carefully selected stakeholder representatives is likely to be an appropriate institution for the early stages (developing and promoting the code). Specific functions of the working group should include ensuring that the code content: is compatible with national legislation and European code standards; encompasses key environmental and food safety risks to be found in the relevant farming systems; reflects the needs and priorities of different types of workers; and caters for both small and large scale farms.

Implementing the code: Once the code has been developed and one moves on to the implementation stage, it is necessary to develop a more formal institutional structure. A typical institutional structure might comprise: (a) a code custodian body (responsible for reviewing and promoting the code, quality assurance, and overseeing the implementation of the code); (b) an executive body (responsible for day-to-day management and implementation of the code; (c) training and auditing teams; and (d) an approvals committee (responsible for deciding which growers are certified).

Introduction

Many of the major European supermarkets are now implementing codes of practice in response to growing consumer concern about food production methods and their impact on poor people and the environment. Codes require suppliers to meet minimum standards on food safety, working conditions, and environmentally friendly production. In all parts of the world, exporters and growers supplying European supermarkets are now being asked to comply with these codes.

But supermarkets are not the only ones involved in developing or implementing codes. Non-government organisations (NGOs), who historically have put pressure on supermarkets to adopt codes, want to engage more directly with companies e.g. in monitoring code compliance. Trades unions see codes covering labour issues as a means of promoting core international labour standards, and so want to be involved in code initiatives. Producer associations in developing countries (e.g. HPC/AEAAZ in Zimbabwe, KFC in Kenya) have been developing their own national codes as a way of ensuring that their members comply with the social and environmental standards specified in supermarket codes.

At the same time, a growing number of supermarkets are now keen to work with NGOs, trades unions and other civil society organisations, because it increases their code's credibility, and because they realise they need specialised technical support in code monitoring and implementation. So there has been growing interest in code circles about "multi-stakeholder partnerships". Multi-stakeholder approaches can bring important advantages. Indeed, many would argue that multi-stakeholder involvement is essential to ensure the credibility and effectiveness of a code. However, those who have embarked on this path have quickly learnt that the road is riddled with obstacles and potholes, and that building multi-stakeholder partnerships is in itself a time and resource-consuming task. That is, it brings costs as well as benefits.

Bringing together individuals and organisations with very different priorities, mindsets and life experiences will never be an easy task. However, critical evaluation of the successes, failures and lessons from past and current initiatives can help to avoid at least the most obvious pitfalls. This paper aims to share the experiences of NRET and its collaborators, with setting up institutions for developing and implementing national codes of practice in Ghana and Zimbabwe. Please see **Theme Paper 1: The Case for National Codes,** for the rationale for national codes of practice.

Advantages of involving other stakeholders

Enhanced credibility: In recent years, civil society organisations (CSOs), the media and the public in the North have grown more sceptical about corporate codes. Increasingly, the existence of a code of practice in itself is not enough – they want to see evidence that the good words are backed by good deeds. Corporates, including European supermarkets, recognise that the involvement of civil society organisations – such as trades unions and development or environmental NGOs – helps lend credibility to their codes. Since codes link the supermarkets' reputation to the performance of their suppliers, supermarkets are in turn more likely to accept a national code if local CSOs are involved in its development and implementation.

Ensure compatibility with existing standards, codes, regulations: Supermarkets were not the first to try and implement labour and environmental standards. National governments have labour, pesticide and environmental legislation. Other local businesses, trades unions, and/or other civil society organisations, may have already developed codes or initiatives that have some overlap with the code you are developing. Involving relevant government departments and other related initiatives in developing your own code helps dissipate potential conflicts of interest, and allows you to build on their experience and expertise.

More likely to meet needs, priorities and constraints of primary stakeholders:
Involvement of key stakeholders is important in improving both the impact and the practicality of the code. Proper involvement of owners and managers of farms and export operations in code development helps ensure that the code is practical to implement. Involving workers – or their representatives – in developing the code helps ensure that the code reflects workers' own priorities, so it is much more likely to bring them real benefits.

Widen skill base: Developing and implementing a code requires a whole basket of skills and knowledge – any one organisation, company or sector is very unlikely to have all of these. A horticultural trade association may have a good knowledge of the export horticulture sector, but may have little idea about how to go about auditing against labour standards. A government labour inspectorate may have a clear idea about the latter, but know next to nothing about environmental issues. A local NGO may have a good understanding of social and environmental issues in smallholder horticulture, but no experience of the commercial export sector. It is only by bringing these different groups together that you have the full basket of skills and knowledge.

Generates broad support for the code: Stakeholder involvement helps to create awareness and support for your code – stakeholder representatives become ambassadors for your code.

Roles of national code institutions

Multi-stakeholder initiatives commonly fall down through lack of clear objectives. When developing an institutional framework for a national code, it is very important to consider first of all what roles need to be performed by the institutions. You then choose appropriate partners to fulfil those roles, and build an institutional structure that best supports the partners and roles.

National code institutions need to perform the following broad roles:
➢ setting the standards/developing the code
➢ promoting the code (raising awareness and support) – locally and externally (market)
➢ providing advice and training to growers/exporters
➢ organising auditing systems (recruiting & training auditors, deciding on the audit approach)
➢ regular review of the standards (including whether they are in line with market expectations)
➢ quality assurance – of the code and the systems
➢ decision-making – deciding who passes, who fails, and with what conditions

Experience indicates that different institutional structures are required for (a) the initial stages of developing and promoting the code; and (b) implementing and maintaining the code once it has been developed. We therefore address these two stages in separate sections.

Developing and promoting the code

Different countries or industries will have different starting points to developing a code. In some cases (e.g. Zimbabwe), there may be a strong industry association who has taken the decision to develop the code. In other cases (e.g. Ghana), the level of industry organisation may be weak, and so the initial impetus may need to come from a third party. The capacity and interests of local NGOs and trades unions also vary considerably from one country to another. So the choice of partners, appropriate institutional structures and exact division of tasks between partners, will vary from place to place. On the other hand, the functions that need to be performed by the partnership are pretty much the same wherever you are. This section therefore outlines these functions and sets out key steps in building an appropriate institutional structure, with examples from NRET's experience in developing a code with the export horticulture industry in Ghana.

Specific functions required

➢ ensuring that the code content reflects the needs and priorities of different types of workers;

➢ ensuring that the key environmental and food safety risks in the particular farming systems are covered in the code;

➢ ensuring that European market requirements – in particular the social, environmental and food safety standards required by supermarket codes of practice – are taken into account;

➢ ensuring that the conditions and constraints faced by both large-scale and small-scale exporters and growers (including smallholders) are catered for;

➢ ensuring that the needs and priorities of smallholders/outgrowers are taken into account (if the scope of the code will cover relationships between exporters and outgrowers);

➢ ensuring compatibility with existing national regulations/standards/codes;

➢ co-ordination, mediation and facilitation of the partnership;

➢ promoting and raising awareness about the code amongst all stakeholders.

Key steps

❶ Stakeholder analysis

The first step is to carry out a stakeholder analysis. The aim of the analysis is to identify potential partners who can perform the required roles, to identify potential constraints, and to inform the design of appropriate institutional structures both for code development and promotion, and for code implementation. This may seem long-winded, but a good analysis at this stage will save a lot of problems later on.

The analysis should include:

➢ why the stakeholder may or may not be interested in taking part in developing the code

➢ what can they contribute, and what is their capacity to take part in the process

➢ what relationship they have with other stakeholders (perceptions of each other, history of conflicts, collaboration)

The necessary information can be collected through individual meetings with representatives of each potential stakeholder. Each stakeholder should be asked about their own interests, capacity and relationships, but also about their perceptions of the interests, capacity and relationships of other potential stakeholders.

Examples of relevant information collected as part of the stakeholder analysis carried out by NRET in Ghana are given in the box below.

EXAMPLE: INFORMATION COLLECTED THROUGH STAKEHOLDER ANALYSIS IN GHANA

Weak industry organisation: Organisation of the export horticulture industry in Ghana is weak. There are 3 separate industry associations, but each of them represents only a restricted portion of the industry. Moreover, a significant number of exporters and growers do not belong to any of the associations. While there is some contact between the 3 associations, there is also an element of competition. Any code initiative would therefore need to involve all 3 associations to ensure wide representation of the industry, and to avoid inciting jealousy and acrimony between the associations. It was also clear that, at least initially, none of the associations was in a position to lead the initiative, so a third party would have to take on that role.

Agricultural trade union: A number of export farms were closed down following union action. As a result, exporters are very wary of the union, and many would refuse to take part in developing a code if the union was involved. In addition, union membership is generally limited to workers with permanent employment contracts. Many non-permanent workers feel that the union does not represent their interests. For both reasons, the indication was that workers' interests should be represented by some other means in the code development process, and that the union should be informed but not actively involved initially.

Once you have carried out the stakeholder analysis, the next stage is to set up an institution which will take responsibility for developing and promoting the code. The experience of NRET and others shows that an appropriate institution for this is an **informal working group**.

❷ Selecting organisations/groups to be represented on the working group

The results of the stakeholder analysis should give you a good indication of which organisations, companies or groups you would like to invite onto your working group (WG). In making this selection, the main thing to consider is the need to balance broad stakeholder representation with pragmatic considerations. In particular:

➢ you need to keep the group quite small to ensure that decisions are made reasonably quickly;

➢ you need to ensure that group members are able to contribute on a more or less equal basis to the discussions and decision-making. This means that they are not too different in terms of their education, status, and level of confidence.

Again, it will help at this point to focus on the functions outlined above, rather than just including an organisation because in some broad sense it has a "stake" in the process. Each member organisation should have a clear function and contribution to make to the development and promotion of the code.

❸ Select appropriate individuals

Approach the relevant organisations and ask them to select an appropriate individual to join the WG. Take time to explain the background to the WG, what is its purpose, and the specific responsibilities required of the organisation and the individual, including the responsibility of the individual to feed back critical issues and decisions made by the WG to key members of his/her organisation. Appropriate feedback mechanisms should be discussed with the representative's boss.

❹ Convene an initial meeting

Once individual representatives have been selected, an initial meeting of the WG needs to be convened. The initial meeting (or meetings) needs to cover the following ground:

➢ introduction of all members, their interest in the code, and contribution to the group;

➢ develop a terms of reference for the WG. The overall aims will be to develop and promote the code, but it is helpful to break this down into specific tasks.

➢ Agree on logistics (how often to meet, where, when, who is responsible for convening the meetings, how expenses will be covered).

➢ Discuss mechanisms for each representative to feed back key decisions and issues to relevant individuals in their own organisations.

Profiles of the organisations and individuals selected for representation on the Ethical Trade Working Group in Ghana, and the terms of reference agreed by the WG, are summarised in the box below.

EXAMPLE: COMPOSITION OF ETHICAL TRADE WORKING GROUP IN GHANA	
TOR for the Working Group: to review, modify and approve the draft code which had been compiled based on field research carried out by the NRET team (see below)	
Member organisation	Member's function(s) within the Working Group
Horticulture Association of Ghana (HAG) (2 representatives)	Both representatives were exporters and commercial growers. Their role was to ensure that the interests and constraints of exporters and growers were taken into account in the Code, and to provide feedback on WG activities to the HAG executive and members.
Sea Freight Pineapple Exporters of Ghana (SPEG) (2 representatives)	Both representatives were exporters and commercial growers. Their role was to ensure that the interests and constraints of exporters and growers were taken into account in the Code, and to provide feedback on WG activities to the SPEG executive and members.
Smallholder co-op/export company) (2 representatives)	To ensure that the interests of smallholders were taken into account in the Code, and to provide feed back on WG activities to the company executive and smallholder members.
Ghana Export Promotion Council	To provide guidance on export trade issues and the government policies & regulations regarding exports.
Ministry of Food & Ag.	To provide expertise on the agronomic aspects of pineapple production
NRET Research Team (2 members)	The NRET Research Team were responsible for carrying out field research to identify the priorities and needs of workers and smallholders in the export horticulture industry. Their roles within the WG were to convene and facilitate meetings, ensure that workers' priorities were being met, provide guidance on environmental and food safety issues, and on European market requirements.

Implementing the code

Once the code has been developed, you need to start thinking about what's involved in actually implementing and maintaining the code on a day-to-day basis. There are a number of specific functions that need to be performed, and at this point it becomes more important to develop a more formal institutional structure to help ensure the integrity and quality of code implementation.

Functions

During the implementation phase, the following functions need to be performed by code institutions:

➢ Continued promotion of the code
➢ Providing advice and training to growers/exporters on how to implement the code
➢ Auditing of exporters and growers (monitoring compliance against the code)
➢ Regular review of code content (including whether they are in line with market expectations)
➢ Quality assurance – of the code and its implementation systems
➢ Decision-making – deciding who passes, who fails, and with what conditions

Each of these functions is explained in more detail below.

Promoting the code

At the beginning of the implementation phase, you may start off only with a small proportion of exporters/growers signing up to the code. Over time, you will need to promote the code amongst other exporters and growers. You will also need to maintain the credibility of the code amongst key local stakeholders (government, key NGOs, trades unions) through keeping them informed of progress and achievements. It is also important to promote the code externally, to increase its

profile and acceptance by your export market. The ultimate aim is that your customers and standard-setting bodies such as EUREP accept your code as equivalent to their own codes.

It is probably best if a single person is responsible for co-ordinating promotion activities, but you may want to use different people to promote the code amongst different audiences, depending on which individuals have credibility with which audience.

Providing advice and support to growers and exporters

Particularly in the initial stages of implementing the code, growers & exporters will need training and advice in interpreting and implementing different aspects of the code. The training team should have:

➢ A good knowledge of the export horticulture sector
➢ Credibility with growers and exporters
➢ Experience in training, with a practical hands-on approach
➢ Thorough knowledge of the code, and of practical measures to be taken to meet environmental, food safety and social requirements.

Auditing

Auditing plays a key part in encouraging and ensuring compliance and continuous improvement amongst producers, and maintaining the credibility of the code. Auditors should have:

➢ A good knowledge of the export horticulture sector, including of relationships between exporters and outgrowers (including smallholders)

➢ A good knowledge of working conditions on export farms and outgrower farms (including smallholdings), and a sympathy with workers' and smallholders' concerns

➢ A sound knowledge of agronomic and technical aspects of horticultural production and post-harvest handling

➢ Sound experience of using participatory research or evaluation approaches and techniques

➢ Knowledge of local languages

➢ Physical endurance!

Reviewing the code

The code should be a living document. There is always room for improvement – making it clearer, easier to implement, better reflecting workers' needs etc. It should also respond to changing circumstances e.g. changes in national labour or environmental legislation, new social problems (e.g. increasing incidence of AIDS on farms), and changes in export market requirements. Something like an annual review is recommended. To carry out the review, you will probably need a team who knows the code well, with someone who follows what's happening in the market, someone who is keeping track of workers' concerns, etc. It is a good idea for the auditors to be involved in the review, so they can feed back any new social or environmental issues picked up during audits, and any practical problems with implementing or interpreting the code.

Quality assurance

Somebody needs to take responsibility for ensuring that the code content is sound, that auditors are doing a good job, that the auditing system is reliable and not corrupt, that decisions are fair and appeals dealt with, and that external verification takes place. The body responsible for quality assurance needs to be one that is perceived to be fair and objective by all key stakeholders.

Decision making

Finally, you need a body who makes the decisions about who passes and who fails, sets conditions for growers and exporters to remain in the code scheme, and grades growers/exporters (if the scheme has different grades e.g. bronze, silver, gold). As with the quality assurance role, the decision-makers need to be seen as neutral. They can either be an independent body, or a body which represents all key stakeholder groups.

The exact institutional framework that houses all these functions will need to take into account existing institutions and conditions, which vary from country to country. For purposes of illustration, a sample institutional framework is presented in the box below, with specific examples from the Agricultural Ethical Assurance Association of Zimbabwe (AEAAZ).

A TYPICAL INSTITUTIONAL FRAMEWORK FOR CODE IMPLEMENTATION
With specific examples from the Agricultural Ethics Assurance Association of Zimbabwe (AEAAZ)

Code custodian body

Responsible for reviewing code, quality assurance, promotion of code, overall responsibility for code development and implementation. Liasing with verification body.
Composition: key stakeholder representatives – could emerge from the informal WG.
e.g. The AEAAZ Board of Trustees is made up of 2 producers; representatives from 1 local and 1 international NGO who work closely with workers on commercial farms; & 2 representatives from the agricultural workers' union.

Executive of code custodian body

Individual or team responsible for day-to-day implementation of actions/strategies agreed by Custodian. e.g. recruitment and training of auditors and trainers, ensuring training and auditing takes place, coming up with training curricula and auditing protocol.
e.g. The AEAAZ Executive Committee comprises 1 producer from each commodity sector, and representatives from the Commercial Farmers' Union, the Indigenous Commercial Farmers' Union, the Zimbabwe Farmers' Union (representing smallholders), Zimtrade, the trade union and an NGO. Plus one full-time independent chief executive.

Audit and training team(s)

Responsible for conducting audits and providing training & advice to exporters & growers. Ideally the Code Custodian Body (or export association) recruits in-house trainers and auditors (rather than relying on individual consultants or consultancy companies). This helps to ensure continuity and reduce costs. There are arguments for separating the auditing and training functions (the auditor shouldn't assess his own advice). However, combining the functions makes sense on a practical level because similar skills are demanded, and because growers are more likely to give comprehensive and accurate information to auditors since they can also help them deal with problems.
e.g. AEAAZ auditing & training: The export association (HPC) supports 2 Code of Practice field officers, who are responsible for organising and conducting training. They also hire in specialist consultants to carry out training and audits on labour issues and chemical usage.

Approvals committee (decision-making body)

Responsible for assessing auditors' reports and deciding which growers can be certified.
e.g. The AEAAZ Accreditation Committee is made up of 1 sociologist, 1 environmental specialist, 2 trades union representatives and 2 producers. It reports directly to the Board of Trustees.

For further information…

Please see **Theme Paper 8: Where to Find Further Information**.