Value chains: lessons from Kenya tea and Indonesia cocoa sectors. Summary (The Resource Centre In Focus series 3)

in focus

3 Value Chains: Lessons from the Kenya tea and Indonesia cocoa sectors

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Summary

Natural Resources Institute

Resource Centre for the social dimensions of business practice

Indonesian cocoa and Kenya tea production are dominated by smallholder producers whose products reach consumers through long and complex value chains. Stakeholders in the smallholder sector may face a number of threats to their well-being.

The main social responsibility strategies for tea imported into the UK involve the supplier certification procedures of mainstream buyer groups such as the Tea Sourcing Partnership, but they apply only to tea estates and factories. There is no equivalent social responsibility process for Kenyan smallholder green leaf producers nor is there any social responsibility strategy for Indonesian cocoa smallholders.

The relationships in the smallholder tea and cocoa sectors involve many scattered independent individuals and families and a complex range of traders and other actors. On the one hand these relationships are flexible and entrepreneurial and marketing can be highly efficient (e.g. cocoa marketing in Indonesia, where farmers receive a large share of the world market price). On the other hand, these types of market are not conducive to promoting good product quality nor do they offer straightforward routes to promoting social responsibility.

This study suggests that new social responsibility strategies need to be developed for smallholder tea and cocoa producers. Any strategy aimed at smallholders needs to recognise that:

- Smallholders are often simultaneously entrepreneurs, employers and workers.
- Different types of smallholder have different expectations or concerns.
- Some issues, such as core labour standards, may be relevant to both tea and cocoa smallholder production, but other issues such as terms of trade, land and environmental management that are relevant to smallholders are not covered in existing schemes to improve social responsibility.
- Criteria on issues are confounding, particularly where the children are likely to come from the grower's own family.
- Issues such as freedom of association are relevant to estate workers but of little relevance to independent smallholders.

The future challenge for the cocoa and tea industries is to:

- Define what constitutes well-being and good social performance for smallholders (in the cocoa and tea sectors and for smallholders generally), and
- Find ways of working within the chain to look for points of influence to drive and monitor social responsibility.

The Resource Centre's *In Focus* series highlights key lessons from our partnership action research projects aimed at business, civil society, governments and international agencies engaged in socially responsible business practices.

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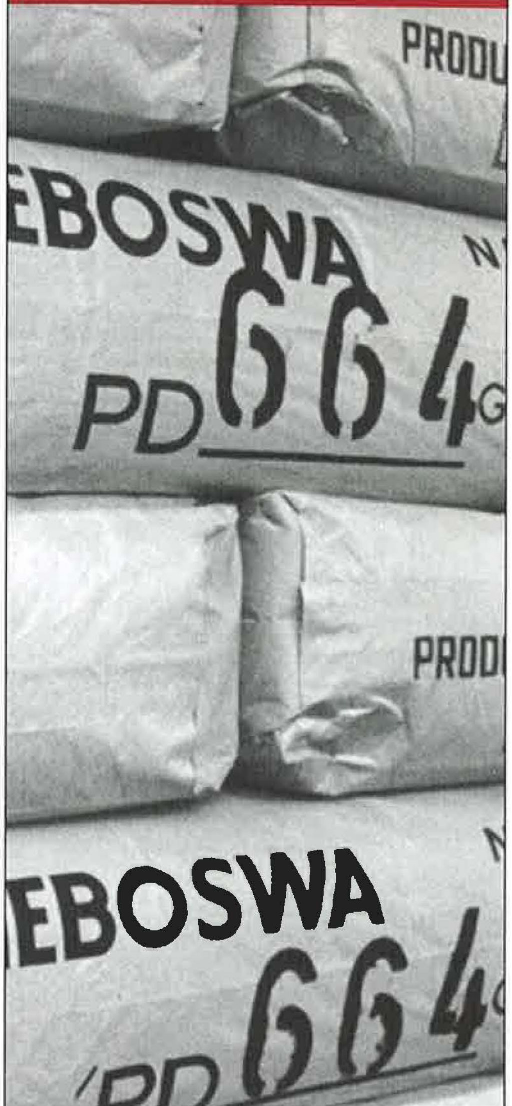


Background

The Resource Centre for the Social Dimensions of Business Practice has commissioned this research as part of a programme promoting socially responsible business to contribute to poverty elimination. Its specific aim is to examine the social dimensions of value chains (see box 1) in international trade in commodities between developing and developed countries; using the case studies of Indonesian cocoa and Kenyan tea.

Tea and cocoa were selected because they are major commodities exported from developing countries to the UK. They are converted into popular and important consumer products (confectionery and beverages), which have strong generic and brand images. In addition, the tea and cocoa sectors are already active in the areas of ethical sourcing, responsible business practice, social and welfare issues and environmental sustainability.

Some of the questions addressed during the research included:

- What are the social issues for each stakeholder in the chain?
- What issues of concern to any stakeholder might affect the well-being of others?
- What issues for any stakeholder are a consequence of other stakeholders' actions?
- What mechanisms/systems exist or could feasibly be put in place for identifying and monitoring social issues?
- What can stakeholders do to influence positively the behaviour of others in the chain?

Method

The use of **social standards** in value chain management is the most common approach to socially responsible business in international trade between the South and the North. Some of these standards focus on core labour and human rights issues (e.g. Ethical Trading Initiative or SA8000), while others are beginning to tackle wider issues such as terms of trading and criteria for smallholders. The AccountAbility Institute of Social and Ethical Accountability developed the AA1000 framework to carry out social accounting, auditing and reporting of organisations. This standard was adapted for use in this research during the preparation of checklists and questionnaires.

During 2000/2001 visits were made to Indonesia and Kenya, where discussions were held with key stakeholders. The method involved the following three elements:

- Literature and data reviews: On economic, social and political aspects of the sectors.
- Case studies and stakeholder profiling: These provide context, identify key relationships and recognise the potential powers, influences and leverages, which can be used as catalysts of change. Semi-structured interviews were used to collect information from primary and secondary stakeholders.
- Workshops: In London (on cocoa and tea) and in Nairobi (on tea) to present results and get reaction and feedback from stakeholders.

The various consultations were held in a variety of formats, languages and locations and included issues raised by both the Tea Sourcing Partnership (TSP) and Ethical Trading Initiative (ETI). Major areas of discussion included employment (wage levels, child labour, hours of work, regularity of employment), health and safety conditions, education, maternity and housing. However, a wide range of other issues impacting on social conditions, such as government, weather, infrastructure, market conditions, land use, security and corruption were also discussed.

New social responsibility strategies need to be developed for smallholder tea and cocoa producers

Box 1 The Value Chain

The value chain is defined as comprising those stakeholders involved in converting an agricultural crop into a packaged product available for sale to consumers. At each stage along the chain, various activities are undertaken that can add value to the product. A "responsible" chain will optimise the expectations of each stakeholder without jeopardising the viability of the value chain as a whole and without putting unfair degrees of risk or hardship on any particular stakeholder or adding cost to the consumer.

The Kenya and UK tea sectors

There are two key elements to any effective social responsibility strategy: defining well-being, and managing the process of achieving and demonstrating that well-being.

The UK is a major tea importer; approximately half of its annual imports (75,000 tonnes) are from Kenya. Kenya produces approximately 260,000 tonnes of tea, with around two-thirds manufactured from smallholder green leaf production. Tea is the country's major foreign exchange earner, employing some two million people.

We have identified four main categories of primary stakeholders in the tea industry, those involved in (1) green leaf production (smallholders and estate field wórkers), (2) green leaf collection and processing into black tea, (3) blending and packing into brands and (4) retail and consumption. In addition, there are also secondary stakeholders, not directly involved in the above, such as brokers, traders, shipping companies, warehousemen and bankers, who are affected by, or have an affect on primary stakeholder activities. Box 2 contains a summary of the tea (and cocoa) value chains.

UK sector organisations involved with responsible sourcing

The Tea Sourcing Partnership: The most important UK organisation dealing with corporate social responsibility in the tea sector is the Tea Sourcing Partnership (TSP). Formed in 1996, its aim is to address issues of core labour and human rights standards being practiced by their suppliers of tea worldwide. The TSP members currently account for approximately 60% of UK tea sales.

Its philosophy assumes that the UK tea trade should be jointly responsible for the social and ethical conditions involved in sourcing tea from developing countries and that activity in this area should be non-competitive and apolitical, and respectful of cultural and legislative differences in each country.

The TSP aims to demonstrate that producers comply with local legislation and union agreements relating to terms and conditions of employment (including minimum age and wage levels); health and safety; education; maternity provisions and housing. The TSP has currently undertaken independent audits in Kenya and Malawi and is planning to conduct further audits in the other major tea producing countries of Sri Lanka, India, Indonesia, Tanzania and Zimbabwe. The TSP claims that this

unique scheme results in no additional charges to producers or consumers with all costs being met by the membership.

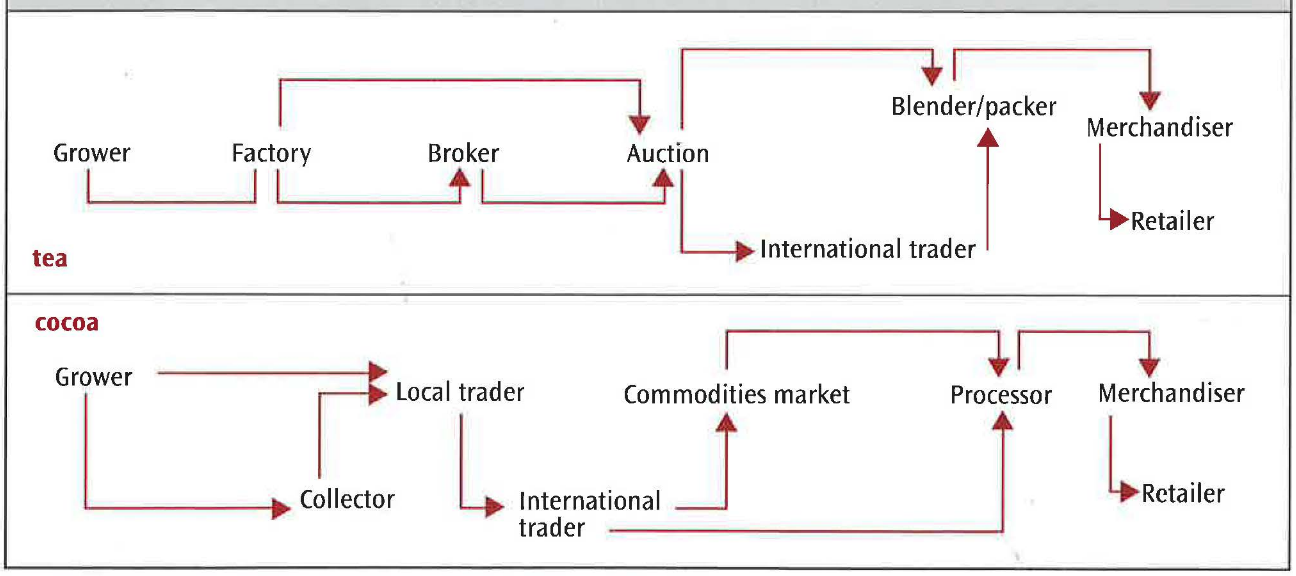
Premier Brands: The first UK tea group to address issues of ethical trade was Premier Brands, which introduced its own quality and assurance scheme. This involves regular inspections and audits of its suppliers operations. In common with the TSP scheme, it does not immediately exclude suppliers who fail to meet the standards but rather suppliers are requested to rectify the situation prior to the next visit.

Smallholders

312,000 licensed land-owning family smallholders produce almost two-thirds of Kenya's tea. They grow and pluck the green leaf, which is delivered to KTDA buying stations and factories. Social and welfare conditions are largely dependent on the level of production and price received. Unlike tea plantation workers, smallholders have to pay for accommodation, utilities, health care and education from net income. Further expenses often include extended family unemployment and the devastating impact of HIV/AIDS.

Smallholder's income is derived from the average price received for each kg of green leaf produced along with a twice-yearly "bonus" lump sum.

Box 2 Tea and cocoa value chains



Box 3 Kenyan tea sector organisations
Kenyan organisations involved in production, processing, marketing and exporting include:

Kenya Tea Development Agency Limited (KTDA):	Owned by all Kenya's small-scale farmers through their respective factory companies. The KTDA buys green leaf from smallholders, operates and manages the factories, markets black tea internationally and assists farmers with extension and input supplies.
Tea Board of Kenya (TBK):	Part of the Ministry of Agriculture responsible for regulating the tea sector. It licenses tea growers, factories, regulates and controls tea cultivation and processing, scrutinises research, promotes Kenyan tea and collects and disseminates tea statistics.
Kenya Tea Growers Association (KTGA):	A private and voluntary group promoting the interests of large and medium private tea growers. It negotiates workers' social, welfare and employment conditions on the larger estates with the Kenya Plantation & Agricultural Workers' Union (KPAWU). The latter also negotiates with KTDA on behalf of employees who are covered by the union.
East African Tea Trade Association (EATTA):	This brings together producers, brokers and buyers of tea across East Africa. It facilitates the tea auctions at Mombasa and direct tea sales and regulates the international trade in Kenyan tea and other East African teas.
Tea brokers:	Negotiate sales between producers and buyers.
Tea packers:	Blend and pack tea for local and export markets.
Tea Research Foundation Kenya (TRFK):	Tea research organisation, the technical arm of the Tea Board of Kenya.

Box 4 Brooke Bond Kenya Ltd. (BBK)

BBK was chosen as one example of estate sector tea production. It is part of the Unilever group, which has extensive interests in tea production, processing and marketing. BBK produces approximately 30,000 tonnes of black tea per year and has 18,000 employees, of which 90% are tea pluckers, mostly living in company houses with utilities and land for food gardens being provided free by the company. The workforce is predominantly unionised and BBK complies with Kenyan collective bargaining agreements. Pay is relatively good and the company places high importance on health and safety, providing free primary and hospital care, training, including HIV/AIDS awareness training. Primary and secondary education for dependents is also provided. Procedures are embedded in company policy to ensure compliance with social and welfare standards, including the employment of children. BBK has an environmental strategy, which includes research and development for sustainability, the expansion of renewable energy sources, fostering best husbandry practices and the growth of trees for firewood.

However, interviews with smallholders suggest that their income can be substantially reduced by a number of direct interventions (including weight of bag, road cess, fertiliser costs) as well as indirect deductions arising from poorly maintained roads and trucks, long delays at the buying stations, inadequate power supplies, limited processing capacities. Some smallholders occasionally employ migrant pluckers on piece rate terms.

There are a number of factors that can affect smallholders' health and safety, including:
- limited medical care
- carrying of heavy loads
- use of child labour
- lack of suitable footwear
- long working hours
- limited food and water.

In the smallholder tea sector, the environment is characterised by deforestation which is exacerbated by:
- the continual cultivation of land
- the use of wood for the factory
- exhaust fumes from trucks
- the increased use of generators
- coal at factories polluting green leaf.

The Indonesian cocoa sector

Since the 1970s Indonesia's cocoa production has grown rapidly, mainly because of the expansion of smallholder output on Sulawesi. Indonesian production now exceeds 300,000 tonnes, the third largest in the world. There are between 250,000 to 300,000 smallholders involved in production, accounting for in excess of 80% of output. Unlike other major cocoa producing countries the estates sector, both public and private, has accounted for a sizeable share of production (though the share has declined rapidly in recent years). Typically a smallholder family has 2 to 4 productive members looking after a cocoa farm of 2-4 hectares (though labour requirements vary with the age of the farm). As in other parts of the world (e.g. West Africa), migrants have played a major role in Indonesian cocoa expansion, particularly the Bugis/Buginese ethnic group, which has a strong ethnic identity and support network. To a lesser extent, transmigrants from Bali have also been involved.

Key factors facilitating growth in output are the availability of land and labour. Access to land for expansion of cocoa has been through a complex system of land rights. Growing land shortages, alongside lower world cocoa price, is now limiting further expansion. At the same time, pests and disease, particularly the pod borer, are reducing production in several areas.

Three main types of smallholder cocoa grower exist in Indonesia:

- Owner farmers, who may also use family labour and occasionally hired labour.
- Sharecroppers, who farm another person's land for a share of the crop (normally 25%); they are more likely to use family labour.
- Farm managers, who cultivate another's land for a wage or fee or a future share of the holding.

These types of smallholder growers combine the roles of entrepreneur, employer and labourer. Various types of additional labour supplement the farmers' efforts: family labour (mainly nuclear family), wage-labour alongside sharecropping-type arrangements. Overall, there is a complex range of economic, social and cultural factors that impact on cocoa production. Some of the influences affecting behaviour include ethnic origin, age, wealth, gender and the price of cocoa.

There is a long and complex trading chain in the worldwide cocoa sector. The chain takes cocoa from predominantly smallholder producers in developing countries to confectionery manufacturers mainly in northern industrialised countries.

The existing value chain system does not provide a ready structure for managing social responsibility.

The challenge is not only to understand what constitutes good social performance but also to find new ways of working within the chain in order to make responsibility a manageable dimension of business practice.

Within Indonesia, stakeholders include village collectors (handling predominantly wet and partially fermented beans), middlemen/local traders, exporters, a few processors and ASKINDO (the Indonesian cocoa association, whose role in recent years has diminished). The cocoa passes through a complex trading network involving a large number of intermediaries with a variety of roles – village collectors, middlemen, traders, exporters (who since 1997 are predominantly foreign owned and financed), commodity exchanges (which, other than providing reference prices, have limited use for Indonesian stakeholders) processors and chocolate manufacturers. In addition, others involved include freight companies, warehouses operations, banks and other financial intermediaries.

Farm production and pre-export marketing in Indonesia is fragmented, but minimal government involvement combined with good infrastructure has created an efficient marketing system, making Indonesia the world's most competitive producer. Indonesian growers receive a high proportion of the free on board price, though this is heavily discounted because of poor quality (caused by high moisture content and inadequate fermentation).

Processing and manufacturing

Processing and manufacturing into final products takes place mainly in the country or region of consumption. In 2000 almost half of the world's cocoa bean production was ground in Europe. Indonesia exports over 90 percent of its bean production. A small number of companies account for most of the processing (e.g. Cargill, ADM, Hosta), while well-known multinationals account for a large share of the final product market, particularly Nestle, Mars, Hershey, Kraft Jacob Suchard and Cadbury Schweppes.

Land rights

Access to land is vital for cocoa production and has a major impact on the well-being of smallholders in the cocoa value chain. Rights over land are invariably complex and create both opportunities and obstacles to migrants wishing to cultivate cocoa. Legal uncertainties over indigenous land are used by migrants to establish individual rights (rarely in the form of legal title) either by:

- Laying a claim to uncultivated land (normally forested land) and clearing and cultivating it; or
- Negotiating access with the traditional owner or custodian, which may then be used as a basis for registering ownership.

However, it should be noted that these rarely take the form of legal title; rather, the claim is recognised by payment of local taxes or some form of letter from the village or district head.

Producer associations

Producer groups of smallholders help to increase bargaining power and well-being. In contrast to West African cocoa producing operations, there are very few co-operatives or farmers' groups. Reasons cited for this include a distrust of co-operatives, this is partly because of their history of corruption and political control. The Bugis prefer to mobilise the extended family network for trade rather than collaborating with neighbouring farmers. Efforts are being made under the externally-funded pod borer control programme to establish co-operatives, but there is some scepticism as to whether this effort will be successful.

Smallholder remuneration and risk

The Sulawesi cocoa chain is an example of successful free market capitalism. Growers capture a high share of the export price (c. 65-75%) because of greater marketing efficiencies, access to market information and lower taxation. The proportion received by Indonesian smallholders compares very favourably with that received by cocoa producers in Ghana and the Cote d'Ivoire and "fair trade" producers (although West African and "fair trade" producers receive a higher absolute price due to quality and trading considerations).

However, the Indonesian chain is also characterised by distrust and short-term relationships at all levels. Moreover, volatile prices mean that all producers face considerable price risk throughout the growing and harvesting season. They are not in a position to utilise price risk management instruments. Risk is reduced by intercropping as well as selling immediately after production. A small minority of farmers receive cash advances and other inputs from exporters and domestic processors in an effort to ensure a steady supply of consistent quality beans.

Some implications arising from the cocoa value chain

- The long and loosely integrated value chains mean there is little traceability, in contrast to, for example, tea and horticulture, where traceability is required. However, this may change, as manufacturers / processors become more involved in the methods and working practices involved in cocoa production. Consumers are also expressing interest in trade issues.
- The relationship between the grower and trader is short-term with little attempt to tie growers into longer-term relationships through credit and other inputs; growers often lack collateral such as clear legal land titles. Certainly in Indonesia, there is distrust and short-term relationships exist throughout most of the value chain which reduces trust and stability.
- Inconsistencies of quality, reliability and volume limit the ability to build longer-term relationships. Moreover, traders' profit margins often depend on their ability to downgrade quality though mixing and introducing foreign matter. Quality is an important but complex issue. In part, because of a lack of price differentiation at the grower level, many growers and intermediaries are lax about quality. Some argue it would pay to try to improve quality at the smallholder level rather than at the processing stage.

The existing cocoa value chain system does not provide a ready structure for managing social responsibility. No single powerful driver exists (compared to, for example, retailers with regard to horticultural imports). Major confectionery companies are the stakeholders that come closest to it and most likely to gain from driving social responsibility since they are at risk from poor (or perceived) social performance (e.g. child labour).

> The dominant role of the large number of smallholders who are often geographically widely spread, make existing social auditing techniques difficult and expensive.

Conclusions

Core labour standards, criteria on issues such as child labour and freedom of association may also harm smallholders by imposing unrealistic burdens of social and welfare responsibility which have been designed for larger corporate entities.

Managing responsibility in cocoa and tea value chains

Managing social performance in value chains is an important part of corporate social responsibility, enabling companies to protect their reputations and ensure stable supply, while increasing benefits to producers. To date, most experience in managing relatively simple value chains is in manufacturing and commercial agriculture. Socially responsible value chain management in cocoa and tea is affected by three key factors:

1. The dominant role of the large number of smallholders who are often geographically widely spread, making existing social auditing techniques difficult and expensive.
2. Smallholders are simultaneously entrepreneurs, employers and labourers, making current social benchmark standards of limited relevance or even potentially damaging. Social responsibility means dealing with the smallholders' well-being and expectations in all of these roles.
3. The structure of the value chains, which are long and weakly integrated compared to those of many industries, with numerous intermediaries between the grower and the merchandiser or retailer.
   - In tea, the importance of knowing product provenance plus a degree of common ownership of plantations, factories, blending and merchandising operations strengthens co-operation within the chain.

Well-being responsibility framework

LEVEL	GOVERNANCE	SUSTAINABILITY	HEALTH & SAFETY	COMMUNICATION	COMPENSATION	HUMAN RESOURCES
Small holders Producers	Best practice Rural participation & co-operation	Access to training & assistance to implement EMS	Access to training & assistance to implement H&S	2-way information to enable self- determination	Fair & timely remuneration & full transparency Development help	Access to training & assistance to ensure fair conditions
Large scale producers	Best practice Policy Full implementation	Develop EMS policy Train employees Full implementation	Develop HSS policy Train employees Full implementation	Develop communication and transparency policy Full implementation	Fair & timely remuneration Fair compensation to Full implementation	Equal opps policy Training and development Full implementation
Management eg KTDA	Best practice Policy Full implementation	Develop EMS policy Train employees Full implementation	Develop HSS policy Train employees Full implementation	Develop communication and transparency Policy Full implementation	Fair & timely remuneration Policy Full implementation	Equal opps policy Training and development Full implementation
Manufacturers & processors	Best practice Policy Full implementation	Develop EMS policy Train employees Full implementation	Develop HSS policy Train employees Full implementation	Develop communication and transparency Policy Full implementation	Fair & timely remuneration Policy Full implementation	Equal opps policy Training and development Full implementation
All employees of smallholders plantations, drivers factories, shippers etc	Unionable Diligent and compliant to contract & policies Ensue equal opps	Be aware of EMS Policy Undergo training Be compliant to EMS policy	Be aware of HSS Policy Undergo training Be Compliant to HSS Policy	Negotiation Report failures in policies Forums for improvements	Fair days work in return for fair days pay Respect, honesty & Compliance to policies	Ensure equal opps policy Non discriminatory practices in work place Use training opportunities
Traders inc petty traders & auctioneers	Fair trade policy Honour contracts Full implementation	Develop EMS policy Train employees Full implementation	Develop HSS policy Train employees Full implementation	Develop communication and transparency Policy Full implementation	Fair & timely remuneration Policy Full implementation	Equal opps policy Training and development Full implementation
Partners Transporters, blenders Packers & warehousing	Give value, service & develop Quality of service policy	Develop EMS policy Train employees Train employees	Develop HSS policy Train employees Full implementation	Develop communication and transparency policy Full implementation	Fair remuneration & fair tenders for contracts	Equal opps policy Training and development Full implementation
Retailers	Best practice Policy Full implementation	Develop EMS policy Train employees Full implementation	Develop HSS policy Train employees Full implementation	Develop communication and transparency policy Full implementation	Fair & timely remuneration for good & services Fair price to consumers	Equal opps policy Training and development Full implementation
Governments National, state & LGA's	Ensure fair policies Provide infrastructure & Safe & secure environment	Publicise gov policy Encourage transparency Litigate non compliance	Publicise gov policy Encourage transparency Litigate non compliance	Publicise gov policy Encourage transparency Litigate non compliance	Re-investment of Taxes & royalties to improve society	Publicise gov policy Encourage transparency Litigate non compliance
Consumers	Ensure trade descriptions act Right to complain	Understand EMS policy Expose bad practice	Understand HSS Expose bad practice	Praise good practice Expose bad practice	Ensure value for money Expose poor quality	Praise good practice Expose bad practice
Society	Ensure good legislation Society participation and co-operation	Understand EMS policy Expose bad practice	Understand HSS Expose bad practice	Praise good practice Expose bad practice	Receive fair compensation for loss or damage Ensure access to new opps	Praise good practice Expose bad practice

Recommendations for future action

This initial research, while cataloguing various pertinent issues in value chains, has revealed some areas that need a further study. These include:

1 Future dialogue and research must involve retailers and consumer organisations to be meaningful. Current research has viewed the retailer and consumer as the driving forces behind moves to apply social and welfare standards along the value chain. However the profit margins of retail brands may not reflect a willingness to share, equitably, the costs of social responsibility to the growers and producers at the beginning of the value chain. Therefore, there is a need to include the final stages in the value chain, i.e., retail and consumption, in future value chain analysis.

2 The social and welfare conditions of the non-waged employees in the tea and cocoa smallholder sectors need to be defined.

3 Development of a set of key indicators to monitor future social economic and environmental improvements. This needs to be in conjunction with identification of actions (linked to key issues and key indicators) that can make a positive impact on smallholders' well-being.

4 Similar exercises on other commodities. Candidates include coffee and palm oil, both produced in developing countries and involving large numbers of smallholder producers. Issues surrounding the monitoring and auditing of these commodities are of increasing interest to processors, manufacturers and consumers.

- In cocoa, product provenance at the grower level is less of an issue, and trading and processing is fragmented with the result that few companies have regular contact with growers, and the existing trading system does not provide a ready structure for managing social responsibility.

Implications for cocoa and tea industries

There are two key elements to any effective social responsibility strategy:
- Defining well-being, and
- Managing the process of achieving and demonstrating that well-being.

Smallholder cocoa and tea production requires rethinking accepted definitions of well-being. Core labour standards while relevant, do not cover other issues such as terms of trade, land and environmental management. Their criteria on issues such as child labour and freedom of association may also harm smallholders by imposing unrealistic burdens of social and welfare responsibility which have been designed for larger corporate entities. Furthermore, the issue of child labour in the "family farm" needs to be viewed in its social and cultural context.

A social responsibility strategy for cocoa and tea would need to go beyond what is on offer today. It would need to recognise smallholders as entrepreneurs, employers and workers, and also recognise that different types of smallholder have a variety of expectations or concerns. The strategy would also need to rethink the process of managing the chain. Examples from other industries assume there is a single powerful driver (e.g. retailers) that can influence others' behaviour, often building on the present structure of the chain. The powerful driver is largely missing in cocoa and tea despite the fact that high profile merchandisers are at risk from poor social performance. Equally, the long-term relationships between players in the chain are often lacking, which, in turn, limits trust and stability.

For the cocoa and tea sectors, the challenge is therefore not only to understand what constitutes good social performance, but also to find new ways of working within the chain in order to make social responsibility a manageable dimension of business practice.

The next steps in the process for ethical supply chain management for the tea and cocoa sectors largely revolve around developing a new action research agenda. However, many businesses would find it helpful to be presented with a set of indicators at this stage, against which to judge their performance. Some potential indicators are suggested in this report, but with the proviso that these must be understood to be only indicative and temporary whilst the responsibilities and objectives of the key players are still being debated. It is only when there is consensus on responsibilities or principles that criteria for progress and ideas on how to measure this progress (indicators) can be specified.

The next steps in the process for ethical supply chain management for the tea and cocoa sectors largely revolve around developing a new action research agenda.

The Natural Resources Institute of the University of Greenwich is an internationally recognised centre of expertise in research and consultancy in the environment and natural resources sector. The Institute carries out research and development and training to promote efficient management and use of renewable natural resources in support of sustainable livelihoods. The Natural Resources and Ethical Trade Programme (NRET) is based in NRI, which focuses making trade work for the benefit of poor people and the environment in poorer countries. NRET's work covers forests, fresh fruit and vegetables, conventional and organic agriculture, fisheries, tourism and ethical investment.

It works with the private sector, governments, NGOs and trade unions to provide the following:

- technical advice on setting up and developing socially and environmentally responsible approaches to trade
- multi-disciplinary research on the impact of ethical trade on poverty elimination in developing countries
- training and information services on whether to and how to carry out ethical trade
- networking and partnership building between stakeholders
- auditing of production operations for assessment of environmental and development impact
- development of methods for monitoring and verification of systems
- objective stakeholder analysis in the natural resources sector
- knowledge of legislative requirements for trade into the EU and ethical trading systems in place in the fair trade, environmental and organic sectors

The Resource Centre aims to develop the capacity, approaches, resources and methods to advise businesses, bilateral and multilateral agencies on socially responsible business practices that directly contribute to poverty elimination. The Centre has been undertaking initiatives that are helping create a business and poverty centre of excellence with three core areas of work: risk-taking through innovative pilot projects, influencing through researching information and policy dialogue and empowering through promoting and sharing good practice. Specific activities include:

- A series of pilot projects working to explore issues on business and poverty such as identifying impacts of poverty, working with different communities to understand challenges faced and exploring mechanisms, tools and solutions.
- Providing an information service on poverty and business issues including developing a web-site, setting up and maintaining a resources database and researching key issues.
- Awareness raising and capacity building activities in UK and selected focus countries including discussion forums and professional development programmes, supporting, briefing and coaching a network of consultants, creating papers and publications.
- Administrating a Research Fund to distribute small research grants to practitioners in developing countries working on the poverty business interface.
- Working with DFID and other audiences to advise on and set up appropriate local mechanisms for engaging business as development partners

Established in May 1999, nine UK-based organisations formed a Consortium that has a wide range of leading edge experience in the social dimensions of business practice as well as operational activities and networks throughout the world. The Resource Centre has been core funded for its first three years by the Social Development Department of the UK's Department of International Development. The Resource Centre is based in the London office of and managed by The Prince of Wales International Business Leaders Forum.

Additional resources

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Verite
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Clean Clothes Campaign
http://www.cleanclothes.org

UNDP
www.undp.org

Project managed by Peter Greenhalgh
Edited by Katherine Madden and Rob Moss
Photographs by NRI, Jeremy Horner/Panos
Designed by Alison Beanland | Printed by Folium