



ethical
trading
initiative

recommendations
for working with smallholders

ETI smallholder guidelines

ETI REPORTS 2005



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Colour key for the chapters

To help navigation, the colour-coding of the chapters indicates who they are primarily intended for.

 1–3. All users	 5. Purchasers	 7. Trade union organisations	 9. All users
 4. Retailers	 6. Smallholders	 8. Non-governmental organisations	

Contents

About ETI	7
Abbreviations	8
Glossary	8

1. About these guidelines

1.1	Who these guidelines are for	9
1.2	Why we need the guidelines	9
1.3	How the guidelines were developed	10
1.4	Status of these guidelines	11
1.5	References	11

2. The background: smallholders and the supply chain

2.1	Defining smallholders	13
2.2	Supply chain models containing smallholders	14
2.3	Smallholders' priorities and problems	16
2.4	Smallholders'/workers' problems	16

3. How to use these guidelines

3.1	The scope of the guidelines	17
3.2	The ETI approach	18
	3.2.1 A gradual approach	18
	3.2.2 Going beyond the minimum standards	18
3.3	An implementation framework	18
	3.3.1 Step-by-step to implementation	18
3.4	Monitoring labour standards of smallholders and their workers	21
	3.4.1 Are labour inspections appropriate for smallholders?	22
	3.4.2 The cost of standard inspections	22
	3.4.3 The relationship between 'compliance work' and smallholders'/workers' livelihoods	22
	3.4.4 Smallholders' capacity to implement change	23
	3.4.5 Needs assessment approach	23

4. What retailers can do

4.1	Make a commitment	25
4.2	Inform everyone of your commitment	25
4.3	Find out where smallholders are in your supply chains	26
4.4	Support your suppliers in implementing these guidelines	26
4.5	Support the continued supply of smallholder products	26
4.6	Consider your pricing and ordering procedures	27
4.7	Build your suppliers' and smallholders' capacity	28

5. What purchasers can do

5.1	Assess your resources	29
5.2	Communicate and consult	29
5.3	Set up a system of records	30
5.4	Organise smallholders into groups	30
5.5	Produce an action plan and timetable	30
5.6	Motivate smallholders to improve standards	30
5.7	Working with smallholders: case studies	31

6. What smallholders can do

6.1	About international labour standards	33
6.2	How these labour standards can help you and your business	34
6.3	How working with your buyers can help	34
6.4	What your buyers might ask you to do	34
6.5	What you can do now	35

7. What trade unions can do

7.1	Background	37
7.2	Organising smallholders	37
7.3	Building alliances	37
7.4	How to organise smallholders in a sustainable way	38
7.5	Case studies	39
7.6	Child labour	40

8. What non-governmental organisations can do

8.1	Background	43
8.2	Recommendations for the role of NGOs	43
8.3	NGO recommendations for good practice	44

8.3.1 Wages and prices	44
8.3.2 Cash flow and access to credit	45

9. The Toolkit

A. Applying the ETI Base Code to smallholders

A.1 Who needs to be involved and how	47
A.2 Application framework	49

B. The needs and priorities assessment tool

B.1 Introduction and terms of reference	73
B.2 Who is qualified to carry out such assessments	74
B.3 Introduction by the facilitator	74
B.3.1 Background and purpose of the assessment	74
B.4 Model questionnaire for use with smallholders	75
B.5 Guidelines for focus group discussions with smallholders	77
B.6 Guidelines for focus group discussions with workers	80

C. Using the application framework to assess smallholders'/ workers' working conditions

C.1 Introduction	83
C.2 Employment is freely chosen	83
C.3 Freedom of association and the right to collective bargaining are respected	84
C.4 Working conditions are safe and hygienic	84
C.5 Child labour shall not be used	85
C.6 Living wages are paid	85
C.7 Working hours are not excessive	85
C.8 No discrimination is practised	86
C.9 Regular employment is provided	86
C.10 No harsh or inhumane treatment	86
C.11 Complaints mechanism	86
C.12 Code of practice	87

D. Sample letter and questionnaire from retailers to suppliers

D.1 Sample letter	90
D.2 Sample questionnaire for suppliers	91

E. Sample documents for smallholders and those buying directly from them

E.1 Sample farmer to company contract for the cultivation of green beans	93
E.2 Records to be kept by smallholders, intermediaries and purchasing companies	95

E.3	Sample monitoring and record-keeping format for smallholders	96
E.4	Sample health and safety measures	98
F.	Working for a better life: what smallholders need to know	99
G.	Samples from the Photobook for use with smallholders	109
H.	CD-ROM of the <i>ETI smallholder guidelines</i> and the Toolkit	111

CD-ROM Photobook references for photos on the chapter dividers



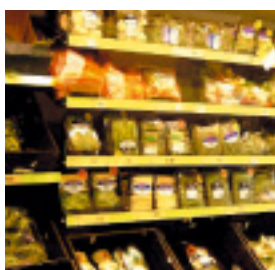
Chapter 1, Green beans
Photobook slide 8



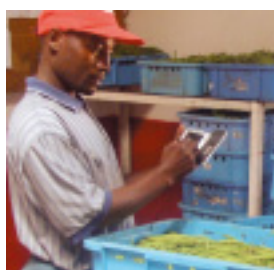
Chapter 2, Carrying tea
Photobook slide 51



Chapter 3, Bean plot
Photobook slide 4



Chapter 4, Supermarket
shelves, Photobook slide 27



Chapter 5, Buying beans
Photobook slide 9



Chapter 6, Picking coffee
Photobook slide 36



Chapter 7, Weighing tea
Photobook slide 52



Chapter 8, Sorting coffee
Photobook slide 38



Chapter 9, Picking beans
Photobook slide 5;
Preparing coffee
Photobook slide 37

About ETI

The Ethical Trading Initiative (ETI) exists to identify and promote good practice in the implementation of codes of labour practice, including the monitoring and independent verification of code provisions. We are an alliance of companies, trade union organisations and non-governmental organisations (NGOs) committed to working together to achieve that aim. Our ultimate goal is to ensure that the working conditions of workers in companies that supply goods to consumers in the UK meet or exceed international standards.

The ETI Base Code is founded on International Labour Organisation (ILO) Conventions and has become a model on which other codes are based. A summary of ETI's Base Code is given below and can be seen in full on our website, www.ethicaltrade.org

We were established in 1998 as an independent, not-for-profit organisation. We are funded by member contributions and a grant from the UK Department for International Development (DFID).

THE ETI BASE CODE

- Employment is freely chosen
- Freedom of association and the right to collective bargaining are respected
- Working conditions are safe and hygienic
- Child labour shall not be used
- Living wages are paid
- Working hours are not excessive
- No discrimination is practised
- Regular employment is provided
- No harsh or inhumane treatment is allowed

ETI PROJECTS

ETI projects are an experimental forum. They are designed to allow groups – drawn from ETI's tripartite membership – to work together on areas of concern or difficulty in their work to improve the application of labour standards. Members design and manage the projects, working closely wherever possible with their own suppliers, partner organisations and other stakeholders in the relevant industry or workplace. These projects are a key element of the 'learning by doing' philosophy of ETI.

Abbreviations

COLEACP	The Europe Africa Caribbean Pacific Liaison Committee
ETI	Ethical Trading Initiative
FAO	Food and Agriculture Organization
ILO	International Labour Organisation
IUF	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations
NGO	non-governmental organisation
OHS	occupational health and safety
PPE	personal protective equipment
SH	smallholder
SHE	smallholder employer
SSH	single smallholder
TU	trade union
UNEP	United Nations Environment Programme
W	worker
WHO	World Health Organisation

Glossary

Outgrower	Smallholders in a more formal, managed relationship with an exporter or processor
Purchaser	Packer, exporter, intermediary or smallholder co-operative buying directly from a smallholder, that is the next tier up in the supply chain
Smallholder	Person who farms a relatively small plot of land with relatively low output. The definition is further discussed in chapter 2
Smallholder employer	A smallholder who employs others
Single smallholder	A smallholder who does not employ others
Worker	Generally means a person hired by a smallholder to work on the export crop but may also include members of the smallholders' family

About these guidelines

1.1	Who these guidelines are for	9
1.2	Why we need the guidelines	9
1.3	How the guidelines were developed	10
1.4	Status of these guidelines	11
1.5	References	11



GREEN BEANS, PHOTOBOOK SLIDE 8

About these guidelines

These guidelines present the recommendations and working tools developed by the ETI Smallholders Project Group for those working within international supply chains that source from smallholders. They seek to provide guidance on how retailers, purchasers, smallholders and others can take action to help improve the working conditions of smallholders. The ultimate aim is to work towards the implementation of internationally agreed labour standards on smallholdings, and specifically, those of the ETI Base Code.

1.1 Who these guidelines are for

These guidelines are intended for use by the full range of groups active within international supply chains sourcing from smallholders. They are primarily aimed at the commercial actors integral to these chains, but also contain chapters for use by non-commercial groups, such as trade unions and non-governmental organisations (NGOs) active in improving labour standards in this field. The guidelines were developed by ETI members, primarily for other members, but are also intended for a wider constituency of non-members, particularly:

- retailers
- purchasers, including agents, co-operatives, exporters, packing houses and suppliers
- commercial auditors involved in inspections of smallholders or purchasers
- smallholders
- trade unions
- non-governmental organisations.

The guidelines will also interest academics working on smallholder issues.

1.2 Why we need the guidelines

The application of codes of practice to small agricultural producers is emerging as an important and complex issue for retailers and purchasers as well as trade unions and NGOs active in the labour rights field. Research and members' experience has shown that smallholders and their workers frequently have poor terms and conditions of work.

Concurrently, smallholders appear to be increasingly prevalent in ETI company members' international supply chains. The degree to which markets depend on products sourced from smallholdings varies by product, but in certain cases, such as coffee, smallholders produce the majority of the commodity sold on world markets. In a significant number of developing countries, smallholdings are the most commonly found unit of agricultural production.

Despite their significance within supply chains however, smallholders present a number of challenges to retailers and suppliers committed to implementing labour codes. Such challenges include:



- the number and traceability of smaller producers involved;
- the cost of monitoring large numbers of scattered producers;
- the problems of identifying and classifying smallholders, due to the variety of definitions of smallholding and mechanisms by which they may be linked into international supply chains;
- the remoteness of retailers from the smallholder, due to the length and complexity of the supply chain linking the two;
- the need to interpret how codes based on international labour standards, designed primarily for formal workplaces, should be applied to less formal labour situations, such as smallholdings.

There is therefore a pressing need for specific guidance and tools for use by those involved at different levels in supply chains to enable all to work towards improving the working conditions of smallholders. These guidelines aim to provide such a resource.

1.3 How the guidelines were developed

These guidelines were developed by the ETI Smallholder Project Group during the three-year period 2002–2004. The Group is tri-partite in character, being made up of corporate members, TU representatives and NGO constituents. Corporate members of the group include major retailers from the food and general merchandising sectors, as well as suppliers, large and small, with experience of purchasing a variety of products from smallholders and using a wide range of buying mechanisms. They are: Asda, Ethical Tea Partnership, Flamingo Holdings Ltd, Marks & Spencer, Premier Foods, Ringtons Ltd, Sainsbury's Supermarkets, Somerfield Stores Ltd, The Body Shop International, The Co-operative Group (CWS) Ltd, Taylors of Harrogate and Union Coffee Roasters. The TU on the project is the Transport and General Workers Union, which has a membership of around 850,000. The NGO members range from small agencies working through local partners to large UK-based NGOs with offices and partners in many countries around the world. They include: Africa Now, Fairtrade Foundation, Oxfam GB, Traidcraft and Twin Trading. Collectively the Group has unparalleled practical experience of working with and for smallholders.

The Group first commissioned research into ETI members' current knowledge and experience of smallholders in their supply chains. Following that research, the Group defined the project's objectives, which are:

- to establish how the ETI Base Code applies to smallholders and how it can be implemented and monitored with smallholders and their workers;
- to establish a methodology of working with smallholders and their workers in order to improve their ability to observe Code provisions, while recognising that one methodology will not fit every country, crop or smallholder;
- to document approaches to implementing the Code in different supply chain structures.

In order to achieve these objectives, the Group undertook a variety of activities. These included gathering information on members' work in this area to date; defining how the ETI Base Code applies to smallholders and agreeing ETI's approach. The Group also agreed the need for a case study industry and country where we could

learn from approaches already in place and consult on the proposed ETI methods of applying, implementing and monitoring labour standards with smallholders.

Initially drafted by the Group in 2002–2003, the guidelines have undergone three substantial revisions.

- The first major revision followed consultation with stakeholder groups in the tea and fresh produce industries in Kenya. Participating stakeholders included retailers, purchasers, government officials, TU and NGO representatives.
- The consultation process enabled us to identify knowledge gaps that led us to commission research in Kenya with smallholders and their workers. The second major revision integrated the findings from this research.
- The research results were fed back to Kenyan stakeholders in November 2004 and their responses were integrated into a third version.

1.4 Status of these guidelines

These guidelines are still a work in progress. The Group's company members plan to test the guidelines individually in their supply chains across different produce and countries. We will use the learning gathered from this work to revise the guidelines and produce a second edition in 2006. The Kenyan case study referred to above has informed the development of the guidelines, but they have been written to be as generic as possible and so will need to be adapted by the different users of this document to local situations and conditions.

1.5 References

The guidelines have been written with reference to the following documents:

ILO Conventions and Recommendations: Convention 138 on the *Minimum age for admission to employment*, and its accompanying Recommendation 146; Convention 182 on the *Worst forms of child labour* and Recommendation 190; Convention 184 and Recommendation 192 on *Safety and health in agriculture*

Oxfam, *Fair Trade Programme: policies and procedures manual*, January 2001

Natural Resources Institute, *Smallholders in export horticulture: a guide to best practice*, NRI, University of Greenwich, 2002

Natural Resources and Ethical Trade Programme, *Theme Paper 6: Managing codes in the smallholders' sector*, NRI, 2001

Fairtrade Labelling Organisations International, *Generic fairtrade standards for small farmers' organisations/hired labour*, 2001

The Europe Africa Caribbean Pacific Liaison Committee (COLEACP), *Harmonised framework*, 2000. This represents the harmonisation of the codes of practice of several East and Southern African horticultural export associations

Convention on the Elimination of all forms of Discrimination against Women (CEDAW) Article 11, 1979

UN Fourth World Conference on Women, *Platform for action*, Chapter 5, 1995

Wine Industry Ethical Trade Association, *Manual for members of the Wine Industry Ethical Trade Association*, WIETA, South Africa, 2003

Agricultural Ethics Assurance Association of Zimbabwe, *Participatory social auditing of labour standards: a handbook for code of practice implementers*, AEAAZ, 2002



1. About these guidelines

International Labour Organisation Bureau for Workers' Activities, *Bitter harvest: child labour in agriculture*, 2002

International Labour Organisation, Multinational Enterprises Programme, In focus programme on strengthening social dialogue, *National tripartite seminar on the Tripartite Declaration of Principles concerning Multinational Enterprises and social policy, and social dialogue in the plantation sector in Kenya: report on proceedings*, 2002

The background: smallholders and the supply chain

2.1	Defining smallholders	13
2.2	Supply chain models containing smallholders	14
2.3	Smallholders' priorities and problems	16
2.4	Smallholders'/workers' problems	16



CARRYING TEA, PHOTOBOOK SLIDE 51

The background: smallholders and the supply chain

In a large number of developing countries, many farms are smallholdings and they produce for export markets. Significant commodities such as coffee are predominantly sourced from smallholders. However, the definition of smallholder differs significantly according to crop, and to the social, cultural, economic and political context. Similarly, there is a wide variety of models of how smallholders are integrated into the supply chains and markets above them. This chapter aims to unravel the complexity of smallholders in the supply chain and also sets out key labour issues as smallholders see them.

2.1 Defining smallholders

Definitions often go by size of smallholding. For example, the Kenyan government regards small tea producers as working less than 20 hectares of land. In other contexts, such as Indonesia, 15 hectares of land may be considered a relatively large farm. The fair trade movement uses dependence on family, as opposed to non-family, labour as the basis for their definition. We can however note that smallholders:

- produce relatively small volumes of produce on relatively small plots of land;
- may produce an export commodity as a main livelihood activity or as part of a portfolio of livelihood activities;
- are generally less well-resourced than commercial-scale farmers;
- are usually considered as part of the informal economy (may not be registered, tend to be excluded from aspects of labour legislation, have limited records);
- may be men or women;
- may depend on family labour, but may hire significant numbers of workers;
- are often vulnerable in supply chains.

The two case studies below, both from Kenya, indicate some typical features of smallholders.

A fresh produce smallholder in Kenya

Joseph Kimiti (name changed for confidentiality) is a 34-year-old literate (secondary school certificate) male farmer producing French beans on a 0.5 acre plot on his three-acre farm in Kirinyaga district in the Eastern province of Kenya. He is married with two children aged eight and five years who both go to school. Apart from French beans, he also cultivates coffee and tomatoes as cash crops, while 0.25 acres is devoted to food production. Both Joseph Kimiti and his wife work on the farm but they also employ six casual workers (both male and female) aged between 18–20 years. The farm is located five kilometres from the buying centre and the French beans are delivered there by bicycle. However, during the rainy season he has difficulties in delivering his produce to the buying centre in time, which often compromises the quality, leading to high rejection rates and reduced income.



2. The background: smallholders and the supply chain

Nevertheless Joseph Kimiti, who has been supplying French beans to one of the largest horticultural producers and packing houses in Kenya for four years, says that the income from fresh produce has helped to improve his household income. He has been able to construct a permanent stone house with the income generated from French beans.

A tea smallholder in Kenya

Kenneth Ngetich (name changed for confidentiality) is a 45-year-old literate (primary school certificate) male farmer producing tea on a two acre plot in Kericho district in the Rift Valley province in Kenya. He is married with six children aged between four and 17 years, five of whom attend school. Apart from tea, he also cultivates maize and red beans as cash crops on his six acre farm, out of which 0.5 acres is devoted to food production. Although Kenneth Ngetich relies heavily on family labour, he has one permanent male worker and during peak production periods he occasionally employs female casual workers (aged between 20–30 years) to pick tea.

Kenneth Ngetich has been supplying tea to a large tea company in Kenya for 12 years and says that although the income from tea has been declining over the years he is able to educate his children with it. He says that the bonus payment¹ is particularly timely as it comes at a time when the new school year begins. Although his farm is located only a kilometre away from the buying centre, Kenneth Ngetich regrets that delays at the buying centre often negatively impact on the quality of tea and often mean reduced incomes. He also indicates that the prices he is paid are not equivalent to the amount of time and effort invested in the production of tea.

Smallholders may also be referred to as outgrowers. The term ‘outgrower’ is usually used to mean smallholders in a more formal, managed relationship with an exporter. However, both terms are used differently across the world in different contexts. In this document we have used the term smallholders to cover both situations.

2.2 Supply chain models containing smallholders

Smallholders appear in a variety of different supply chain models. They may sell directly to an exporter or co-operative, or to another farm or plantation, indirectly through a merchant, or through an auction. These differences will have an impact on the situation of the smallholder and the benefits and problems they face. There are typically several more levels between the direct purchasers and the retailer, including packing houses, agents and suppliers. The diagram opposite indicates the different kinds of supply chains involving smallholders, and the different ways in which they may be integrated into these.

¹. Tea smallholders are paid for the green leaf delivered at the end of the month (the first payment). The tea bonus (second payment) for the crop delivery for the whole year is paid annually and depends on the prices realised for the processed black tea.



2.3 Smallholders' priorities and problems

Research by academics, retailers and exporters indicates that the relationship between smallholders and those who purchase from them is often characterised by lack of communication and lack of clarity. Our research into members' supply chains confirms this problem. Transparency across the supply chain is important yet frequently lacking, with smallholders and their workers among those least likely to be well informed about the chain above them.

Existing research, as well as that we undertook with Kenyan smallholders for this project, indicates that smallholders typically feel a need for:

- written contracts with purchasers
- prompt notice of price, volume and quota requirements
- greater transparency in weighing/grading of produce
- more information on markets, supply chains and the retail calendar
- access to several purchasers rather than restriction to one
- access to affordable inputs to avoid debt
- more practical training and guidance on growing the crop/s
- help with infrastructure development
- capacity building
- higher, prompt and regular payments (so that they can plan their own spending)
- a group to represent their interests
- funds for protective equipment, seeds and pesticides
- help with record keeping
- greater availability of seeds
- better access to water for irrigation.

2.4 Smallholders'/workers' problems

Workers employed by smallholders (as well as the smallholders themselves) often lack:

- drinking water
- adequate toilet facilities
- protective clothing
- freedom of association
- access to medical facilities
- a living wage
- sick, overtime and annual leave pay.

They may also experience harassment.

These guidelines show how all players in the supply chain, including smallholders themselves, can play a part in addressing the above issues.

How to use these guidelines

3.1	The scope of the guidelines	17
3.2	The ETI approach	18
3.3	An implementation framework	18
3.4	Monitoring labour standards of smallholders and their workers	21



BEAN PLOT, PHOTOBOOK SLIDE 4

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.





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.

What retailers can do

- | | | |
|-----|---|----|
| 4.1 | Make a commitment | 25 |
| 4.2 | Inform everyone of your commitment | 25 |
| 4.3 | Find out where smallholders are in your supply chains | 26 |
| 4.4 | Support your suppliers in implementing these guidelines | 26 |
| 4.5 | Support the continued supply of smallholder products | 26 |
| 4.6 | Consider your pricing and ordering procedures | 27 |
| 4.7 | Build your suppliers' and smallholders' capacity | 28 |



SUPERMARKET SHELVES, PHOTOBOOK SLIDE 27

What retailers can do

This chapter looks at the role and responsibilities of retailers with regard to smallholders and sets out a step-by-step action guide. ETI does not favour buying from smallholders over plantation farming, but urges retailers to meet their responsibilities in both cases.

Smallholders are often critical in a retailer's supply chain because they can typically provide higher quality goods than plantation sites. They can also produce small quantities of speciality and labour-intensive goods, such as organic products, needed by retailers. So there is a strong business case for retailers to support smallholders in their supply chains. Conversely, retailers' decisions can have a major impact on smallholders whose produce they sell. Improving working conditions for smallholders requires investment on the part of purchasers and on the part of smallholders themselves. Such investment can only take place where there is a clear commitment from retailers to continuity of purchasing from supply chains involving smallholders and to pricing structures that allow for investments.

4.1 Make a commitment

The first step is to confirm the company's acceptance of the role of smallholders within the supply chain. This is not just a role for the corporate social responsibility team as they cannot act effectively without the support of the company board and colleagues, especially buyers. A formal company policy, acknowledging and accepting the presence and important role played by smallholders in your supply chains, needs to be adopted.

4.2 Inform everyone of your commitment

All relevant colleagues, such as the buyers, technologists and sourcing teams must be made aware of your company's policy and approach. Make them aware of the recommendations in this document when working with smallholders. This will help ensure that smallholders are not actively excluded from supplying products or negatively affected by buying, technical or sourcing practices.

External communication needs to reach a wide audience of suppliers, smallholders, shareholders and other key stakeholders, and the media.

SUPPLIERS AND SMALLHOLDERS

- Inform your suppliers of the company's policy so they are aware that smallholders' produce is acceptable.
- Put mechanisms in place, in conjunction with intermediaries if necessary, to ensure that information about your company's policies and pricing structures is communicated down the supply chain, via any intermediaries, to smallholders.
- Ask exporters to explain to smallholders the factors that affect purchasing practices in the UK, including market fluctuations, and the risks these present to smallholders.



4. What retailers can do

- Explain growing seasons and the seasonality of products so that smallholders can understand fluctuations in orders for their products and anticipate when peaks in orders are most likely to occur.
- Explain your company's technical, quality, safety and ethical trading requirements so that smallholders understand your expectations. Explain that you recognise the need for realistic timescales for the gradual implementation of labour standards.
- Explain the significance of UK media interest in smallholder issues and what this might mean for your company.

SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

- Draw attention to the importance of smallholders in your supply chain and your policies relating to them through your website, annual report, newsletters and other communications. Key stakeholders such as shareholders may be supporting you because of your ethical track record.

THE MEDIA

Negative media coverage has played a role in raising awareness of smallholders' and workers' rights among ETI company members – but no company wants to court this kind of attention. Alert your press office colleagues to your policies and work, develop a plan to deal with negative media attention should this arise, and tell the media about your success stories.

4.3 Find out where smallholders are in your supply chains

Obviously your company needs to be aware of where smallholders are present in the supply chain. You need to know which suppliers are sourcing products through smallholders and any controls that are in place to ensure that smallholders and their workers are being treated fairly and paid an acceptable price for their produce. A sample letter and questionnaire for you to use with suppliers is given in the Toolkit, section D. This may be adapted for use as part of your annual communication with suppliers if this is your usual practice.

Make efforts to understand more about what suppliers see as their priorities, and issues and concerns for the smallholders and managed outgrowers. Communicating this interest to suppliers is key.

4.4 Support your suppliers in implementing these guidelines

Agree with your suppliers who is taking responsibility for assessing labour standards on smallholdings and for developing and implementing an improvement plan. Refer to chapter 3 for details of how to implement this process.

4.5 Support the continued supply of smallholder products

The two benefits of higher quality and/or speciality products for the retailer may result in increased risk to the smallholder. One solution that could benefit both parties is for retailers to bear some of this risk by offering guaranteed purchases over longer periods and setting agreed-upon reasonable ranges of future purchase prices. This allows the smallholder to invest in processes that result in a higher quality product (such as meeting food safety standards, organic production and so on). Longer-term purchasing relationships, where feedback can be given to achieve

continuous improvement, should be preferred with supply chains involving smallholders and benefit both you and the smallholder.

In addition, retailers cannot expect smallholders to bear all the burden of meeting new technical standards. You can help smallholders by sharing the risk of transition to production processes that meet these standards. For instance, you can invest in technical assistance, funds or materials for smallholder production.

4.6 Consider your pricing and ordering procedures

The commitment by suppliers to improving the conditions of smallholders must be reciprocated by the sourcing and pricing policies of retailers, as well as those of other intermediaries, if smallholders are to benefit. Ensure your company buyers understand the impact that price negotiations have on the price paid to smallholders – reducing prices will have a negative effect on the livelihood of smallholders in the chain and their ability to meet standards. The prices you pay should be sufficient to allow smallholders to meet the standards contained in these guidelines (Toolkit, section A). Make buyers aware of the implications of ordering times on smallholders too.

You also have a responsibility to ensure that both intermediaries and smallholders understand your company's pricing policies and ordering systems. Contact your suppliers at least annually to identify, update and clarify the position of smallholders in the supply chain. You should have a robust system that will indicate to traders and buyers which products smallholders are supplying. The fragile nature of the smallholder in a global supply chain means that a local impact review and longer action lead times should be considered before changes are made to ordering systems and pricing policies. Where possible highlight or group smallholder products within electronic trading systems and require a further authorisation with line managers, technical or ethical colleagues before major changes are made.

You should also consider:

- a clear, transparent pricing policy that is made available to suppliers and through to the smallholders. Clarify how you fix the prices that will ultimately be paid to the smallholders;
- holding regular reviews with suppliers and smallholders to ensure pricing and ordering procedures are not negatively affecting smallholders in any way;
- informing smallholders of any changes and fluctuations in pricing policies, for example, changes in currency rates or customer demand, so that they have an understanding of the factors affecting prices for their products;
- informing smallholders of changes in buying patterns and phasing changes in where possible to avoid unacceptable risk to the smallholders;
- giving preferential treatment where possible to suppliers who are committed to meeting ETI Base Code standards and who, if appropriate, use these guidelines within their supply chains;
- entering into longer-term purchasing relationships with supply chains involving smallholders where feedback can be given to achieve continuous improvement.

NGO best practice recommendations on pricing and ordering can be found in chapter 8.



4. What retailers can do

4.7 Build your suppliers' and smallholders' capacity

- Provide appropriate training, guidance, support and information to suppliers on the quality, technical, safety and labour standards expected of smallholders, in conjunction with any intermediaries.
- Give suppliers and smallholders feedback on issues such as product quality so that they can look for ways to build improvements into their systems.
- Establish a mechanism to enable suppliers and their smallholders to feed back any concerns or discuss potential issues relating to order times, product quality or meeting any other requirements.
- Explore opportunities for buyers to source new niche products that fit well with smallholder growing patterns and practices.

What purchasers can do

5.1	Assess your resources	29
5.2	Communicate and consult	30
5.3	Set up a system of records	29
5.4	Organise smallholders into groups	30
5.5	Produce an action plan and timetable	30
5.6	Motivate smallholders to improve standards	30
5.7	Working with smallholders: case studies	31



BUYING BEANS, PHOTOBOOK SLIDE 9

What purchasers can do

Purchasers, including packers, exporters and co-operatives among others, are likely to be in the front line of implementing these guidelines. The following general guidance supplements chapter 3 and may be useful for all those purchasing directly from smallholders. The case studies indicate how some suppliers buying from smallholders have considered the issues below.

5.1 Assess your resources

When you first adopt these guidelines, it is helpful to take stock of the resources available to achieve your goal. Who is currently responsible for managing your smallholders? What resources do you currently use to manage your supply from smallholders? Do you have records for them? What resources will you need in order to manage your smallholders? What funds, expertise and technology can you mobilise? Human resources might be your starting point. Consider setting up a smallholder team or officer to handle all issues to do with smallholders, including staff on the ground to manage your relationship and supply such as agronomists or agricultural extension officers. Ensure that your own staff managing smallholders have the appropriate knowledge and understanding of the smallholder context and are encouraged to liaise with colleagues (including those within retailers) who set the requirements for the smallholders' products.

5.2 Communicate and consult

How do you currently communicate with smallholders? Many will have low levels of education. Do you communicate appropriately, with visual aids and in local languages? Do you already conduct training for your smallholders or have agricultural extension officers? Such staff and training days can provide effective communication channels. If your communication is poor, develop communication channels and materials.

Have you explained to smallholders the incentives for engaging with you? (See chapter 6, section 6.3 for an outline of the benefits to smallholders of engaging with exporters.) Start a discussion with your smallholders about your relationship, any changes you are considering or planning, and how to make progress together. Do your agricultural extension workers or outgrower managers collect feedback from smallholders about any issues related to supplying you? Ensure that smallholders and their workers understand that issues of concern to them will be addressed early on. This will help to provide clear incentives to work together. However, it is also important to ensure that smallholders' expectations are not raised beyond the scope of the dialogue.



5.3 Set up a system of records

What do you already know about the smallholders who supply you? If you do not have records, set up a database and start by recording who your smallholders are, gathering some basic information on them. This will help you with the traceability required for various standards, from food safety to environment and working conditions.

5.4 Organise smallholders into groups

Are your smallholders already organised into groups, either of their own accord, or by product or location within your own systems? Having groups of smallholders will provide you and them with a communication channel and enable you to systematise your relationship and work together more effectively.

5.5 Produce an action plan and timetable

Your action plan should detail:

- how and when you will conduct needs assessments with your smallholders (Toolkit, section B);
- who will consider the outcomes from the assessments and be involved in drawing up improvement plans. You should be able to use the standards outlined in the application framework as a minimum that you are aiming to achieve with your smallholders (Toolkit, section A);
- how you will manage any necessary changes in your relationships with smallholders in the short, medium and long term;
- how you will address priority issues raised by smallholders during the needs assessment;
- how you will divide responsibility for code compliance between the smallholder and your company. Consider introducing contracts or memoranda of understanding between all parties to clarify roles and responsibilities.

This action plan can also be the basis for discussion with retailers on the implications for price and buying practices.

5.6 Motivate smallholders to improve standards

Working together with your smallholders to improve standards will improve their business and yours. Farmers will need to see the business case for making changes and to receive recognition for their improvements. These might include continued buying from them, visits to processing plants or training courses. As a first step, explain the business case at the start of working on these issues together (see the business case for smallholders in chapter 6, section 6.2). It is also important for smallholders to understand the risks involved in supplying the export market. Explain the risks facing all those in supply chains of international markets. This will help to keep expectations realistic and prevent demotivation through misunderstandings.

For a series of sample documents that smallholders can use, see the Toolkit, section E.

5.7 Working with smallholders: case studies

These case studies, drawn from ETI members' experience, look at the current practice of some producers from different parts of the world supplying commodities and fresh produce to the UK market.

Purchaser A: Fresh produce

Contracts:	smallholders commit crops to one exporter and have an annual contract The company must buy all produce
Groups:	growers are self-organised into groups with a variety of legal statuses for different purposes (for example, certain legal status allows eligibility for assistance from government or international bodies)
Systems:	weekly visits by the agronomist, regular training on a variety of topics
Dialogue:	a national committee on the product involves growers, exporters and government
Communication:	agronomist visits and also communicates via mobile phone with smallholders

Purchaser B: Horticulture

Contracts:	guaranteed sale of produce, set prices
Groups:	co-operative collection centres provided by the company
Systems:	services of agricultural extension officers and access to some inputs such as short-term credit
Communication:	newsletters and familiarisation tours enabling smallholders to understand the supply chain (such as visits to packing facilities), regular flow of information

Purchasers' organisation: Horticulture

Guidelines:	include some guidance on working conditions, especially health and safety
Communication:	information on protective equipment and first aid is distributed (but not the equipment itself)
Systems:	some training provided

Purchaser C: Processed produce

Groups:	growers' co-operative. A local community organisation helps represent the interests of the trading group
Contracts:	GM-free organic product, therefore demand and prices are high. A social premium is paid
Systems:	the social premium is used partly to fund training. The retailer and others also invested in an analysis of the costs of production and subsequently revised the pricing system. Prior to this, smallholders sold their product to agents and were in debt in the lean period before harvest, including debt bondage for those farmers who had borrowed money for their inputs. Such farmers then risked being thrown off the land they were farming. They set up a co-operative shop in the village, but were selling for under the price of production, owing to a lack of understanding of what the costs of production were



5. What purchasers can do

Purchaser D: Tree commodity

The commodity is sold through auction and the auction prices have been seriously depressed for a few years. This has resulted in worsening livelihoods for smallholders. Lower prices have also led to increased cost cutting and short cuts in production which have resulted in poorer quality. The purchaser buying the crop through auction decided to pay an additional amount to the smallholders' organisation. This is to improve livelihoods of the smallholders and can be used to improve the quality of the commodity. The business case for paying extra is to raise awareness of the purchaser's particular requirements (that is, quality and social concerns) with the smallholders. The effect is to improve the remuneration of smallholders and so their livelihoods.

Smallholder organisation: Tree commodity

Processing factories are owned by smallholders and managed by a specialist organisation, which provides management and marketing services to the sector. Where the smallholder organisation and the management of the processing and marketing are efficient, transparent and accountable, smallholders have received more than 60 per cent of the auction price of the crop. Centralising the marketing of the smallholders' crop also enables the smallholders to have a stronger bargaining position with buyers and so realise higher prices. Smallholders in a different country selling the same commodity who are not organised are receiving much lower prices. This is because:

- *auction prices are lower*
- *factories have no obligation to pay fairly (smallholders feel they have to accept any price no matter how low due to the perishable nature of their product)*
- *the quality may be lower because there is no smallholder organisation to educate smallholders.*

What smallholders can do

6.1	About international labour standards	33
6.2	How these labour standards can help you and your business	34
6.3	How working with your buyers can help	34
6.4	What your buyers might ask you to do	34
6.5	What you can do now	35



PICKING COFFEE, PHOTOBOOK SLIDE 36

What smallholders can do

If you are a smallholder, this chapter explains what you need to know about international labour standards and how they are being applied to you. It also suggests things you can do to understand the background or take action to improve working conditions on your farm.

This chapter has been written so that it works as a separate document for readers who want to extract and photocopy the section for distribution to smallholders. If it is used this way, it should have the following sections attached to it:

- the booklet *Working for a better life: what smallholders need to know* (Toolkit, section F)
- Toolkit, section A: the application framework
- Toolkit, section E: sample documents.

6.1 About international labour standards

The quality of your working life matters – to others as well as to you and your family. The produce from your farm is sold in many different countries overseas, including Britain. British shoppers are among many, world-wide, who believe that all workers producing their food should enjoy good conditions at work.

Your buyers might already have talked to you about workplace standards. Over the next few years buyers will expect you to meet a set of standards developed initially by the International Labour Organisation (ILO). These ILO standards have been adapted by a British organisation, the Ethical Trading Initiative (ETI) for use by British companies throughout their entire supply chains. (The supply chain means all the people and companies involved in getting produce from farms into the supermarkets in Britain. There might be as many as six links in this chain between the farmer and the supermarket.) Buyers and their direct employees are also working towards these standards.

In outline, the labour standards used by ETI are:

- Employment is freely chosen
- Freedom of association and the right to collective bargaining are respected
- Working conditions are safe and hygienic
- Child labour shall not be used
- Living wages are paid
- Working hours are not excessive
- No discrimination is practised
- Regular employment is provided
- No harsh or inhumane treatment is allowed.



6.2 How these labour standards can help you and your business

Working towards better working conditions will benefit your business in the long term by:

- promoting better relations between you and your buyers, and ensuring that you have clear terms and conditions with the buyers;
- improving product quality and productivity by making better use of equipment, record-keeping and planning. In turn this will improve farm income;
- promoting good relations between you and your workers, which in turn means a loyal, motivated workforce with less worker absenteeism and higher productivity;
- reducing accidents and work-related illnesses, and time lost because of these;
- enhancing respect in your community;
- bringing potential new business from other exporters.

6.3 How working with your buyers can help

Many buyers already have experience of working towards international labour standards which you can learn from. They can help you to understand where responsibility for labour conditions lies – including their responsibility for their own workers, and responsibilities right up the supply chain to the supermarkets in Britain. However, the main thing they can offer is greater understanding of the whole export process from your farm to the end consumers of your crops. They can offer:

- better understanding of the market and the standards you are asked to meet for the market. For example, buyers might be able to offer training or provide more information at buying centres;
- advance notice of changes at the market end of the supply chain so that you can plan your work better;
- a chance to express their point of view about what they need from you to benefit from outgrowing;
- an opportunity for you to tell them what you need from them to produce your crops effectively;
- practical support to improve working conditions. For example, some buyers have offered better prices to smallholders or easier access to credit as a result of working on these standards.

6.4 What your buyers might ask you to do

If your buyer is starting to introduce the ETI labour standards, they need reliable information about all their smallholders first. They might send someone to inspect your farm or they might ask you to take part in discussions about what needs to be done. The aim of such discussions is to find out what you think the main workplace issues are. You might be asked to answer questions about your farm and to meet with other farmers to talk in a group about your concerns. For example, you might be asked how important it is to you to have a written contract with your buyer.

The information collected in these ways will help the buyer to plan what to do next. The list of labour standards is very long and nobody expects buyers or you to tackle everything at once. Your buyer should come up with a plan to tackle your main concerns first. They will explain the next steps to you. But please note this could take quite a long time.

6.5 What you can do now

You don't need to wait for your buyer to make the first move. You can begin to learn more about the labour standards and take action if you wish:

- read the booklet *Working for a better life: what smallholders need to know* which introduces the main ideas behind the labour standards;
- read the full list of labour standards – see the Toolkit, section A of this document. This not only sets out the standards in full, it also has a column (in green) showing the action you can take to meet the standard. Note that in the application framework 'worker' can mean anyone who works on the farm – yourself and your family members as well as people you employ;
- talk to your family and other local farmers about what this means for your businesses;
- talk to any organisations you belong to (for example, your co-operative or trade union) about what this means for your business;
- talk to your workers, if you employ any, about their main concerns at work. They may find it difficult to be open with you at first. Even so, asking them makes the point that you are interested in their concerns and want to do your best for them;
- look at the sample documents in the Toolkit, section E which have been written for smallholders. One of these is a sample contract between a smallholder and a buyer, another suggests records you can keep and one is a checklist of some relevant health and safety issues. You might be able to adapt the first two documents for use on your farm. The health and safety checklist may give you ideas for improvements.

When you have read all the background and talked to as many people as you can, you might want to think about your main priorities and plan what needs to be done to improve them. Some improvements might be very easy to do. For example, you might find it relatively easy to improve some aspects of health and safety. Other issues will be more complex and you should ask your buyer for advice on making the improvements.

What trade unions can do

7.1	Background	37
7.2	Organising smallholders	37
7.3	Building alliances	37
7.4	How to organise smallholders in a sustainable way	38
7.5	Case studies	39
7.6	Child labour	40



WEIGHING TEA, PHOTOBOOK SLIDE 52

What trade unions can do

Trade unions have a major role to play in improving working conditions among smallholders, workers and others, although particular features of smallholdings can create significant challenges in doing so. This chapter of the guidelines suggests some ideas for action and gives case studies of successful activities and campaigns.

7.1 Background

The agriculture sector accounts for half the world's workforce. The composition of the workforce is changing however. The percentage of waged workers is increasing, particularly among women workers, as small farmers are forced off their land for political reasons or cannot survive on returns from their crops and so seek employment as agricultural workers. Plantations are restructuring and using smallholders as outgrowers/contractors.

7.2 Organising smallholders

In recognition of these changes many unions do now recognise the right of non-salaried workers and producers to join trade unions.

For example, in 2002, the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) changed its rules, deleting references to waged workers and replacing it with the broader classification of 'workers'. These include self-employed, small and family producers, tenant farmers, sub-contractors and landless sharecroppers. The IUF has affiliated agricultural trade unions that represent 'unwaged' workers plus numerous organisations with strategic alliances that have also become affiliates. It does recognise that there is no one organising model or structure that will fit all affiliates although there are common principles behind national models.

7.3 Building alliances

The challenge for trade unions is trying to organise workers involved in agriculture, including those who have no history of democratic organisation. However, trade unions are well placed to mobilise and involve the community. Alliances can be built between food chain workers, rural workers and small producers into permanent autonomous organisations. Trade unions can adapt their structures so that they can take on the problems of the self-employed and small producers. Trade unions can provide sustainable and organised democratic structures at national level together with the collection of funds, which helps them to maintain their independence.

Alliances also need to be built with organisations that provide social services and technical production support such as the ILO's STEP (Strategies and Tools against Social Exclusion and Poverty) and the Food and Agriculture Organization (FAO) which provide farmers and agricultural workers with support services. STEP pro-



motes the extension of social protection in health to all workers, especially in the informal sector. It works with rural communities and unions providing support services and micro-lending for small farmers' associations. It also has working links with the UN (World Health Organisation, UNICEF and United Nations Development Programme), NGOs, co-operatives and research institutes. Examples of its work include viable health schemes to improve working conditions in agriculture; promoting gender equality and reducing rural poverty; AIDS prevention programmes; establishing links between their network of organisations and sharing information.

FAO's mandate, as a UN agency, is to work for food security and the alleviation of poverty. Most of its activities focus on technical assistance and support services to small farmers and agricultural workers. In Uganda, farmers are given access to information on services, technology, the market, training for quality control and support programmes. In Mozambique, FAO has developed savings clubs in order to improve productivity and food safety through technology and irrigation systems. FAO has recently established direct links with the IUF regional offices and its affiliates. It collaborates with Oxfam UK Land Net and Land Net East Africa.

7.4 How to organise smallholders in a sustainable way

Trade unions need to recognise the specific needs of smallholders, for example, security of tenure, and offer appropriate services and assistance. The smallholders' needs, as outlined in chapter 2, are to have access to networks, which in turn can access water, tools, production techniques, credit, legal assistance and markets. Land reform is also an issue if trade unions are to alleviate poverty, unemployment and violence. This could lead to control over production and marketing and ensure the production of safe food, preservation of the environment and biodiversity as well as preserving the seeds of native produce. Access to land should be a worker's right, allowing them both a home and food.

When looking at trade union recruitment in some countries (for example, Kenya, which the Smallholder Project used as a case-study), we have to realise that trade unions may not have the time or money let alone the effective means of communication to conduct recruitment campaigns on a national basis. If smallholders and their workers are not organised, they should be given the facilities to allow them to do so. Empowerment through collective action could begin that process, with the key players being the lay activists that live in local communities (for example, workers in the processing factories). They should be encouraged to conduct a campaign to unionise smallholders and their workers in their community. This would also be the easiest way of collecting union dues from both smallholders and workers.

The International Co-operative Alliance, which is an international, non-governmental organisation uniting and representing co-ops around the world, could provide the answer for some smallholders, whether they employ labour or not. It has a strong international voice with over 230 member organisations representing 760 million people worldwide. Its main objective is to promote and strengthen viable co-operatives working to facilitate the development of economic and other mutually beneficial relations between member organisations. It also develops new co-operatives. It can provide members and partners with a network of contacts through which experience and best practice are shared.

7.5 Case studies

Unions around the world have organised smallholders in a sustainable way. Some examples are listed below.

UNAC, Colombia

The Colombian union UNAC (National Agro-Food Union) represents various sectors in the food and agriculture chain, associations of small producers and organisations involved in environmental protection training and agro-ecological production. It was set up in 2000 with the help of the IUF. Within two years it had established 756 organisations and had 74,000 members. Its role is not only to negotiate and defend collective agreements but to intervene nationally with the state in meeting the needs of the rural population. It organises study circles, involving the whole family, where they discuss ecological, sustainable agricultural production, the management and community control of reserved land (that is the protection of forests, water and woods) and training in environmental matters. It also organises independent workers and their families co-operatively to produce and export plantains and bananas. UNAC is seeking support from the government and the international community to consolidate the organisation and work of these networks.

CONTAG, Brazil

In Brazil, CONTAG (National Confederation of Agricultural Workers) has 2,700 trade unions and 10 million members who have campaigned for 40 years for land reform, funding policies, marketing, employment rights including gender and youth policies, different agricultural policies for family farmers and social benefits (including pensions) for rural workers. To ensure trade unions are involved in the process they have found it necessary to involve the community in a decentralised decision-making process. CONTAG has 400 elected Prefects (councillors) and 10,014 members of rural councils.

Uruguay

In Northern Uruguay, bordering Brazil, small farmers produce vegetables in greenhouses. Five years ago they were heavily indebted and dependent on a technological package based on expensive and highly-polluting inputs. For every 10 boxes of tomatoes produced, four were used to pay for the pesticides. With the help of the Regional IUF they have turned this around, building an organisation where they work collectively and in a more eco-friendly environment.

PKSK, Philippines

The PKSK (National Union of Independent Rural Organisations) is a new organisation that was set up as a result of globalisation and deregulation of the economy. Alliances were built with Akbayan (an opposition party that won a seat in the last election defending land reform and rural development policies), PAKISAMA (the national farm workers federation) and KASAMA-LO (the national federation of democratic farm workers). Through these alliances PKSK represents small farmers, farm workers, fisher folk, women, indigenous people and co-operatives and is established in 20 out of 76 provinces in the Philippines. Its aim is to improve access to production, services and markets, improving communications between the leaders and giving them more training.



7.6 Child labour

Bitter harvest, the ILO's document on child labour in agriculture produced in 2002, states that, "The work children perform in agriculture is often invisible, because they assist their parents in task work or other forms of work organisation. Because the work is not recognised, nor easily recorded in statistics, it goes largely unnoticed. This creates a cycle of poverty and affects the future of children since their access to education and training is greatly reduced". Half of all workplace fatalities are in agriculture with children figuring largely in the statistics. The highest proportion of working children between the ages of five and 14 (around 40 per cent) is in Africa, with the highest percentage among rural children, particularly girls. For example, children are believed to comprise a quarter of all agricultural workers in Kenya. A recent ILO report states that nearly one-third of the agricultural workforce is made up of children in some developing countries. The increase in the numbers of AIDS orphans will result in a further increase if steps are not taken to halt AIDS.

Trade unions have always taken this issue very seriously. CONTAG (Brazil) and GAWU (General Agricultural Workers Union, Ghana) have been at the forefront of the fight to stop child labour, as the examples below demonstrate.

CONTAG, BRAZIL

- Produced 10,000 copies of the *Child workers' programme* in 1993 to disseminate information about the rights of rural children and to train trade unionists to improve provisions in collective bargaining agreements (CBAs) on prohibition of child labour.
- Provided five training courses for 150 union leaders as well as producing seven highly successful radio programmes to raise awareness. They were aired on CONTAG's network of 160 local radio programmes.
- Brought parents and working children together to discuss living and working conditions of children in rural areas. All this helped in lobbying the Government in ratifying ILO C182, which it did in 2000.
- Established a commission to determine the worst forms of child labour. It is now challenging the government to formulate public policies to implement ILO C138 and C182. Its suggested measures are: awareness-raising among members of parliament, judges, employers, parents and children; land reform; universal social security; school scholarship programmes where poor families receive a minimum salary if they send their children to school.

GAWU, GHANA

- Negotiated a CBA with the Ghana Oil Palm Development Committee, committing it to the eradication of child labour in and around the plantations and the country as a whole.
- Undertook joint research/studies on child labour.
- Conducted training and education, instituted rewards and sanction schemes with particular reference to casual workers, smallholders and outgrowers.
- Deepened awareness about child labour and its linkages with women's, children's, workers' and human rights as well as sustainable development.

Trade unions have to use the argument that agriculture that relies on child labour is not sustainable. Ron Oswald, General Secretary of the IUF says, "Children work because their parents are poor; they have to supplement the family income or provide unpaid labour. Child labour in agriculture cannot be tackled in isolation from one

of its main causes – rural poverty. Trade unions can work to eliminate child labour but the main priority has to be improving the living and working conditions of adult workers and through this eliminating the need for children to work. Cheap child labour undermines or weakens the possibility of negotiating a fair and decent wage for adult workers. We must work to eliminate child labour in order to break the cycle of rural poverty.”

What non-governmental organisations can do

8.1	Background	43
8.2	Recommendations for the role of NGOs	43
8.3	NGO recommendations for good practice	44



SORTING COFFEE, PHOTOBOOK SLIDE 38

What non-governmental organisations can do

This chapter of the guidelines suggests some ideas for action by NGOs in working with smallholders and others to help implement labour standards. It also includes some good practice recommendations for companies working with smallholders, derived from ETI NGO members' own experience.

8.1 Background

Well-developed strategies will be needed to enable the large number of smallholders currently involved in global supply chains to implement the guidelines and maintain their market share of export crops. NGOs will be concerned that increased regulation of smallholders may lead exporters to cut costs by sourcing less production from them, having an adverse effect on rural populations in supplier countries.

8.2 Recommendations for the role of NGOs

If the *ETI smallholder guidelines* are to be effective, smallholders must buy into the process, feeling that they have some control over its implementation. While some companies and smallholders have excellent relations, this is not always the case. NGOs have a wealth of experience of techniques that are essential if companies and smallholders are to work together as partners. These are some of the things that NGOs can do:

- provide organisational support and capacity building to smallholders and smallholder groups, developing their ability to engage with buyers and companies and building feedback into the smallholder – company relationship;
- provide training and capacity building for companies, helping them to develop a more farmer-centred approach, increasing transparency in company smallholder relationships, for example on price – grading issues;
- establish and support links between smallholders, companies and credit or other input providers;
- act as intermediaries between smallholders and companies;
- identify smallholders' knowledge gaps and produce and implement suitable training materials and methods;
- produce the key elements of the guidelines as a simple 'farmer friendly' guide for smallholders to follow in implementing the ETI Base Code, complete with illustrations and bullet point checklists, translated into local languages where needed;
- train companies and smallholders in the ETI Base Code and support planning to meet its requirements;
- develop channels for providing information to smallholders on a sustainable long-term basis. For example, this may be done through rural providers, such as agricultural supply stores, to whom most smallholders turn for advice on farm inputs, investment and practices;



- develop the capacity of local business development service providers to offer appropriate training to smallholders;
- develop monitoring methods, such as group self-certification and support (along the lines of micro-finance social capital-based methodologies) which are being developed for organic production;
- use a social empowerment approach to the implementation of labour standards, as legislation and policy alone will not be enough.

8.3 NGO recommendations for good practice

8.3.1 Wages and prices

NGOs are concerned about decent wages and fair prices for smallholders and their workers. Part of the problem is the nature of the crops themselves. Crops that spoil quickly or that cannot be stored easily may require delicate and costly storage arrangements or immediate sale of the goods. As a result, when smallholders produce perishable goods, they are more likely to be in contractual arrangements so as to sell their produce quickly. This can make them very dependent on the terms of sale at the moment they must sell their goods and can result in either very low prices or sometimes higher ones. In addition, the need for a quick sell also creates more pressure for smallholders to sell to intermediaries. These may be crop mortgagers who pay in advance for a fixed amount of quality crop but rarely offer good terms of sale (though they sometimes also offer benefits like loans for other needs, such as medicine). Crop characteristics affect when farmers need credit, how much they need, and how critical credit is to farming at all (that is, whether it is necessary for every farmer alike). Credit, and ease of access to it, allows farmers to take risks, including changing their production patterns to meet the standards in supermarket chains.

The reasons why perishable crops are important to smallholders are the very reason smallholders are in the supply chain for these crops. These crops tend to be high-risk. They cannot be grown in plantation settings. Oil palm, rubber, and coconuts (for oil) are often produced on massive industrial plantations as they can be monocropped, they have fairly low risk of spoilage, and they can produce continuously (if averaged out across the plantation). High-risk crops, like snow peas, baby corn and other exotic crops, however, are typically produced under contract-farming systems. Retailers and buyers often buy these crops from smallholders through contracting. The result is that there is a high degree of vertical integration and little freedom for the smallholder to sell at the highest price.

There are several solutions to the prices/wages issues, whatever crop smallholders are producing. Buyers and retailers could fix a price with the producer regardless of whether there is a glut or shortage of the product, which typically make the price vary. Buyers, retailers, NGOs and TUs could help producers to install storage (or some basic) facilities so that perishable crops could be stored. Retailers and buyers could help set this up as a kind of pre-payment, as happens for large orders of most other goods. This may be to the retailers' and buyers' advantage as they would get higher quality goods over a regular period. Retailers, NGOs and TUs should encourage the formation of associations of producers to enable farmers to support one another and avoid the need for an intermediary.

8.3.2 Cash flow and access to credit

This is often a major issue for smallholders, who traditionally lack access to credit while also living with delays in payment and low wages. Some NGOs (Oxfam, for example) have observed that access to credit (along with stability/longevity of trading relationships) is at least as important to small producers as price itself, and sometimes more so.

NGOs and others can work with companies to provide solutions to such problems, looking at cash-flow issues as part of the order/payment cycle. For example, an up-front payment to smallholders, such as a deposit with order, could help alleviate some of smallholders' embedded and permanent cash flow problems. In parallel, buyers/retailers could provide technical assistance that would enable the smallholders to overcome the initial hurdle of costs/skills increases needed in preparation to meet labour standards.

The Toolkit

A.	Applying the ETI Base Code to smallholders	47
B.	The needs and priorities assessment tool	73
C.	Using the application framework to assess smallholders'/workers' working conditions	83
D.	Sample letter and questionnaire from retailers to suppliers	89
E.	Sample documents for smallholders and those buying directly from them	93
F.	Working for a better life: what smallholders need to know	99
G.	Samples from the Photobook for use with smallholders	109
H.	CD-ROM of the <i>ETI smallholder guidelines</i> and the Toolkit	111



PICKING BEANS, PHOTOBOOK SLIDE 5



PREPARING COFFEE, PHOTOBOOK SLIDE 37

A. Applying the ETI Base Code to smallholders

This table indicates what applying the ETI Base Code means in practice in the context of smallholders and their workers. It shows each labour standard in the ETI Base Code and, for each major group of players in the supply chain, outlines what needs to be done to attain the standard.

A.1 Who needs to be involved and how

The players involved in applying these standards include those purchasing directly from smallholders, such as packers, exporters or co-operatives, as well as smallholders themselves and, where relevant, their workers. Note that single smallholders who make seasonal or temporary use of family labour should be considered in such periods as smallholder employers and should follow the guidance set out under that heading.

As the guidelines are generic, supply chain actors in some industries and countries may feel that these standards are not relevant for their situation (for example, bonded labour). Please note that all the rights of the ETI Base Code apply, even if in certain contexts such issues are unlikely to arise.

Producers, processors/packers and retailers should agree their commitment to these standards as a starting point that will lead to implementation of the Base Code. All players in the supply chain need to discuss how to implement the labour standards and to understand the implications of their commitment to them. Suppliers and retailers should monitor progress in meeting the requirements of this table to ensure that actions are carried out within agreed timeframes.



Key to the application table

COLUMN 1	shows the labour standard to be applied from the ETI Base Code or Principles of Implementation.
COLUMN 2	shows actions to be taken by the purchaser (exporter, packer, agent or smallholder co-operative buying directly from a smallholder).
COLUMN 3	shows actions to be taken by smallholder employers.
COLUMN 4	shows actions to be taken by single smallholders or those working for smallholders.
ROW 2	each column shows examples of indicators that can be used to verify that actions are being taken and that these standards are being met. These indicators could also be used during an audit.

Abbreviations

SH	Smallholder (farmer/owner of a small-scale farm/plot of land – roughly under 10 hectares – producing relatively small crop volumes)
W	Worker (does not own or manage land, employed directly by a smallholder. Note that in the application table workers may include members of the smallholder's family)
SHE	Smallholder employer (a smallholder who employs others)
SSH/W	Single smallholder (does not employ others) or worker
SH/W	Smallholders (of all types) and workers
Purchaser	Packer, exporter, intermediary or smallholder co-operative buying directly from a smallholder, that is the next tier up in the supply chain

Glossary

COLEACP	Europe/Africa-Caribbean-Pacific Liaison Committee
FAO	Food and Agricultural Organization
IUF	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations
OHS	occupational health and safety
PPE	personal protective equipment
UNEP	United Nations Environment Programme
WHO	World Health Organisation

A.2 Application framework

ACTION: Forced labour

STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/WORKER ACTION
ETI Base Code 1 and 1.2 There is no forced, bonded or involuntary prison labour. Employment is freely chosen. Workers are not required to lodge 'deposits' or their identity papers with their employer.¹	<p>SHs are not required to lodge deposits or identity papers with you.</p> <p>Avoid so-called 'proxy recruitment' where the contracted SH passes responsibility for producing the crop to family members or others without their permission or against their will. Where male farmers are registered, you should ensure that remuneration from the sale of produce is shared with all those producing it (see also 7.1).</p>	<p>No compulsory engaging of family members or others in the work.</p> <p>You must not ask Ws to lodge deposits or identity papers with you or an intermediary.</p>	<p>No compulsory engaging of family members or others in the work.</p>
INDICATORS: Forced labour			
<p>Indicators should illustrate that SH/W involvement in smallholder farming is on a voluntary basis.</p>	<p>No passports or identity documents are in purchasers' possession. This is particularly relevant when dealing with migrant or immigrant labourers.</p> <p>Terms of work and recruitment are seen/reported by SH/Ws to be free from violence, intimidation, threats, deception or coercion.</p> <p>SH/Ws are not reporting, seen to be exchanging labour for reduction of debt, or being fined for any reason.</p> <p>SH/Ws are not reporting, or seen to be without freedom of movement (ie, not confined to premises).</p>	<p>No passports or identity documents are in your possession. This is particularly relevant when SHEs employ migrant or immigrant labourers.</p> <p>Terms of work and recruitment are seen/reported by Ws to be free from violence, intimidation, threats, deception or coercion.</p> <p>Ws are not reporting, seen to be exchanging labour for reduction of debt, or being fined for any reason.</p> <p>Ws are not reporting, or seen to be without freedom of movement (ie, not confined to premises).</p>	<p>Terms of work and recruitment are seen/reported by Ws to be free from violence, intimidation, threats, deception or coercion.</p> <p>Ws are not reporting, seen to be exchanging labour for reduction of debt, or being fined for any reason.</p> <p>Ws are not reporting, or seen to be without freedom of movement (ie, not confined to premises).</p>

1. A person becomes a bonded labourer when his or her labour is demanded as a means of repayment for a loan. The person is then tricked or trapped into working for very little or no pay, and is defined as a bonded labourer when the value of their work is greater than the original sum of money borrowed. The implication is that the worker (or dependants) is tied to the creditor for a specified or unspecified period, until the loan is repaid. (Anti-Slavery International, 'Bonded Labour', 1999; ILO, 'Stopping Forced Labour', 2001). Migrant and immigrant workers are particularly vulnerable to forced/bonded labour. In the past there have been unverified reports of bonded labour in S Asian smallholder tea production.



9. The Toolkit

ACTION: Freedom of association and collective bargaining

STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/WORKER ACTION
<p>ETI Base Code 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.</p> <p>2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates and does not hinder the development of parallel means for independent and free association and bargaining.</p>	<p>Where trade unions or workers' organisations represent SHs (ask national agricultural workers' unions, or IUF) their representatives should be allowed to hold meetings with SHs.</p> <p>Where no unions are present or are illegal, (eg, China) you encourage mechanisms for independent SH representation and collective bargaining by SHs where possible (eg, SHs' collectives/committees, including at buying or grading centres).</p> <p>You should inform and familiarise yourself with any trade union representation of SHs in your country.</p> <p>Producers in associations or co-operatives are able to participate in decisions that affect them.</p> <p>Transparent and equitable mechanisms are in place for collective agreement of prices and price setting² for SHs.</p> <p>Best practice You enable/facilitate SH meetings, and tell them of organisations such as trade unions or other groups which can help SHs present their position/views.</p>	<p>Where trade unions represent such Ws, (ask national agricultural workers' unions, or IUF) trade union organisers/workers organisations' representatives are allowed to hold meetings with Ws.</p> <p>Where no unions are present or are illegal (eg, China), you encourage mechanisms for independent W representation and collective bargaining by Ws where possible (eg, Ws' committees).</p> <p>You should inform and familiarise yourself with any trade union representation of agricultural workers in your country.</p> <p>Producers in associations or co-operatives are able to participate in decisions that affect them.</p> <p>You should allow collective agreement of wages³ between yourself and Ws.</p>	

INDICATORS: Freedom of association and collective bargaining			
STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/WORKER ACTION
SH/Ws are allowed to establish or join organisations and trade unions of their own choosing and to participate in the activities of such organisations, ie, trade union activity is permitted. SH/Ws have the right to bargain collectively.	SHs/union leaders do not report barriers to freedom of association or collective bargaining. SHs understand they may join trade unions or SH groups without fear of reprisal. A transparent agreement is in place between SH and purchaser covering terms of engagement and decision making. A trade union or SH/s organisation may be involved in collective bargaining. Purchasers are aware of TU representation of SHs where relevant.	Ws/union leaders do not report barriers to freedom of association or collective bargaining. Ws understand they may join trade unions or Ws' organisations without fear of reprisal. An agreement is in place between SHEs and Ws covering terms of engagement and decision making. A trade union or Ws' organisation may be involved in collective bargaining. SHEs are aware of TU representation of workers, where relevant.	Ws know of the existence of trade unions and/or Ws' organisations, where they exist, and/or may indicate that they are organised.

2. Price setting would apply where prices are set at auction, or where defined under a collective bargaining agreement.

3. Wages are defined as cash, goods or other payments as mutually agreed, excluding alcohol or narcotics.



9. The Toolkit

ACTION: No discrimination re TU membership

STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/WORKER ACTION
<p>ETI Base Code 2.2 and 2.3</p> <p>The employer adopts an open attitude towards the activities of trade unions and their organisational activities.</p> <p>Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace.</p> <p>Discrimination means: not using, not employing, not granting further work to or no longer sourcing from union member SHs, SH representatives, Ws or Ws representatives.</p>	<p>You do not discriminate against the representatives of trade unions or SHs organisations, (eg. in the price paid for goods, treatment, selection for training) and arrangements are made for them to have access, and provide information, to SHs to carry out their representative functions where relevant.</p> <p>You keep records of the representatives of union/SH organisation where relevant.</p> <p>Representatives of SH/Ws' organisations/trade unions (workforce or officers) are able to meet with SH/Ws in a confidential setting.</p>	<p>The representatives of trade unions or Ws' organisations are not discriminated against, (eg. wages paid, treatment, selection for training). Arrangements are made for them to have access to Ws to carry out their representative functions where relevant.</p> <p>SH keeps records of union/Ws' organisation representative where relevant.</p> <p>Representatives of trade unions or Ws' organisations are able to meet Ws in a confidential setting.</p>	<p>No compulsory engaging of family members or others in the work.</p>

INDICATORS: TU discrimination

No evidence of discrimination on the basis of TU or W organisation membership.	<p>No evidence of discrimination is reported by SHs.</p> <p>Purchasers can provide evidence of anti-discrimination policies – copies are available, SHs know the policy.</p> <p>There is indication of where representatives of SH/Ws' organisations/TUs can meet or pin notices (eg. in collection centres).</p>	<p>No evidence of discrimination is reported by Ws.</p> <p>Ws are aware of anti-discrimination policy.</p> <p>If there are a number of workers, SHEs indicate where representatives of Ws' organisations/TUs can meet workers or pin notices (eg. notice board near chemical store, shower).</p>	
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ACTION: Provision of safe and healthy environment

STANDARD TO BE APPLIED

ETI Base Code 3.1

Safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

PURCHASER ACTION

You should ensure in all cases that SHs can get advice on how to carry out work effectively and safely, including information on the safe use of substances and equipment, storage facilities and protective equipment, and that protective equipment and appropriate agrochemicals are available locally.

Where you specify working practices and materials' in a written or implicit contract you should ensure that:

- a health and safety risk assessment is carried out
- inputs specified pose minimum risk to health
- potential hazards are identified and communicated to SHs
- safe working procedures for all workers (SHs and Ws) are identified and communicated in an appropriate way, including provisions preventing hazardous work for pregnant or nursing workers⁵
- you define a person responsible for health and safety.

Best practice

Agro-chemicals specified are of low toxicity according to advice from FAO/UNEP and WHO.

Where you specify particular pesticides and chemicals, you should:

- advise SHs of appropriate washing/shower facilities required after spraying the chemical
- advise on the adverse effect of the pesticide or chemical both for contact to skin and ingestion – to highlight the importance of safe handling and washing
- ensure that relevant health checks (eg, blood tests for pesticide levels) are provided to SHs
- outgrower office should keep log of major accidents and work related illness (eg, pesticide/chemical poisoning) on SH farms.

SMALLHOLDER EMPLOYER ACTION

It is your responsibility to ensure that:

- potential hazards are identified
- safe working procedures for all workers are identified and communicated in an appropriate way
- all Ws are provided with equipment they need to carry out the work effectively and safely, eg, low-toxicity pesticides, storage facilities and protective equipment
- a first aid kit is provided, and workers are told where it is
- pregnant or nursing mothers are not required to perform any work hazardous to the health of the worker or her child.

Where the purchaser specifies working practices and materials in a written or implicit contract, you should:

- report any unsafe equipment or facilities provided to the purchaser immediately
- comply with and provide Ws with any health checks specified in the risk assessment (eg, blood tests for pesticide levels).

Best practice

Where there is a pesticide or chemical store, you provide appropriate washing facilities for pesticide sprayers.

You keep a log of accidents on the farm.

You encourage workers to talk to you about production, including the ease of use of PPE.

SINGLE SMALLHOLDER/WORKER ACTION

SSH is responsible for health and safety on tasks which are not specified by the purchaser.

Request a health and safety review.

Wear all equipment/use all facilities as instructed.

Workers draw attention to problems with the equipment (eg, lack of provision or inappropriately heavy/clumsy gloves which Ws do not use because they slow them down and they are paid piece rates).

Report any unsafe equipment or facilities to the SH immediately.

Comply with agreed health checks (eg, blood tests for pesticide levels).

Best practice

SSH has their own first aid kit.



9. The Toolkit

INDICATORS: Safe and healthy environment			
STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/WORKER ACTION
A safe working environment with necessary steps taken to prevent accidents or risks.	<p>Equipment/facilities provided to SHs are reported by them or seen to be in a safe condition (eg, adequate light, temperature and air quality).</p> <p>Working environment is seen/reported to be healthy by SHs.</p> <p>SHs report that suspected cases of occupational illness are taken seriously and followed up.</p> <p>Records show that SHs have undergone any specified health checks.</p> <p>First aid kit is present on SH farms.</p> <p>Accident log book is present on SH farms.</p> <p>Provisions for pregnant or nursing workers are known by SHEs and communicated to workers.</p> <p>Smallholders feel able to talk to purchasers about production, including the ease of use of PPE.</p>	<p>Equipment/facilities provided to Ws are reported by them or seen to be in a safe condition.</p> <p>Working environment is seen/reported to be healthy by Ws.</p> <p>Ws report that medical symptoms are checked and action is taken to reduce occupational illness.</p> <p>Ws have undergone specified health checks.</p> <p>First aid kit present on farms and known by Ws.</p> <p>Ws are familiar with the accident log book.</p> <p>Pregnant or nursing women confirm that they are not required to undertake work hazardous to them or their child.</p>	

4. Where the purchasers or actors above them in the supply chain determine the inputs and ways of working, they have a responsibility for ensuring healthy and safe use of these. They must ensure that inputs and specified ways of working are appropriate and safe, and provide any necessary information and training so that smallholders and others in the supply chain can achieve the ETI Base Code standards on minimising workplace risks to safety and health.
5. Visual aids will help to explain work hazards and safe working procedures.

ACTION: OHS training			
STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/WORKER ACTION
ETI Base Code 3.2 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers. Purchasers must ensure that temporary and seasonal workers receive the same safety and health protection as that accorded to comparable permanent workers in agriculture⁶.	<p>Where you specify working practices and materials in a written or implicit contract, you should:</p> <ul style="list-style-type: none"> provide SH/SHE with training in the safe use of all equipment and materials provided/specified, including an explanation of any hazards. <p>Training and information provided should be:</p> <ul style="list-style-type: none"> in the relevant worker/SH language illustrated wherever possible. <p>Best practice Appoint a roving OHS representative, or ascribe this duty to the Agricultural Extension Officer.</p> <p>Where you have agreed responsibility for OHS training, you also pay for it.</p> <p>Provide SH with training materials/facilities.</p> <p>Consider drama or other innovative forms of health and safety training.</p>	<p>Train all Ws in the safe use of all equipment and materials provided or specified through risk assessment.</p> <p>Best practice Training and information is provided in relevant worker/SH language using images wherever possible.</p>	<p>Ws have a duty to take reasonable care of the health and safety of themselves and other persons. They should also co-operate with employers in order for employers to comply with their own duties and responsibilities.</p>
INDICATORS: OHS training			
OHS training offered and/or provided.	<p>If equipment and materials are specified/provided, SHs report that health and safety training has been offered, and records show that SHs have been trained in OHS.</p> <p>Training has been understood – SHs can explain what the hazards are and demonstrate safe working practices.</p>	<p>Ws (including seasonal and migrant) report that they have been trained in OHS. Training has been understood – workers can explain what the hazards are and demonstrate safe working practices.</p> <p>SHEs' records show that Ws have been trained in OHS.</p>	



9. The Toolkit

ACTION: Safe and hygienic working conditions

STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/ WORKER ACTION
ETI Base Code 3.3 and 3.4 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided. Accommodation, where provided, shall be clean, safe and meet the basic needs of workers.	Advise SHs on washing facilities required for post-pesticide and chemical spraying.	Give all Ws access to potable water (boiled water is acceptable) and, if appropriate, sanitary facilities for food storage. Any accommodation you provide should be adequate, clean and safe. Sanitary and housing facilities should cater to the different needs of men and women, ensuring privacy. Nursing mothers may need special provision, such as private space and extra breaks.	Workers should ensure that they use the facilities where provided. Workers should report any problems.

INDICATORS: Safe working conditions

Any accommodation or sanitary facilities provided must be clean and safe.	Where particular pesticides are specified, SHs report that they have been advised on washing facilities required for post-pesticide and chemical spraying.	Washing facilities are present on the farm and used by workers. Potable water and food storage facilities should be seen to be provided and workers confirm this. Accommodation should be seen to be adequate, clean and safe and workers confirm this. Nursing mothers are aware of and receive special provisions when breast-feeding.	
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ACTION: Child labour			
STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/WORKER ACTION
<p>ETI Base Code 4</p> <p>Child labour shall not be used.</p> <p>Child labour means any work by a child or young person which does not comply with ILO standards as defined below:</p> <ul style="list-style-type: none"> Where a child is anyone less than 15, unless local minimum age law states a higher age for work or compulsory schooling, in which case the higher age will apply as minimum age for admission to employment. If local minimum age law is 14, in line with developing country exceptions under ILO C 138 Art 2, 4, the age of 14 will be the minimum. Where a young person is any worker over the age of a child, defined above, and under the age of 18. All hazardous work (that which jeopardises the health, safety or morals of under 18s, or prevents their development) shall be forbidden (eg, work with dangerous substances or heavy weights)⁷. 	<p>Inform yourself on the legal minimum age for admission to employment in your country.</p> <p>Write a child labour policy according to international standards and your national legislation. Distribute it to SHs in local languages and suitable format.</p> <p>Inform SHs of this policy, making explicit under which circumstances children/young workers can or cannot work and why.</p>	<p>Ensure that neither your nor your Ws' children are able to work on cash crops on the farm outside these provisions.</p> <p>Inform Ws of these provisions and the reasons for them, preferably orally and in writing.</p> <p>Best practice Young workers are paid at adult rates, with equal pay for equal work.</p>	<p>Do not permit your children/young people to work outside these provisions.</p>

(column continues on next page)



9. The Toolkit

ACTION: Child labour, cont'd

STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/ WORKER ACTION
<p>(column continued from previous page)</p> <ul style="list-style-type: none"> Children/young workers (14–18) must: receive equal pay for equal work, have received instruction or vocational training in the relevant activity, must not undertake work that jeopardises participation in education or training⁸. Light work only is permissible for 13–15 year olds (12–14 where developing country exceptions apply). 			

INDICATORS: Child labour

Child labour is not used outside provisions of the ILO.	<p>A written child labour policy is available for inspection. SHs are aware of and understand the reasons for these provisions.</p> <p>Young people are paid at least 80% of adult wages, and do not do additional domestic or agricultural duties if working a full day⁹.</p> <p>No children/young workers are seen or reported to be working outside these provisions on SH farms.</p> <p>Combined hours of transportation to and from work and school, and time spent at school and work is not more than 10 hours per day.</p>	<p>Ws are aware of and understand the reasons for these provisions.</p> <p>Young people are paid at least 80% of adult wages, and do not do additional domestic or agricultural duties if working a full day¹⁰.</p> <p>Children (girls as well as boys) attend school where possible; schools and teachers are provided.</p> <p>No children/young workers are seen or reported to be working outside these provisions.</p>	<p>Children are not contracted to work.</p> <p>Any work within these provisions carried out by children/young people takes place near members of their family or another caring adult¹².</p>
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INDICATORS: Child labour, cont'd

STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/ WORKER ACTION
		<p>Combined hours of transportation to and from work and school, and time spent at school and work is not more than 10 hours per day.</p> <p>Any work within these provisions carried out by children/young people takes place near members of their family or another caring adult¹¹.</p>	

7. Hazardous work is defined (in part) as work with dangerous machinery, equipment or tools, or which involves the manual handling or transport of heavy loads; work in an unhealthy environment, eg. exposing children to hazardous substances, agents or processes, or to potentially damaging temperatures, noise levels or vibrations. ILO Recommendation 190 on Worst Forms of Child Labour, Art. 3.

8. ILO Convention 138, Art 3. 3.

9,10,11,12. Oxfam Fair Trade Principles, Oxfam Fair Trade Programme Policies & Procedures Manual (Issue 1.0, January 2001)



9. The Toolkit

ACTION: Wages/prices paid			
STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/WORKER ACTION
ETI Base Code 5.1 Wages and benefits paid, for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event, wages should always be enough to meet basic needs¹³ and to provide some discretionary income.	<p>Prices paid to SHs should reflect the cost of production and be compatible with ETI provisions on wages (ie, average prices in the long term should exceed the costs of inputs + labour costs at the legal minimum wage or living wage – whichever is higher).</p> <p>Where the price is set at auction, it should reflect at least the auction price minus the costs of processing and administration.</p> <p>Pay SHs in cash or through an account. Payments in cash and kind are acceptable where this has been mutually agreed¹⁴.</p> <p>Establish and communicate a policy on wages and benefits for hired labour.</p> <p>Be aware that the national minimum wage is often not a living wage.</p> <p>Best practice Your prices enable SHs to have/pay workers at least national minimum wage rates and benefits, with a small surplus to cover risk and reinvestment in the business where possible.</p> <p>For example, adopt a formula such that the price paid is equivalent to the cost of inputs plus labour at national minimum wage plus at least 25% to cover risk and reinvestment¹⁵.</p> <p>Explain to SHs how to calculate the cost of production.</p>	<p>Ws are able to earn rates equivalent to or greater than the minimum wage defined in national legislation, or industry benchmark standards, whichever is the higher. This includes payment by piece rate. Wages should be enough to meet basic needs and to provide some discretionary income.</p> <p>Pay Ws promptly, by cash or a mutually agreed alternative.</p>	<p>Workers should keep copies of all records relating to payments or wages.</p>

INDICATORS: Wages/prices paid			
STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/ WORKER ACTION
Reasonable prices/wages paid.	<p>Purchasers have calculated production costs which are compatible with paying SHs and Ws a living wage and other ETI provisions (NI etc).</p> <p>Purchasers are able to show that prices paid to SHs equal or exceed the production costs.</p> <p>Purchasers are able to show that prices reflect at least auction cost minus processing/administration costs.</p> <p>SHs and their organisations report that piecework rates are equivalent to:</p> <ul style="list-style-type: none"> • at least the national minimum wage (or industry benchmark if higher, or • a living wage of basic needs and some discretionary income whichever is the higher. <p>Purchasers have policies on hiring labour, which cover ETI Base Code provisions for Ws.</p>	<p>Piecework rates and wages are reported by Ws and their organisations to be equivalent to:</p> <ul style="list-style-type: none"> • at least the national minimum wage or industry benchmark if higher, or • a living wage of basic needs and some discretionary income. <p>SHEs' records of pay correlate with Ws' records.</p> <p>SHEs' and Ws' reports tally on how piecework rates for Ws were agreed and calculated.</p> <p>Workers understand what they are paid.</p>	

13. Basic needs are defined as food, clothing, shelter, health and education

14. see COLEACP guidelines, ie, crop sharing, not alcohol.

15. 'Smallholders in Export Horticulture: a guide to best practice', NRI, 2002



9. The Toolkit

ACTION: Contracts

STANDARD TO BE APPLIED

ETI Base Code 5.2
All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.

PURCHASER ACTION

Your pricing policy should be justifiable and transparent, and understood by SHs.

Explain the price setting mechanism to SHs.

Issue contracts to SHs with a clear written agreement of terms and conditions of engagement and the rights and responsibilities of all parties, including:

- the basis of payment
- the inputs (materials, training etc) you will provide
- the arrangements for negotiating amendments and resolving disputes
- product specification
- prices agreed and price setting mechanisms
- the amount and nature of deductions/any penalty clauses.

Explain the terms and conditions of the agreement or contract to SHs in appropriate languages and in a way that the SH understands.

Any intermediaries involved, and their roles, should be included in the contract.

Maintain records of contracts and payments made, traceable to each SH.

Agree and adhere to arrangements for the timing of payments for produce (the time between the supply of and payment for produce). Where payments are unavoidably delayed, give the SH advance warning and agree a new payment schedule.

Specify volumes of produce (maximum/minimum volumes) to be purchased and adhere to these.

SMALLHOLDER EMPLOYER ACTION

Issue a contract (written or oral) to workers indicating:

- wages agreed
- arrangements for negotiating and resolving disputes
- standards of work
- the amount and nature of any deductions
- when they will be paid.

Maintain records of payments made.

Set up and follow procedures for explaining any change to specifications.

Best practice

Contracts make provisions for worker welfare, such as savings and credit schemes, health plans and bonuses.

SINGLE SMALLHOLDER/ WORKER ACTION

W keeps records of payments.

ACTION: Contracts, cont'd			
STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/WORKER ACTION
	<p>Establish mutually agreed procedures for renegotiations.</p> <p>Establish and follow procedures for notifying SHs of any change to specifications¹⁶.</p> <p>Any inputs you specify should be available locally at a reasonable price or provided by you at cost.</p>		
INDICATORS: Contracts			
All parties are aware of mutual obligations and terms.	<p>Contracts to SHs detail obligations and entitlements, and SHs confirm contracts are followed¹⁷.</p> <p>Written agreements contain volume and product specifications details, including whatever penalty clauses purchasers use (if any).</p> <p>SHs report that inputs are available locally or from purchasers at cost price.</p> <p>Purchasers' agents' price records correlate with SHs' records of payment.</p> <p>Purchasers' documentation records how piece rates/ prices were agreed/calculated, including where prices are set by auction.</p> <p>SHs know and understand price setting.</p> <p>SHs know and understand how to calculate their own costs of production.</p>	<p>Ws have contracts detailing mutual obligations, and understand payment and any deductions.</p>	



9. The Toolkit

ACTION: Overtime			
STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/WORKER ACTION
ETI Base Code 6.2 ...workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.	The time required for the volume of work you give is equal to the capacity of the individual SSH.	The time required for the volume of work you give individual Ws is equal to their capacity. Workers are not required to work overtime outside these provisions. Pay overtime at appropriate premiums, as set nationally/regionally by the industry, or by a collective bargaining agreement if one is present. Allow workers rest days as described in provision. If your Ws consistently work overtime, consider increasing the work force. Ensure that any overtime does not interfere with parental responsibilities.	Workers should keep records of overtime worked and payment received.
INDICATORS: Overtime			
No excessive work demands are reported.	Records of work handed out to SSHs (when compared to production calculations) do not indicate SSHs are obliged to work excessive hours.	Records of work handed out to Ws (when compared to production do not indicate Ws are obliged to work excessive hours. Records show appropriate overtime payments, and correlate with workers' records. Ws do not report excessive hours or forced overtime, and can confirm they get rest days. Workers are aware of pay rates for overtime. Workers report that overtime does not interfere with their parental responsibilities.	

ACTION: Discrimination			
STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/WORKER ACTION
ETI Base Code 7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.	<p>Do not discriminate against individuals or categories of SHs, in terms of their sourcing, access to training or other provisions in these guidelines, so that, for example:</p> <ul style="list-style-type: none"> women SHs are able to participate in training; women have equal access to credit and inputs; membership of associations and co-ops is open to both women and men smallholders; SHs raising issues with you or complaining are not penalised in terms of orders, purchases etc; membership of associations and co-ops is not restricted on grounds of race, caste, ethnicity, etc; women do not suffer sexual harassment, eg, in return for access to inputs or orders. <p>Best practice</p> <ul style="list-style-type: none"> Women are encouraged to take part in training. Associations' and co-ops' policies encourage women to join. Often men are registered with purchasers, even where women grow the crop. Purchasers should encourage male farmers to ensure that all parties engaged in production are proportionately paid for their input (for example, sharing earnings with female members of the household). 	<p>Do not discriminate against any Ws, in terms of hiring, access to training, using or granting further work to particular Ws.</p> <p>Ensure male and female workers have equal access to employment, as well as workers from different ethnic groups.</p> <p>Do not penalise workers for raising issues with you.</p> <p>Ensure family members (for example, your spouse) are paid for their share of the work.</p> <p>Contracts for women workers should ensure that they do not lose employment on becoming pregnant.</p>	<p>SSHs should ensure family members are paid for their share of the work.</p>



9. The Toolkit

INDICATORS: Discrimination			
STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/WORKER ACTION
No discrimination is reported.	<p>SHs understand the meaning of discrimination and report there is no discrimination or other penalty for raising issues.</p> <p>Women SHs participate in training and can access inputs etc. Women do not suffer sexual harassment in return for access to services/inputs or orders, etc.</p> <p>Neither women nor minorities report discrimination in distribution of orders or access.</p> <p>Purchasers have policies to prevent discrimination and inform staff of these.</p> <p>Women SHs report receiving payment for their share of production work.</p>	<p>Ws report there is no discrimination or penalty for raising issues.</p> <p>Women SHs report they are paid for their production.</p> <p>Women workers report that they or female colleagues' contracts do not preclude working when pregnant.</p> <p>Ws from ethnic and other minorities report equal wages.</p>	<p>Women Ws report that they are paid directly for their work.</p> <p>Ws from ethnic or other minorities report equal wages.</p>

ACTION: Regular employment			
STANDARD TO BE APPLIED ETI Base Code 8 Regular employment is provided.	PURCHASER ACTION Where possible, you should try to provide regular orders, and to stagger production. When regularity is impossible, keep SHs informed, explaining why orders fluctuate. Give advance information to SHs about prospects for orders where known. Best practice Where possible, purchasers may be able to purchase the full crop harvested by SHs, providing regular income.	SMALLHOLDER EMPLOYER ACTION Wherever possible, try to ensure a regular supply of work. Tell Ws about the likely availability of future work.	SINGLE SMALLHOLDER/ WORKER ACTION Keep records of work provided.
INDICATORS: Regular employment			
Regular work is provided where possible.	SHs report that they have been given information about regularity of orders. Purchasers keep copies of notices given to SHs (eg, in collection centres) about fluctuations in demand.	Records of Ws' employment show that work is regular wherever possible.	Ws report that they are informed of the likelihood of future work where possible.



9. The Toolkit

ACTION: Employment relationship

STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/WORKER ACTION
ETI Base Code 8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting or homeworking arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through excessive use of fixed-term contracts of employment.	<p>Where plantations are buying from SHs, prices paid to them are roughly equivalent to the plantation cost of production, bearing in mind the cost of meeting prevailing labour and social security laws.</p> <p>Best practice Purchasers contribute to SHE/SSH savings scheme.</p>	<p>Inform yourself on national legislation that defines when an employee is casual, seasonal or permanent, and follow this legislation.</p> <p>Inform workers of their correct employment status.</p> <p>Best practice Purchasers contribute to W savings scheme.</p>	<p>Keep records of work provided.</p>

INDICATORS: Employment relationship

<p>There are no infringements of law regarding terms of employment and social security obligations.</p>	<p>Where plantations are buying from SHs:</p> <ul style="list-style-type: none"> prices paid to SHs are roughly equivalent to the plantation cost of production, bearing in mind the cost of meeting prevailing labour and social security laws, and labour and social security laws are met in plantations. <p>Purchasers demonstrate they are informed on labour and social security laws.</p>	<p>Ws are aware of their employment status and the criteria for that status.</p>
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ACTION: Harsh or inhumane treatment			
STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/ WORKER ACTION
ETI Base Code 9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited ¹⁸ .	Staff working with SHs do not abuse, threaten, intimidate or harass them. Ensure that any training for SHs on labour issues includes this issue.	You must not abuse, threaten, intimidate or harass workers. You must not use overtime as a tool for sexual harassment, eg, putting women workers at risk by making them work late.	Workers keep a record of any incidences of abuse, threats, intimidation or harassment.
INDICATORS: Inhumane treatment			
No abuse, threats, harassment or intimidation.	SHs do not report any form of abuse, threats or intimidation or harassment. Women SHs do not report sexual harassment.	Workers do not report any form of abuse, threats, intimidation or harassment. Women workers do not report any sexual harassment, nor that overtime is used as a tool for sexual harassment (putting them at risk by making them work late).	

18. This includes sexual harassment, defined as repeated/unwanted verbal or physical advances of a sexual nature or meant to achieve a sexual outcome. The offending person may be in a position of power, and may set the granting of sexual favours as condition for receiving benefits.

ACTION: Complaints mechanism

STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/WORKER ACTION
ETI Principles of Implementation 2.4 Workers covered by the code shall be provided with a confidential means to report failure to observe the code and shall be otherwise protected in this respect.	<p>Provide SH/Ws with a confidential channel for complaints within an agreed timeframe (no longer than six months).</p> <p>Implement a strategy for keeping SHs informed about their rights and how they can make a confidential complaint (see best practice).</p> <p>Commit to responding to any complaints raised by such mechanisms.</p> <p>Best practice</p> <ul style="list-style-type: none"> • SHs have details of the outgrower manager. • A buying centre representative is elected (and/or Agricultural Extension Officer) charged with handling and reporting any complaints. • A complaints box is provided at collection centres. • Contact details for an appropriate organisation for reporting complaints confidentially (trade union, NGO or local statutory body) are given to all SHs/posted at collection centres. 	<p>Provide a confidential complaints mechanism to Ws within an agreed timeframe (see best practice below for examples).</p> <p>Commit to responding to complaints raised by such mechanisms.</p> <p>Best practice</p> <ul style="list-style-type: none"> • Contact details for an appropriate organisation for reporting complaints confidentially (trade union, NGO or local statutory or community body) are provided. • An elected Ws' representative is charged with handling complaints. • A complaints box is provided. 	<p>Use the complaints system to raise grievances in a suitable way.</p>

INDICATORS: Complaints mechanism

Confidential complaints mechanism is in place.	<p>Purchasers can provide evidence that a complaints system is in place. If complaints have been made, purchasers can provide evidence of corrective actions taken.</p> <p>SHs are aware of any procedures provided by purchasers (eg, have contact details for government inspectors, or for an independent complaints channels such as a local trade union, NGO or SH/Ws' association) and do not feel inhibited to use such procedures.</p> <p>SHs report the purchaser has followed up any complaints.</p>	<p>SHs and Ws are aware of any procedures provided by SHE or purchaser (eg, have contact details for government inspectors, or for an independent complaints channels such as a local trade union, NGO or SH/Ws' association) and do not feel inhibited to use such procedures.</p> <p>Ws report SHE has followed up any complaints.</p>	Ws are aware of complaints procedures.
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ACTION: Code of practice			
STANDARD TO BE APPLIED	PURCHASER ACTION	SMALLHOLDER EMPLOYER ACTION	SINGLE SMALLHOLDER/WORKER ACTION
ETI Principles of Implementation 3.3 Workers whose work is covered by the code are, where possible, made aware of the code and implementation principles or procedures.	<p>Inform SHs of the nature and requirements of the ETI or Company code in an appropriate manner and format (in relevant languages, illustrations etc). For example, print and distribute the smallholder booklet 'Working for a better life' shown in the Toolkit, section F.</p> <p>Keep information on display in appropriate locations.</p> <p>Keep records of distribution of information about the Codes.</p>	<p>Inform Ws about the ETI Base Code in an appropriate manner and format (ie, relevant languages, illustrations). Provide information on how to access those rights or who would support them in improving/accessing their rights.</p>	
INDICATORS: Code of practice			
	<p>SHs are aware of key requirements of the Code/s and confirm these were communicated to them (eg, booklet circulated, information pinned up in collection centres).</p> <p>Purchaser records show information has been distributed.</p>	<p>Ws are aware of the key requirements of the Code and their entitlements under it.</p>	

B. The needs and priorities assessment tool

The assessment tool below is a condensed version of the methodology used by researchers in Kenya on behalf of the ETI Smallholder Project Group. It aims to establish the characteristics, needs and priorities of smallholders and their workers. Chapter 3, section 3.4 gives background information on why the method is recommended.

This tool is intended for use by independent and appropriately qualified assessors acting on behalf of any organisation, but particularly on behalf of companies purchasing from smallholders. The tool is not designed for use by those without experience or qualifications in social research techniques (see section B.2 below for further details).

B.1 Introduction and terms of reference

This tool is designed to establish the characteristics, needs and priorities of smallholders and their workers. It comprises:

- a questionnaire designed for use with smallholders;
- two sets of guidelines for conducting focus group discussions (FGDs), the first for use with smallholders, the second for use with their workers.

A facilitator should conduct the FGDs and a scribe should keep a record of the discussions. FGDs are informal and conversational interviews, and they should be based around the provisions contained in the guidelines below. Ideally, FGDs should include six to eight participants and should be relatively homogenous (for example, single-sex groups). FGDs should also include group exercises, during which the group is asked to visually depict key issues raised in the discussion. Exercises include mapping and pictorial ranking of key issues. They provide a complement to a questionnaire survey since the information derived from questionnaires can be used as a springboard to more extensive discussions in groups.

Ensure that a large enough sample of smallholders and their workers is selected so that realistic inferences can be drawn from the results of the questionnaires and FGDs. Such a sample should have a minimum of 30 participants. The selection of the sample should also relate to the diversity of the population.

The facilitator must ensure that participants understand the terms of the assessment. It must be clear that this is an information-gathering exercise, so that participants' expectations are not raised as a result of the assessment.

The results of the assessment should be compiled into a report, highlighting the situation, needs and priorities of smallholders and workers. The report should also indicate the solutions proposed by smallholders and workers to their own problems. The confidentiality of all smallholders and workers who participate in the assessment must be respected. Therefore, personal information (for example, names or place of origin) should be removed and must not be shared in the final report. A brief summary of the outcome of the assess-



ment (for example, good practice or areas where improvements need to be made) should be fed back to the smallholders. An appropriate forum would be the communication channels (such as meetings, notice boards) used by the purchaser to provide information to smallholders.

B.2 Who is qualified to carry out such assessments

The facilitator will need to be able to conduct interviews and focus group discussions with smallholders, analyse the data collected and write a report highlighting the needs and priorities of smallholders, including recommendations. The skills required include the ability to work sensitively with smallholders, social research skills, and oral and written fluency in the relevant local language.

KNOWLEDGE AND EXPERIENCE REQUIRED

1. Knowledge of the agriculture sector and in particular of local smallholder farming systems.
2. Knowledge of codes of conduct and labour standards covering smallholders.
3. Experience, knowledge and understanding of international labour rights and ethical trade.
4. Understanding of the local socio-economic and political context, including relevant local culture and customs.
5. Knowledge and experience of conducting questionnaire surveys and focus group discussions.
6. Data analysis experience.
7. Report writing experience.

WHERE TO FIND APPROPRIATELY QUALIFIED FACILITATORS

Suitable facilitators can be found in several organisations in most countries, though some organisations are more likely to have a pool of such expertise, facilitating a much wider choice. The following organisations can be considered when shopping around for such expertise:

- academic research institutions such as universities (specifically in the humanities and social science faculties, including departments of development studies, geography and sociology);
- national research bodies (for example, in Kenya, this would include the Kenya Institute of Public Policy (KIPRA) and Tegemeo Institute for Agricultural Development and Policy);
- NGOs and trade unions that have substantial experience of working with smallholders in a business context and in undertaking research and social auditing.

B.3 Introduction by the facilitator

The facilitator(s) should introduce themselves, explain who they are and use the introduction below each time the questionnaire is administered and before each FGD session.

B.3.1 BACKGROUND AND PURPOSE OF THE ASSESSMENT

- This assessment seeks to establish the characteristics, needs and priorities of smallholders and their workers who are supplying products to company X.
- The information gathered will provide guidance to the company on improving labour conditions with smallholders and their workers.
- This assessment is being carried out on behalf of company X, a supplier to company Y, which sells your goods to customers in the UK. Company Y is a member of the Ethical Trading Initiative (ETI) in the UK (where applicable).

- ETI is an alliance of companies (including major retailers and suppliers to UK markets), trade union organisations, and non-governmental organisations (NGOs). It aims to assist workers throughout global supply chains to secure their fundamental rights by ensuring that they are treated in accordance with international labour standards.
- ETI has a code of labour standards, based on internationally recognised labour standards, which its members are committed to. This is known as the ETI Base Code. All ETI members are committed to taking action to implement those standards across their supply chains.
- ETI company members and their suppliers are committed to addressing labour standards issues with all the producers they buy from, including smallholders. As a result, ETI has developed guidelines on how to improve the working conditions of smallholders and their workers.
- As part of this commitment, company X is seeking to understand how to improve labour standards for the smallholders and workers they buy from. Company X is gathering information from their smallholders and workers so that they can find out how to improve their and your practices together.

B.4 Model questionnaire for use with smallholders

The questionnaire survey should precede the FGDs that will be conducted with the smallholders and their workers in separate groups. The smallholders should be reassured that their information will remain confidential. Identities of all participants must be kept confidential from all except those undertaking the assessment.

Name of smallholder:	Location of farm:
Date of assessment:	Name and contact details of assessor:

1 Characteristics of smallholder

Gender:	Age:
Marital status:	Level of education:
Number of children on the farm below [X] years of age (age must correlate with ILO standards on minimum working age as they apply in each country. Developing country exceptions may apply).	
Number of children on the farm above [X] years of age	

2 Farm characteristics

Size of farm	
Product(s) supplied	
Other cash crops grown	
Distance from the farm to the buying/collection centre	



9. The Toolkit

3 Workers and their status

Please indicate in the table below the number of people who work on the farm by gender, age, worker status and the average number of hours each person works on a daily basis.

	Gender M/F	Age	Working hours per day		Worker status (see key below)
			Peak season	Low season	
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

Key: working owner = WO; permanent labourer = PL; casual labourer = CL; unpaid family = UF; paid family = PF

4 Labour conditions and the working environment

Do workers have a contract?	
Type of contract (written or verbal)	
Does the smallholder keep a record of payments made to workers?	
How is payment made to workers (cash and/or kind?)	
Does the smallholder belong to a trade union or small-scale farmers' association? If so, give name of union/association	
Do the workers belong to a trade union or workers' committee?	
What health hazards and risks are associated with the cultivation of this export crop?	
Where do those working on the farm get drinking water from?	
Where do those working on the farm wash after work?	
Do those who spray pesticides or handle chemicals on the farm have personal protective equipment (PPE)?	
Is there a pesticide/chemical store?	
Has the company ever arranged a health check for the smallholder and their workers?	
Description of the type of health check and persons whose health was checked	
Frequency of health check (eg, annually, every two years etc)	
Do the smallholder and workers receive training on the crop/s grown?	
Description of type, frequency and source (eg, from company, government agricultural officers) of training received	
Who are more likely to be trained – men or women?	
What are the criteria for selection for training?	

5 Production characteristics

Does the smallholder have a written contract for the supply of produce?	
Does the smallholder understand the terms and conditions of the contract?	
Description of the contents of the contract	
Has the income from the relevant export crop improved the smallholder's household income? (eg, construction of better houses, improved household nutrition, able to take children to school)	
What kind of problems does the smallholder experience in producing the relevant export crop? (eg, high labour costs, regularity of sale to the contractor, delay in payments or fluctuation of prices)	
Does the smallholder know how and where their produce is eventually sold? (Describe the smallholder's knowledge of the supply chain, eg, does s/he know that the product reaches UK supermarkets?)	

B.5 Guidelines for focus group discussions with smallholders

The focus group discussions (FGDs) should be conducted with smallholders in separate single-sex groups. The following is merely a guideline; it does not always list specific questions but gives areas to be probed and should be used as flexibly as possible. Ideally the FGDs should follow the questionnaire survey. In that way, issues that have not been included in the following guideline, but which have come up from the survey, can then also be included in the FGDs.

1 Introductions (15 minutes)

Facilitator and scribe introduce themselves and explain:

- who they are and why they are conducting the focus group discussion (FGD)
- the purpose of the assessment and the aims of ETI (see B.3)
- that participants' input is confidential
- that involvement is voluntary and participants are free to leave at any time if they need to.

Participants then introduce themselves.

2 Discussion of issues

2.1 Demographic characteristics and the agricultural calendar

The aim here is to establish who does what on the farm and how much time farming activities take. Following a discussion of the questions below, the facilitator demonstrates to the participants how to map out their activities.

- What is the age and other demographic characteristics (gender, marital status, level of education, number of children of smallholders)?
- What acreage do smallholders farm, what portion of land is under the contract crop/s and how many years has the contracted crop been produced?
- What are the farming activities of members of the household? How long do they take, and who does them?
- Who is responsible for hiring labour? Who grows different crops on the farm? Who sells them? Where and how are they sold? Who gets paid?



Following a discussion of the questions above, the assessor demonstrates how to map out participants' activities.

2.2 Cost-benefit analysis of cash crops

This discussion aims to identify the different cash crops grown, the cost of labour, other inputs and prices. Participants use the wheel ranking tool to rank the crops in order of importance.

- Agree on the list of cash crops (facilitators should assist participants with this based on what has been said during the discussion).
- Agree on all the costs of growing the crop/s – prompt for inputs such as seeds, wages, transport, agro-chemicals, providing facilities such as washing facilities.
- Discuss whether prices cover all the inputs and whether the cash crop has improved farm income.
- Agree on ranks of crops, taking time to probe for confirmations and contradictions from all participants. The most important crop should be listed first.
- Draw the outline of a ranking wheel (an example is shown below). Participants present this information visually, by completing the wheel according to the agreed ranking.

2.3 Wealth ranking

Participants should discuss their ideas of indicators of wealth and rank themselves and others in their community to indicate how their position has changed since they started growing crops for export. The following prompts can be used to initiate the discussion.

- What makes one person better off than the other? Wealth indicators might include animal ownership, type of house, size of household, farm size, bicycle or ox-cart ownership, gifts from relatives and so on.
- Participants should categorise groups from richest to poorest. They should be encouraged to have as many categories as they deem fit to their local situation, for example the poorest could be subdivided into poor and most deprived. Alternatively this could be based on men and women and landed and landless.
- Participants should be asked to rank themselves using these groups, both before and after they started selling to the contractor.

2.4 Constraints and problems facing smallholders

- What problems do smallholders (both male and female) most frequently face in the production of the contracted crop/s?
- How is risk (such as fluctuating prices and poor harvests) spread out among the smallholders and the contractors?
- Do smallholders have a written contract? If not, discuss why not and probe whether they have ever had one in the past. What are its contents? Do they have a copy of the contract?

Following a discussion of the questions above, use the wheel to rank problems in order of importance.

- What are some of the possible solutions to the problems facing smallholders?

2.5 Knowledge of the supply chain

This should indicate what participants understand about the supply chain and where they get information from.

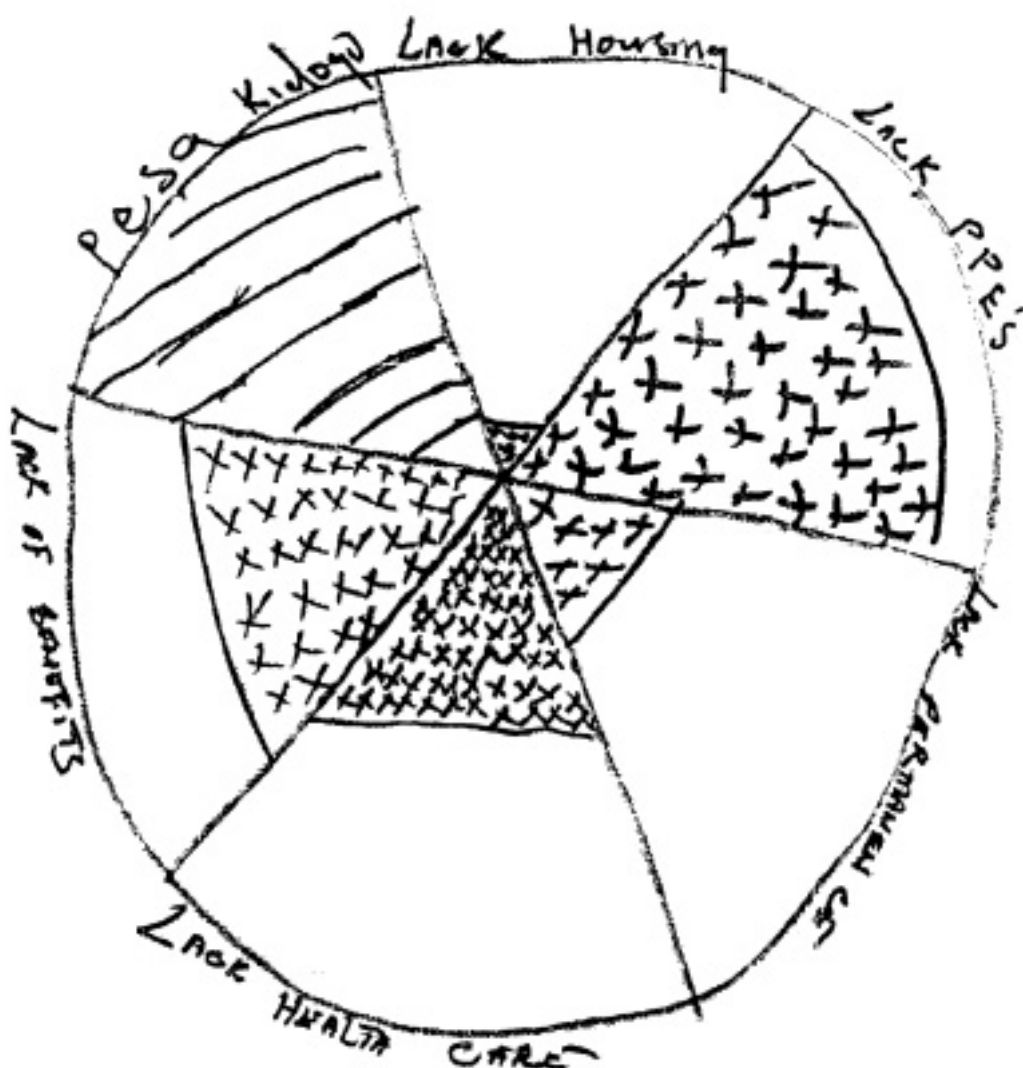
- Participants should explain what they think happens to the crop/s from the time the produce is harvested until it reaches the end consumer.
- Discuss the advantages and/or disadvantages of the supply chain.
- Ask how participants know about the supply chain.
- Discuss whether communication from the contractor is adequate on issues such as prices, contracts and general information.

An example of a wheel ranking tool is shown opposite. During focus group discussion, participants list issues of concern to them and then fill in the wheel according to the priority that they give those issues. This example is a completed wheel ranking exercise

from research carried out in Kenya as part of this project. The workers identified six issues, so the wheel has six segments. The infill indicates the priority attached to each issue. For more information on using wheel ranking tools, see *Participatory social auditing of labour standards: a handbook for code of practice implementers* by Diana Auret of the Agricultural Ethics Assurance Association of Zimbabwe, 2002.

Ranking of problems by male tea workers

Problems	Rank
• Insufficient wages (Pesa kidogo)	1
• Lack of PPE	2
• Lack of benefits	3
• Lack of healthcare	4
• Low permanence	5
• Lack of housing	6





B.6 Guidelines for focus group discussions with workers

These should be conducted with workers in separate single-sex groups. The following is merely a guideline and should be used as flexibly as possible to include issues which may be location-specific. For example, issues raised by the smallholders in the questionnaire survey or in the FGDs with smallholders could be probed further in these discussions.

1 Introductions (15 minutes)

Facilitator and scribe introduce themselves and explain:

- who they are and why they are conducting the focus group discussion (FGD)
- the purpose of the assessment and the aims of ETI (see B.3)
- that participants' input is confidential
- that involvement is voluntary and participants are free to leave at any time if they need to.

Participants then introduce themselves.

2 Discussion of issues

Demographic characteristics of workers and the working calendar

- Ask the workers about their age and status (whether they are permanently employed and whether or not they are migrant workers). Document their gender.
- Ask them to describe their activities (for example, weeding, picking, pruning and so on) and how much time this takes in a normal farming year.

The facilitator demonstrates how to map out their activities.

Ranking exercise of general issues

The aim of this discussion is to probe for workers' concerns and their order of importance. Probe to find out the real cause/root of each problem, rather than just getting a description of the problem itself.

- Discuss concerns (facilitator should assist them with this based on what they have said during the discussions above, and prompt for likely issues if necessary – see below).
- Agree ranks for these concerns taking time to probe for confirmations and contradictions from all participants.
- Complete the wheel according to the agreed ranking.

PROMPTS MIGHT INCLUDE:

Wages

- Are they sufficient for workers to cover their needs?
- Are they paid promptly?

Safe and hygienic working environment

- Are they provided with PPE when working with chemicals?
- How are safe working procedures for workers identified and explained to them?
- Have they undergone training or health checks?
- Is there a first aid kit on the farm, do workers know its whereabouts and how to use it in case of an accident?
- Does the farm have washing facilities and drinking water?

Contracts

- What type of contract do workers have with the smallholder (verbal or written) and do they understand the nature of the contract?
- Are they hired directly by the smallholder or contracted by somebody else?

Working environment

- Can all workers complete the work allocated in the time allowed?
- Do they work overtime and are they paid for it?
- Do they have rest days?
- Is there discrimination (for example based on gender or ethnicity)?
- Are workers unionised?
- What communication channels exist between the workers and smallholders?

Other issues

- To include any suggested by the workers.

C. Using the application framework to assess smallholders'/workers' working conditions

This tool comprises a series of questions which suppliers can use to benchmark the labour situation on smallholdings they source from against those labour standards set out in the application framework in section A.2. It aims to enable suppliers to identify the starting point, or baseline, from which they can plan the action that will be required in order to bring standards up to those specified in A.2.

C.1 Introduction

Suppliers (often referred to as 'purchasers' in these guidelines) need some way of benchmarking labour conditions on smallholdings in order to develop any action plan for improvement. This tool comprises a list of questions that can be used for this purpose. Each question is derived from the indicator rows of the application framework (Toolkit, section A). Where possible, these questions have been written in an open-ended manner to avoid yes/no answers. This should enable respondents to provide full information, and the questioner to gain a full picture of the respondent's situation.

The answers to the questions may come from your own records and observations but in many instances the information may need to come from smallholders/workers themselves. Note that workers include members of the smallholder's family as well as employees. Guidance on assessing smallholders' needs and priorities is given in the Toolkit, section B. The questions may need to be adapted to suit the circumstances of your company.

Abbreviations

PPE	personal protective equipment
SH	smallholder
SHE	smallholder employer
TU	trade union

C.2 Employment is freely chosen

- Which of the SHs'/workers' documents, if any, are kept by you/SHE or intermediary (eg, identity papers or passports)?
- Are any SHs/workers indebted to you/SHEs or an intermediary?
- Are SHs/workers ever fined for any reason? If so, what for?
- How is the movement of SHs/workers restricted within the farms, if at all?
- Do SHs/workers report any deception or coercion in the terms of work or recruitment?



C.3 Freedom of association and the right collective bargaining are respected

- How do you safeguard the SHs'/workers' freedom to establish or join organisations and trade unions of their own choosing and to participate in the activities of such organisations?
- How do you/SHE ensure that the SHs/workers can bargain collectively without fear of reprisal?
- What is your/SHE's level of awareness of the relevant TU representation for SHs/workers?
- What is the level of awareness and knowledge of SHs/workers of the existence of relevant TU representation?
- Which TUs or other such organisations do SHs/workers belong to?
- Where do representatives of SHs/workers' organisations/TUs meet?
- How is this information communicated (eg, notices pinned up in collection centres)?

C.4 Working conditions are safe and hygienic

- What is the condition of equipment/facilities provided to SHs/workers (eg, adequate light, temperature and air quality in grading facilities)?
- How do you/SHEs handle suspected cases of occupational illness reported by SHs/workers?
- How are the specified health checks for SHs/workers undertaken (eg, who provides them and how often)?
- How are minor injuries/accidents attended to on SH farms (eg, do they have first aid kits)?
- How familiar are the SHs/workers with the first aid kit?
- How are accidents on SH farms recorded (eg, accident logbook)?
- How aware are SHs/workers that they should record accidents?
- Are SHs/workers able to use PPE without difficulty? Can they demonstrate correct use of that equipment?
- What type of occupational health and safety training is offered and/or provided for the SHs/workers?
- What evidence is there of occupational health and safety training given to SHs/workers (eg, records)?
- What is the level of awareness and knowledge of occupational hazards among SHs/workers (eg, can they demonstrate safe handling)?
- Which SHs/workers are trained on handling of pesticides?
- Where particular pesticides and/or chemicals are specified, what advice (eg, washing facilities required for post-pesticide spraying) is given to SHs/workers?
- Where do those working on the farm wash after work?
- Where do SHs/workers obtain their drinking water from (ie, is potable water available on the farm)?
- Where do SHs/workers store their food while working on the farm?
- What type of toilet facilities (catering for both sexes) are available for the SH/workers?
- What provisions exist on SH farms to ensure pregnant or nursing SHs/workers do not undertake work hazardous to them or their child?
- How are the special provisions for pregnant women and nursing mothers communicated to them?
- Where do nursing mothers breastfeed during working hours?

C.5 Child labour shall not be used

- What type of policy on child labour (eg, minimum age, wages, protection against hazards) do you/SHEs have on SH farms?
- How are the provisions of the child labour policy communicated to the SHs/workers?
- How do you/SHEs guarantee that the child labour policy is implemented?
- What proportion of the children/young people working on SH farms attend school?
- What proportion of those are contracted to work on the SH farms are children/young people?
- How much combined time do the children/young people working on the farm require for travel to and from work and school, and time spent in school?

C.6 Living wages are paid

- What criteria do you/SHEs use in calculating production costs that are compatible with paying a living wage to SHs/workers?
- Do you/SHEs offer remuneration to SHs/workers that equals or exceeds the production cost?
- Have the SHs been shown how to calculate their own costs of production?
- How are piecework rates for SHs' workers agreed and calculated?
- Do you/SHEs have records showing how piece rates/prices are agreed/calculated, including where prices are set by auction?
- How do you/SHEs establish that SHs/workers' records of payment correlate with yours/theirs?
- What evidence is there that SHs/workers understand the mode of payment and deductions?
- What are the provisions in the contract between you and the SHs (eg, volume and product specifications, penalty clauses used by the buyer)?
- What mutual obligations (eg, regarding payments and deductions) are specified in the contract between SHEs and workers?
- What differences are there in the type of contracts offered to male and female workers by the SHE (eg, contracts precluding women from working when pregnant)?
- Do all parties honour the terms of the contracts?
- What is the rate of contract violation among: (estimates are expected here, not exact figures)
 - your company/SHEs _____%
 - SHs _____%
 - workers _____%
- Where do SHs receive their inputs from (eg, locally or from you)? If you supply inputs, do you offer them at cost price?

C.7 Working hours are not excessive

- How often (during a year) are SHs/workers obliged to work excessive hours (ie, more than 48 hours a week)?
- What are the pay rates for workers' overtime on SH farms?
- What evidence is there that workers understand the pay rates for overtime?
- Do records show appropriate overtime payments that correlate with SHs/workers' records?
- How many rest days do workers receive on average?
- How do you/SHEs make sure that overtime does not interfere with the parental responsibilities of SHs/workers?



C.8 No discrimination is practised

- What are the contents of your/SHE's anti-discrimination policy (eg, no discrimination in hiring, promotion etc based on ethnicity, gender etc)?
- How is the anti-discrimination policy communicated to your staff? How is it communicated to SHs/workers?
- What is the level of awareness and knowledge of the provisions of the anti-discrimination policy among SHs/workers?
- How often do women SHs/workers participate in training?
- What evidence is there that SHs/workers can raise issues without fear of discrimination or penalty?
- How are women SHs/workers paid for their production/work (eg, directly or indirectly)?
- What is the difference in wages paid to workers from ethnic minorities?
- What mechanisms are in place to make sure that women workers are not precluded from working when pregnant?
- What type of labour hiring policy (eg, equal opportunities) do you/SHEs have in place in the SH farms?

C.9 Regular employment is provided

- How is information regarding regularity of orders/employment communicated to SHs/workers?
- Are SHs given copies of notices regarding fluctuations in demand (eg, in collection centres)?
- Are workers informed of the likelihood of future work where possible?
- How well informed are you/SHEs about labour or social security laws?
- Which labour or social security laws govern the relationship between you/SHEs and SHs/workers?
- What is the level of implementation of labour and social security laws on the farms?
- How are workers informed of their employment status and criteria for that status?

C.10 No harsh or inhumane treatment

- How do SHs/workers perceive the terms of work, recruitment and working practices (eg, free from abuse, intimidation, threats or harassment)?
- To what extent do women on farms suffer sexual harassment? If they do, when is this most likely to occur (eg, in return for access to services/inputs or orders, overtime)?
- How often do female workers report that overtime is used as a tool for sexual harassment?

C.11 Complaints mechanism

- What type of complaints system do you/SHEs have in place?
- Do you/SHEs have contact details for government inspectors, or for an independent complaints channel such as a local trade union, NGO or SH/Ws' association?
- How are SHs/workers made aware of the complaints procedures provided by you/SHEs?
- Do SHs/workers feel free to use the complaints system?
- What are the common concerns raised by the SHs/workers through the complaints system?
- What corrective action/s have been made in response to the concerns raised by the SHs/workers?



C. Using the application framework to assess smallholders'/workers' working conditions

C.12 Code of practice

- What is the level of awareness and knowledge among SHs/workers of the key requirements of the ETI Base Code and their entitlements under it?

D. Sample letter and questionnaire from retailers to suppliers

This sample letter and questionnaire may be used by retailers to find out which of their suppliers is sourcing from smallholders and what the likely issues are on the smallholdings. It also informs suppliers of these guidelines. It is for use between retailers and their suppliers and may not be appropriate for use at the next level of the supply chain, between exporters and importers. However, it can serve as a model for such communication.



D.1 Sample letter

Dear Supplier,

I am writing to you on behalf of (Company X) trader and product technologist.

We are aware that smallholders and managed outgrowers are increasingly prevalent in retailers' international supply chains, and we recognise that they have an important part to play, both in the UK and worldwide. However, the experience of certain companies is that smallholders and managed outgrowers frequently have poor terms and conditions of work. As a company we are therefore keen to work with those producers within our supply chain who source products from smallholders and managed outgrowers, in order to ensure that decent working conditions are met.

Because of their valuable role within the supply chain, we want to ensure that smallholders and managed outgrowers are able to maintain supply to us, and are not excluded from providing products to us. Instead, we need to understand more about their working needs. We also need to find ways to work with our suppliers and their smallholders and outgrowers to ensure that they remain an integral part of the supply chain, while ensuring that their working conditions (and those of their workers where relevant) are not being neglected. This forms part of our overall approach to improving labour standards of all workers in our supply chains.

The Ethical Trading Initiative

We are members [delete if not applicable] of the Ethical Trading Initiative (www.ethicaltrade.org), which is a UK, membership-based organisation that brings together businesses, trade union organisations and non-governmental organisations (NGOs). ETI works to help improve working conditions in the supply chains of member companies by applying international labour standards. Members develop and promote good practice in the credible implementation of ethical codes of conduct.

ETI has developed guidelines on the practical implementation of the ETI Base Code with smallholders and outgrowers. This document is available to all our suppliers who have smallholders and managed outgrowers within their supply chains. It can be downloaded from the ETI website at www.ethicaltrade.org

What we want you to do

As an initial step, we need to know which of our suppliers are currently sourcing products through smallholders and outgrowers, and the controls that are currently in place to ensure that they are treated fairly and are paid an acceptable price for their produce.

We are also interested in understanding more about what you see as your priorities, issues and concerns for the smallholders and managed outgrowers within your supply chain.

You will find a questionnaire attached to this letter regarding the use of smallholders in your supply chains. Please could you complete the questionnaire and return it to: [name] [job title] at [contact details] by [date]. Please also let me know if you would like a copy of the 'ETI smallholder guidelines' mentioned above.

The issue of smallholders is an important one to our company and I therefore look forward to receiving your questionnaires and comments.

Yours sincerely

D.2 Sample questionnaire for suppliers

1. Supplier name	
2. Contact name, e-mail address and phone number	
3. Do you have smallholders in your supply chain?	
4. Which products do they supply?	
5. Which country/ies do they supply from?	
6. How do the smallholders fit into your supply chain? For example, do they sell directly to you, an exporter/ processor, third party trader or agent, via a farmers' co-operative or association?	
7. How long have you had a buying relationship with these smallholders?	
8. Do you have a manager with responsibility for managing the smallholders?	
9. How are retailer quality, technical, safety and ethical requirements made known to the smallholders?	
10. What support is given to the smallholders to achieve these requirements?	
11. What commitments do you have with the smallholders if you wish to end the relationship (eg, notice period, contract with time specifications, phase-out process)?	
12. How are the smallholders organised, ie, co-operative, buying centres, on-delivery payment only?	
13. What percentage of the product supplied to our company is from smallholders?	
14. How many smallholders supply product X?	
15. What is the seasonal production pattern of product X?	
16. What other produce do the smallholders providing product X sell to the export market?	
17. How much of their land (%) is tied up with producing product X for buyers per year?	
18. What percentage of product X is sold to other retail buyers?	
19. Is product X in demand at local markets/is it eaten locally?	
20. Can it be sold elsewhere?	
21. What other produce do the smallholders grow?	
22. What in general are the hired labour practices for smallholders?	
23. Please provide a general overview of labour practices, ie permanent, part-time, temporary, tied, family, shared labour.	
24. How do you ensure there is no forced or bonded labour within your smallholders?	
25. Is the labour local or migrant? (Please give details for all products and countries from which you supply to us.)	
26. What is the local agricultural wage? (Please give details for all products and countries from which you supply us.)	
27. Are any of the smallholders and/or their workers members of unions?	



9. The Toolkit

28. What do the smallholders know of the UK/retail/customer end of the supply chain?	
29. What do the smallholders understand about the export market and the pricing systems?	
30. How are the costs for the smallholders built into price negotiations between you and the retailers?	
31. What are the main problems and issues for the smallholders in supplying products to our company?	
32. What impact do currency fluctuations or other global market changes have on your purchasing from smallholders?	
33. What support can we provide to manage the problems and issues identified?	

E. Sample documents for smallholders and those buying directly from them

These four sample documents include:

- a sample contract from smallholders to a purchaser
- a suggested list of records that smallholders and purchasers should keep
- a record-keeping format for smallholders
- a check list of selected health and safety measures.

The documents are reproduced with permission from the Natural Resources Institute UK².

E.1 Sample farmer to company contract for the cultivation of green beans

1 General:

1. Farmers of village (the Farmers) wish to grow green beans and Company (the Company) wishes to promote and buy their production and market it overseas.
2. This contract specifies the terms and conditions under which the Farmers will grow green beans and the Company will promote, purchase, process and market them.

2 The Company agrees:

1. To measure and assess the suitability of the plot proposed by the Farmers for planting green beans.
2. To provide high-quality seed to the Farmer in good time for planting, in the quantity required for planting the accepted area of land.
3. To supply on cash payment (or on credit once the Farmer has qualified as an established and reliable contract grower) the type and quantity of fertilisers and agro-chemicals required for the area of green beans planted by the Farmer.
4. To advise the Farmers on all technical aspects of growing green beans.
5. To buy all green beans of acceptable quality grown by the Farmers, for a price announced at the start of each growing season. The quality requirements will be as described in Schedule 1.
6. To pay the Farmer his/her dues as described in paragraph 4 below.

3 The Farmer agrees:

1. To use the part of his/her farm that has been surveyed and approved by the Company, for the purpose of growing green beans for the duration of this agreement.
2. To plant the bean seeds supplied by the Company on this land, on the dates and following the procedures advised by the Company.
3. To follow all technical recommendations made by the Company with regard to planting, irrigating, weeding, fertilising, controlling pests and diseases, picking, sorting and packing green beans.
4. To sell all green beans of acceptable quality grown on the farm to the Company, for the price and following the procedure outlined in paragraph 4 below.
5. To become a member of ... Farmers' Group, and to contribute to the maintenance of common facilities for irrigation, input distribution, sorting, packing etc as agreed by the Group.

2. *Smallholders in export horticulture: a guide to best practices*, The University of Greenwich, 2002.



4 Payment for green beans and production inputs shall be determined as follows:

1. The base price at which each grade of green beans will be bought will be announced by the Company at least one month before the start of each planting season.
2. The prices at which fertilisers and agro-chemicals will be sold will be announced at the same time, but may fluctuate during the year in line with exchange rate fluctuations.
3. Payment for green beans delivered each month, less the cost of fertilisers and agro-chemicals taken on credit, will be made before the 15th of the following month.

5 Penalties and bonuses:

1. If the Farmer delivers green beans which do not meet the agreed quality standards, the Company will reject them. The Farmer may re-submit them after sorting, but the Company is under no obligation to accept beans which do not meet the agreed quality standards.
2. If the Farmer fails to follow the procedures detailed in this agreement, he/she will be warned verbally and in writing. After three written warnings the Company has the right to terminate the agreement.
3. If the Company fails to fulfil its commitments as detailed in paragraph 2 above, the Farmer has the right to claim compensation to the value of the services foregone or to the value of the crop lost, at rates agreed between the Company and the Farmers' Group.
4. If the Farmer delivers green beans which exceed the required quality standards or the expected level of production, he/she shall be eligible for a bonus payment at a level agreed between the Company and the Farmers' Group.

6 Duration of the agreement:

1. This agreement will last for one growing season from the date of signing to the end of the economic harvest of the green bean crop.
2. If both parties are satisfied with the outcome of the agreement it may be renewed for a further season, but there is no obligation on either party to renew the agreement.

7 Dispute settlement:

1. Any dispute arising as result of this agreement will be settled wherever possible by discussion between the Company, the Farmers' Group and the Farmer.
2. Any dispute which cannot be settled by this process will be referred to an independent arbiter acceptable to all the parties involved.

8 Signature:

I have read and understood the contents of this agreement and I sign it of my own free will.

_____ (Farmer)

_____ (Company)

_____ (Witness)

_____ (Date)

SCHEDULE 1: GRADES AND QUALITY REQUIREMENTS OF GREEN BEANS

1. Grade specifications:

1. Grade 1 beans (extra fine) are from 6.5–9.5 cm in length.
2. Grade 2 beans (fine) are from 9.5–11.0 cm in length.
3. No other sizes will be accepted.

1. Quality requirements – acceptable beans must be:

1. free from pests, wounds, scars, bruises;
2. free from mud, dust or other debris;
3. not broken or damaged in any manner;
4. not bent;
5. picked with the remains of the calyx intact;
6. fresh and not wilted by sun-burn or other sources of heat;
7. naturally green, not tainted by disease, smoke etc.

Source: Adapted from 'Linking farmers to markets: an operational manual', FAIDA, Arusha, forthcoming 2005

E.2 Records to be kept by smallholders, intermediaries and purchasing companies

Smallholder records	Intermediary records	Company records
<p>See below for a sample format for these records.</p> <ul style="list-style-type: none"> Field activities by date, hours worked, inputs applied, problems encountered Costs incurred in each operation (labour and purchased inputs) Loans taken by date, source, terms and purpose Quantities and quality of products harvested, sold, rejected, consumed Gross value of sales, including bonus or penalty payments Loans repaid and outstanding Own assessment of performance and achievements 	<ul style="list-style-type: none"> Services provided to smallholders and company Charges levied, actual costs, source of funds for costs not fully recovered Own assessment of impact of services provided, ideas for possible improvements 	<ul style="list-style-type: none"> Number of farmers contracted, by size, location and crop grown Area of crop planted, by smallholder and location Quantity, types and value of seeds and other inputs distributed Types and costs of other services provided Loans extended and recovered Quantity, quality and cost of crops purchased Processing, packaging, collection, transportation and marketing costs Quantity and value of crops sold Own assessment of performance and achievements



E.3 Sample monitoring and record-keeping format for smallholders

1 Farmer

- a. Name
- b. Address

2 Site

- a. Location
- b. Altitude
- c. Topography
- d. Soil type
- e. Rainfall: mean annual (mm)
- f. Mean monthly (mm)
- g. Temperature: mean monthly maximum and minimum
- h. Water supply for irrigation source/quality/reliability
- i. Vegetation
- j. Previous land use

3 Area of crop

- a. Total area of farm (ha)
- b. Current year's planting (ha)
- c. Previous year's planting (ha) Production (kg)

4 Land preparation

Date	Operation	Method	Cost	Outcome

5 Nursery activities (where seedlings are produced for transplanting)

Date	Operation	Materials used type/quantity/cost	Labour quantity/cost	Outcome

6 Transplanting (where practised)

Date	Area planted	Number of seedlings	Spacing	Cost	Outcome

7 Sowing (where direct seeding is practised)

Date	Area	Seed (gm)	Method	Spacing	Cost	Outcome



8 Fertiliser application

Date	Area	Amount (kg)	Type	Material cost	Labour cost	Impact

9 Irrigation

Date	Area irrigated	Method	Material quantity/cost	Labour amount/cost	Impact

10 Weed control

Date	Area weeded	Method	Material quantity/cost	Labour amount/cost	Impact

11 Pest and disease control

Date	Type of pest/disease	Impact pre-treatment	Treatment date/type	Materials quantity/cost	Labour amount/cost	Result of treatment

12 Harvest

Date	Area	State of crop	Method	Cost	Outcome

13 Sorting, cleaning, packing

Date	Method	Materials quantity/cost	Labour amount/cost	Outcome

14 Production and sales

Area harvested	Date planted	Date harvested	Quantity harvested (kg)	Quality grade/%	Value of crop sold

15 Comments



E.4 Sample health and safety measures

This is by no means a comprehensive checklist of health and safety issues on smallholdings. It covers some key issues that purchasers should be aware of, especially when planning training for smallholders on safe working practices. This list might also make the basis of a poster that could be displayed where smallholders will see it (at collection centres for example) but it would need to be rewritten for the audience and, ideally, illustrated with practice examples.

-
- Knives and other implements must be kept sharp – this reduces the risk of injury from using too much force when trimming and harvesting.
 - If machinery is used, moving parts should be enclosed with guards, where possible.
 - Adequate health and safety training should be provided if new technologies and/or working practices are introduced; for example, if fertilisers or pesticides are recommended, measures should be in place for smallholders who cannot read instructions.
 - Recommended fertilisers and pesticides should be packed in sizes that women can carry.
 - Latrines should not be located near open water sources used for irrigation or drinking water.
 - Properly located latrines should be available near to sites of production. This enables smallholders to use these facilities when they need to, so discouraging the incidence of defecation in the field, which increases the risk of faecal contamination.
 - Smallholders should be trained in basic sanitation and personal hygiene to prevent unintentional transmission of food-borne illnesses to others (for example, salmonella species, shigella species, E coli and hepatitis A viruses). Farmers should be informed that good hygiene protects them from illness.
 - Farmers with open sores, boils or infected wounds on parts of the body that might come into contact with others, or with fresh produce, must not take part in harvesting, sorting or packing.

F. Working for a better life: what smallholders need to know

This is a sample leaflet explaining the rights and responsibilities of smallholders and workers. It was written by ETI for the Kenyan context, to give an indication of how to communicate clearly and appropriately on labour standards issues with smallholders and workers. It can be adapted for use in other countries by changing the cartoons and back page details, which indicate where readers can seek further information. It was designed for use by companies, NGOs and TUs when working on labour standards with smallholders and their workers. It can, for example, be integrated into training or communications materials.

Talking this over

Now you have read this booklet you may have many questions about how you can meet the standards. For example, you may feel you can't pay workers more or you may need more information about health and safety risks on your farm. You are entitled to discuss these issues with your buyers – they are committed to playing their part in raising workplace standards.

You can also talk it over with:

Kenya National Federation of Co-operatives Ltd
P O Box 49768-00100 - GPO Nairobi
Tel: 020 557134

Kenya Plantation and Agricultural Workers' Union
Co-operative Bldg
Kenyatta Avenue, P O Box 1161, GPO Nakuru
Tel: (051) 212310 / 214694, Fax (051) 212310

Your local contact is:

About these workplace standards

This booklet is from the Ethical Trading Initiative (ETI), a British organisation which aims to raise workplace standards among suppliers to the British market. The standards ETI follows are based on those of the International Labour Organisation, which are supported by the Kenyan government.

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Working for a better life

What smallholders need to know



Cartoonist: Bryan Mwaniki Gituku

2

This booklet is for smallholders and everyone who works on the farm, including family members, permanent and casual workers. It is about practical things you can do to improve working life on your farm. It also sets out your rights to fair treatment by the companies buying your produce.

3

2

- improving product quality, productivity, farm income and wages;

-

Freedom to choose work

Everyone has the right to choose their work in the first place! For example, you cannot force members of your family to work on your farm if they prefer not to. Likewise, a company cannot force you to sell your produce to them.

Your right to a contract

You have the right to sell your produce as you wish. If you agree to sell to one buyer regularly, you have the right to a clear, written contract that sets out:

- the product specification
- the minimum/maximum quantity you will supply
- the agreed price and details of how prices are fixed
- how you will be paid
- what the buyer will provide, for example materials and training
- how to negotiate changes to the contract or make a complaint.

4

Treating people alike

You must treat all workers alike, regardless of their gender, ethnic origin, status (permanent/casual) and so on. For example, women who do the same work as men should get the same pay. You should not refuse work to a woman because she is pregnant or likely to become pregnant. Women should have equal access to training.

Smallholders are also entitled to be treated alike by buyers. For example, buyers should not discriminate against women or farmers who belong to a trade union or smallholders' organisation.



5

A decent wage

All workers are entitled to a 'living wage'. That means that income/pay should be enough to meet basic needs (for example housing, food, fuel, clothing, health and education) with some left over to spend as wished.

Workers should receive at least national minimum wage rates.

- If you pay piece rates, these should be equivalent to at least the national minimum wage.
- All workers are entitled to be paid for their work, including spouses for example.
- Workers should be paid for all their time on the farm, as well as time spent at collection centres.
- Pay should always be paid promptly – daily, weekly or monthly. Pay may be cash or an agreed alternative (but not alcohol).

6

Records of pay

Make sure your workers understand:

- rates of pay for the job or how piece rates are calculated
- deductions from pay and what they are for
- overtime rates of pay (see also page 12).

You should give workers a contract, preferably in writing, setting out agreed pay, deductions, standards expected of them and what to do if there is a dispute. A verbal contract should be witnessed by three or more independent persons.

You should also keep records of wages and workers' contracts.

7



Your right to a fair price

You are entitled to a fair price for the goods you sell. A 'fair price' is one which covers all your production costs and wage costs with a small surplus for you to invest in your business.

Where the price your receive is set at auction, it should reflect at least the auction price minus the costs of processing and administration.

Wage costs should include at least the national minimum wage for you, members of your family working on the farm and any people you employ. Production costs include, for example, seeds, tools and essential equipment, fertilisers and other chemicals, protective clothing, safe storage, transport, and the costs of providing drinking water, toilets and washing facilities. Some of these items may be provided by the buyer.

You are entitled to know how your buyer calculates the prices paid for your produce. You should also agree what happens to produce that does not meet the agreed standard.

Buyers should pay you in cash or, if you agree, in cash and kind (so long as this does not include alcohol). You should agree with your buyer when payments are due and your buyer should stick to this agreement.

8

A safe and healthy workplace

Smallholders are responsible for the health and safety of everyone who works on the farm. That means:

- everyone should understand hazardous activities or equipment that could cause accidents or ill health, for example:
 - contamination with pesticides and other chemicals
 - bending or standing for long periods
 - lifting heavy loads
 - poor hygiene
 - snake and insect bites
- everyone should be trained to work safely, for example handling/storing pesticides (your buyers can advise on this)
- you should provide a first aid kit and everyone should know where to find it
- pregnant or nursing mothers should not do any work that might harm them or their child.

You should provide all workers with:

- protective clothing and equipment
- clean drinking water, toilets and washing facilities
- regular health checks if workers handle chemicals.

Smallholders should keep a record of accidents and incidents. If a worker is injured or becomes ill at work, the smallholder should arrange prompt medical help.

9

Your right to health and safety advice

Your buyer must provide you with clear information and advice on all aspects of health and safety on your farm, or tell you where you can get reliable and up to date information and training. This should include advice/training on:

- how to work safely with chemicals such as pesticides
- where to obtain, when and how to use protective clothing and equipment
- how to store chemicals safely
- how to handle heavy loads
- what to do when there is an accident or incident.

In some cases, where your buyer specifies working practices and materials, you are also entitled to a health and safety risk assessment of your farm and training in how to work safely.

If your buyer provides equipment, it must be in a safe condition and fit for purpose.

Smallholders may be entitled to certain health checks. If you suspect any work-related illnesses on your farm, inform your buyer who must follow this up and advise you what to do.



10

Casual and seasonal workers

People who work regularly for you, for example a few hours each week or every harvest, are entitled to job security. You should give them a contract setting out their terms of work and treat them the same as other, full-time workers. For example, you should give all workers protective equipment and training in health and safety.

As far as possible, you should give casual and seasonal workers an estimate of how long they will be required to work on the farm. Casual workers should tell the smallholder how long they expect to be available for work on the farm.

Where possible, you should offer regular work to seasonal and casual workers. When this is not possible, tell these workers what you expect of them. For example, explain how they can become 'permanent' and how much notice they can be given.

Regular orders

As far as possible your buyer should provide you with regular orders for your produce. When this is not possible your buyer should explain why orders fluctuate and tell you about prospects for future orders. You should get advance notice about orders whenever possible.

11

Time to work, time to rest

Everyone on the farm should work reasonable hours. Nobody should work more than 48 hours a week on a regular basis. Your buyers cannot oblige you to work excessive hours to meet demand for your produce.

All overtime should be voluntary and, if you are working a 48-hour week, should not be more than 12 hours a week.

Workers should always be paid extra for working more than their contracted hours – for example 1.5 times the usual rate of pay.

Nursing mothers should be offered extra breaks.



12

Children and young people at work

Children under 12 should not work on commercial crops. Those between 12 and 14 may do light work so long as it does not interfere with school work. Children of this age should spend not more than 10 hours a day on school, travel and farm work combined.

Young people under 18 should not do any hazardous work, for example applying pesticides or carrying heavy loads.

Your buyer should provide you with written details of the company's child labour policy so that you are clear about the law and your responsibilities.



13

A good employer

Being a good employer means treating workers fairly and with respect. You should not keep workers' identity papers or ask them for deposits. You should not shout at or threaten workers or demand sexual favours.

Workers should have a fair means to make complaints about workplace conditions. Those who make a complaint should not be penalised in any way.

Smallholders should make sure all their workers, including members of their family, are aware of this booklet.

Your right to fair treatment

You are also entitled to be treated with fairness and respect by buyers. For example, your buyer must not ask for deposits, levy fines or keep your identity papers. Buyers should not threaten, shout at or deceive you.

All buyers must set up a confidential complaints system so that you can complain if you need to, without fear of reprisal.

14

Freedom to meet and to bargain

All smallholders and their workers are entitled to meet to discuss working conditions and to bargain for better prices/wages and working conditions. To help workers to do so, and to help them understand their rights at work, they are entitled to join a trade union. Smallholders are entitled to join a trade union or smallholders' group such as a co-operative which may negotiate with buyers on behalf of its members.

Smallholders and workers are entitled to join such groups without fear of reprisal. For further information about local trade unions and co-operatives see the back page.

Trade union or other representatives must be allowed to meet workers/smallholders.

You must explain to workers that they can join a trade union if they wish. Tell them which unions may be suitable and how they can contact them.

Buyers/smallholders must recognise the right of smallholder organisations/ trade unions to be involved in bargaining for fair prices/pay and better workplace conditions.

15

G. Samples from the Photobook for use with smallholders

The photographs below are a selection taken from the Photobook used in trials in Kenya to explain to smallholders the concept of the supply chain. This visual aid was very successful in helping smallholders understand what happens to their produce after they deliver it to the collection centres. The complete Photobook is given in the CD-ROM inserted in this publication. Companies are welcome to reproduce this Photobook for training purposes.



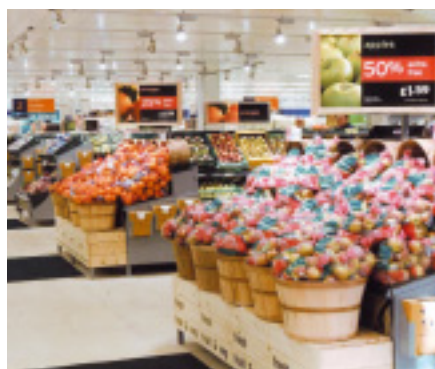
Smallholder farmer delivering beans to local collection centre, Kenya, Photobook slide 6



Collecting delivery information, Kenya, Photobook slide 9



Washing and packing plant for fresh produce, Kenya, Photobook slide 13



Fresh produce for sale in supermarket, UK Photobook slide 26

H. CD-ROM of the 'ETI smallholder guidelines' and the Toolkit

Contents

1. System requirements
2. About this CD-ROM
3. Running this CD-ROM
4. If your CD-ROM does not work
5. Licence
6. Disclaimer
7. Contact us

1. System requirements

Required: A computer with a CD-ROM drive and PDF reader software (eg, Adobe Acrobat Reader).

Note: This CD-ROM contains PDF files and you will need suitable software to view them. Macintosh and Unix users should have this as standard. Windows users may need to install a reader such as Adobe Acrobat Reader – two versions are included on this CD:

- a) Adobe Acrobat Reader v7 – the current version at time of issue, recommended for more recent computers running Windows 2000/XP;
- b) Adobe Acrobat Reader v4 – an older version which may be more suitable if you have an older less powerful computer.

You may also download Adobe Acrobat Reader at www.adobe.com

2. About this CD-ROM

The documents for this CD have been created as PDF files which can be opened with suitable software. The **Photobook** is a Powerpoint file. It was created on Microsoft Windows, but should be readable using compatible software on other platforms.

3. Running this CD-ROM

This CD-ROM does not start automatically. Please insert the CD into your CD-ROM drive, and view the contents in your chosen file browser (eg, Windows Explorer or Macintosh Finder). Double click each PDF file in turn to view it. If your computer does not know what software to use, you may have to install a PDF reader.

4. If your CD-ROM does not work

If you cannot open the CD-ROM and view the files on it, then please contact the organisation which supplied you with the *ETI smallholder guidelines* and Toolkit. If they are unable to help you, then please contact ETI (details below).



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