

# Retailers and changing ethical practices & Eksteenskuil, a Fairtrade community



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# Introducing our Project

‘Ethical Production in South Africa: Advancing a Cultural Economy Approach’,  
*funded by the Leverhulme Trust*

## Case studies:

- Sustainable wild flower harvesting on the Aghulas Plain.
- Eksteenskuil Agricultural Co-operative, Fairtrade raisin producers



# Key Research Questions

- **What ethical schemes and policies are involved in each supply chain**
- **Whose values are represented in each of the supply chains?**
- **Are concerns about environmental conservation converging or competing with socio-economic development in ethical supply chains?**

## Aims of Presentation

- **To examine how ethical practices are changing within retailer resupply networks**
- **Consider how Fairtrade has been experienced within Eksteenskuil**

# Methodology

- More than 140 interviews in total with workers, NGOs, government and commercial informants.
- 89 interviews conducted in relation to Eksteenskuil including:
  - 44 people from 27 households; 13 people from 10 different organisations in Keimoes/Upington area; 8 people from other South African organisations and 6 people from Traidcraft.
- Farm observations, field study visits, tours of processing plants, consumer/store-display observation...
- Reviews of published articles, reports, blogs, web-pages.



# Part 1: Retailers, supply networks and changing ethical practices

- ❖ **Outline**
- ❖ **Acknowledgement of issues**
- ❖ **Ethical standards increasingly important**
- ❖ **Environmental issues and sustainability**
- ❖ **Perspectives on Fairtrade**
- ❖ **Who is driving the ethical components?**
- ❖ **Beyond Audit**



# Acknowledgement of issues

- **Companies do accept that there are problems in supply chains**
  - There are challenges around seasonality, seasonal work, women's issues are a priority. Worker manager communication is an issue on farms, we know that worker's knowledge around rights is also a challenge
  - If you look at all the data on our supply base 50% of all the issues are to do with H&S. After that it is working hours and wages
  - I think the legislation is reasonable but I would not like to be a farm worker in South Africa, that is the most marginalised of the lot. They are not unionised, they are paid R6.70 an hour, baking sun, hard work. What is going on there? That cannot be legal... morally legal.



# Ethical standards increasingly important

- **Companies are paying more attention to ethics**
  - I think businesses are looking at their supply chains and they perceive an increase risk in that area. People are more aware of it. Customers are more aware of it, companies are more aware of it, they feel more pressure on them to do something about it. It becomes less acceptable for businesses not to do something about it.
  - The question for any new product will be what is green or sustainable about it? They had better have an answer or it does not go.
  - I would suggest that the tide is coming in and the supply base/industry in SA must proceed with some momentum I would say. We publicly urge all our growers to treat this initiative (FruitSA) very seriously.



# Environmental issues and sustainability

- **Sustainability is a broad-based concept but its elements play out differently with consumer niches**
  - Socially sustainable trade is as important as environmentally sustainable trade is as important as economically sustainable trade. If it is one thing the sustainability movement has created is an appreciation that these issues are related.
  - It is all part of CSR, sustainability. They do interlink these different factors, if a site has poor environmental practices then they often have poor management generally.
  - I think environmental ethics (has more traction), for our customers.
- **The ethics of sustainability will need re-visioning for the African context**
  - There will be a nice interesting thing in terms of 'what is sustainability in Africa?', it is not the Western thing, it is not recycling that type of thing.



# Perspectives on Fairtrade

- **Increasing trend of FT penetration into retailer portfolios**
  - Generally our buyers are interested in CSR and FT products, so they are actively looking for them
- **Position of FT within portfolios varies:**
  - i) **THE symbol of ethicality but mainstreamed FT likely to dominate**
    - Just last week, I got a phone call about a Women's produced coffee but our whole coffee range is Fairtrade, so it is not something that will add anything for the consumer.
  - ii) **Part of a broader ethical mix**
    - We like to give consumers choice and rather than making that decision for them and only stocking one ethically labelled product we do have Rainforest Alliance and FT, we give the consumer a choice and hopefully they can make an informed decision



## Perspectives on Fairtrade 2

- **Can be a distraction if ethics are core to a corporate brand**
  - There is an assumption that because I am shopping with you it is all fine and it is your job to make sure it is.
- **Relevance of FT for RSA consumers is questioned**
  - We could not see the point in taking the FT model from Europe, that did not make sense at all. Then we did not see our customers as appreciating it.
  - If you think of the massive distances your fruit has to travel versus our fruit, there is a big difference in perception.
- **Producers/exporters fairly sceptical about commercial benefits of FT**

# Who is driving the ethical components?

- **Retailers mediating complex consumer desires**
  - It is a challenge to continue to offer the products as 'value for values'. People have become much more conscious of price.
  - I think there is a huge gap with the customers and what we require our own supermarkets to do versus the UK customers. We need to demand that our supermarkets meet those issues in terms of labour or environmental issues. I don't think we are a quarter of the way that UK customers are.
- **Shifts in South Africa – industry, even government involvement.**
  - The FruitSA programme which is brilliant, it is not now the retailers dictating what the requirements are, it is FruitSA saying we are here. It is a change, a turn around.
- **Will this shift be linked to re-conceptualisations of sustainability?**
  - There is good stuff going on. The advantages we have got, and I don't think we are always conscious of it, is to see what the first world has done wrong! That balance between trying to become a first world country and not making the same mistakes, that's the power that the retailers, that's what we have to do. Government is massive but retail can play a really key role in that.

# Beyond Audit

- **The precise shape of ‘Beyond Audit’ programmes is still evolving**
  - It is about moving beyond compliance, beyond just monitoring conditions, to improving conditions, so project work and lots of work that ETI do...we have started in some areas with handbooks, training courses, things like the GLA standards, agency work standards, promoting workforce cohesion in a multi-cultural workforce
  - We are past the minimum stage now, its now about the next level; what is the next level? How do we measure whether we are getting there or not?
  - You need to ‘re-imagine’ the supply chain. You need to get people round the table and to re-imagine it.

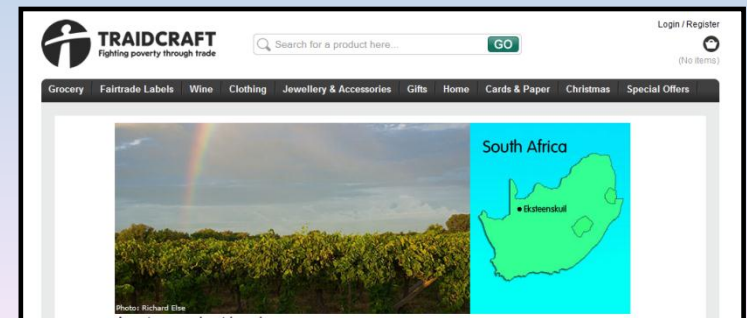
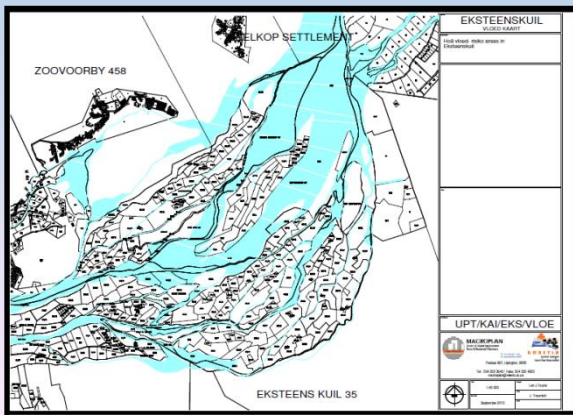
# Retailers and Ethical Practices: Findings

## Summary

- Retailers do acknowledge the existence of labour standard problems in their supply chains and are actively seeking to rectify these
- Ethics increasingly being conflated within 'sustainability'
- Fairtrade is increasingly part of the retail offer, although its trajectory varies between retailers
- There is likely to be an increasing trend of retailer collaboration over ethical management
- There is a trend to look beyond basic auditing to ensure ethical standards within supply chains
- Ethical governance – who is driving the agenda?

# Part 2: Why is Eksteenskuil interesting?

- World's first Fairtrade raisin supplier
- One of only 3 smallholder FT producers in SA
- Unique history and geography
- Produce in a marginal environment
- Linked to UK market
- Been focus for development efforts from Traidcraft





# History and Geography of the Community

- Community from diverse backgrounds
- Post World War 2 resettlement programme
- White farmers moved elsewhere and Coloured people from places such as Kakamas, Poffadder, Namibia came to Eksteenskuil
- However, farmers allocated small plots and no deeds
- Multi-island community based around North, Middle and South Islands
- Infrastructure poor and some areas very 'remote'.



# Hazardous environment

- **Floods, hail, rainfall variations, frost, fire, monkeys and other pests**
  - ‘Every year more hailstorms, more frosts and black frosts are more prevalent too’.
  - ‘But as a result of the 2002 hailstorm they had to sell all their animals to have cash, so no cows for milk during the floods of 2011’.
  - ‘Need capital, you need to be financially strong. Even if you get a loan from the Land Bank it is not a good way to start. You are still dependent on nature.’
  - ‘Every fifth year there has been some sort of a flood. It is a risky place.’



# Livelihood stability/survival

- Household wealth seems to be dependent upon interplay of factors such as: amount of land, productivity of vines, localised risks, number of dependants, opportunities for diversifying income.
- Diverse livelihood strategies – many people have multiple income earning strategies, some can be uplifting, whilst others just enable survival (i.e. renting land out, working as a casual farm worker).
- High dependency levels in many households. Three or more generations all depending upon farm income.



# Land ownership issues

- **Many families still do not have deeds to their land**
- We are patient people, don't feel it is our place to ask. We will get a letter saying where we are on the list. You have to be patient with government'.
- 'We also do not have our title deeds. It is almost impossible for us to get a loan at the bank, our age counts against us.'
- **This is a major impediment to economic progress, causes local disputes and a sense of disempowerment**
- **Requires co-ordinated action to rectify the situation**
- Land ownership is an on-going battle with the government. Once again if the guys can all get together, that's part of it. They need some expertise, the smaller ones are struggling ones. To give them ownership will give them some pride.



# Attachment to the land

- **Polarised views of (farming) life in Eksteenskuil.**

- ‘I love farming and I love the land. My father gave me the opportunity to be in farming and I want to give the same opportunity to my kids’.
- ‘I love my surroundings and being surrounded by nature’.
- ‘I love this place, very much. When my son wakes up in the morning he says ‘Pa we must get to work’, it makes me very nostalgic’.

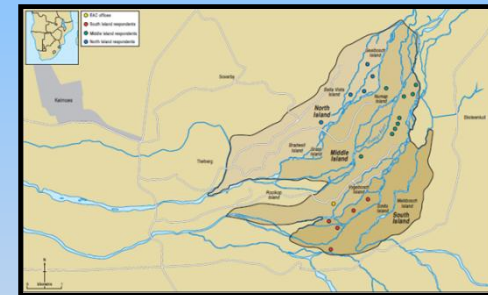


- ‘My children have already said that their hearts are not in farming and they would rather not farm’.
- Farming at Eksteenskuil is like a slow death.
- But if my son does not have a love for farming, how can I expect him to farm?

# Social and Community Issues 1

- **People talk about a lack of community spirit and divisions between the islands**

- 'In the old days the community was very close and everybody helped each other. Now it is a very different story', 'People usually give emotional support but not financial or physically'.
- 'That's how people are on that island, not very committed to helping each other, greediness and things like that. People do not give their co-operation freely.'



- 'If you can give then people will take but if you need help they won't give and that thing has changed over the years. I feel the farmers are getting more and more selfish, especially in terms of what happened during the flood.'



## Social and Community Issues 2

- **Alcohol abuse is seen as an increasing problem**
  - ‘Some of the farmers are too irresponsible, linked to alcohol. That’s why you cannot depend on a lot of farmers. It is especially prevalent on North Island. Each island has its own culture’.
  - ‘The alcohol abuse on that island (North) and most of the farmers on that island are young and can be quite irresponsible’.
  - ‘Even in this hard time people would use what money they had to buy alcohol. They would go through the water. The Police Forum is hopeless. You cannot rely on them.’



# Benefits of Fairtrade 1

- **Members mention various benefits: Implements, higher income, ability to take out loans...**
- 'That's where our lives started, the exporting of the raisins to overseas. We were available to pay off loans and debts and things like that, made life financially easier. Before Fairtrade they were able to live off income Feb-March, now with Fairtrade it is Feb-July at least. The assistance with pesticides and chemicals and things like that, provided a guarantee of a better harvest. Before that we could not afford the better quality chemicals. Our lifestyle has definitely improved.'
- 'We are quite satisfied with the Co-op, the benefits are quite good, they can explore overseas markets. Better price than before joined. One great benefit is that we can borrow implements. People should stop complaining and see the benefits'
- 'The benefit of being part of Traidcraft is the Premium money which helps the community... buying implements is a big benefit for most of the farmers'



## Benefits of Fairtrade 2

- **Through Fairtrade the Co-op structure has been set up**
  - 'Fairtrade has done well, bringing many benefits, like the implements. The resource from Fairtrade is the Premium and the Co-op manages the Premium money. It is a collective.'
  - 'It is much easier to speak for 100 people than standing there and representing yourself. That makes a big difference especially if you are into this Fairtrade thing'.
- **But many people question whether the Co-op's systems work as well as they should:**
  - 'There is always a delay in the process when an implement is broken and not repaired on time. It is first come first served but some people always seem to get their first'.
  - 'What if two farmers are doing the exact same task at the same time? I am frustrated that it does not work as well as it should'.
  - 'years ago there were benefits (of being a Co-op member) but not anymore. If you need assistance they say yes they will give help, but it is not available when you need it'.

# Challenges of FT and the market

- **There is little extra value for Fairly traded commodities**
  - ‘They are all keen to buy the (Fairtrade) tonnes but they are not keen to pay.’
  - ‘The expectation is that this will change their lives around but this is not the right model. So you will always have that frustration.’
- **This story is replicated across virtually all Fairtrade and ethical trade markets. It’s a harsh reality.**
  - ‘it’s good to sit in a boardroom in Germany or wherever saying these guys have to be part of the supply chain and that all these guys are stealing their money, that’s fine and well. But that’s a quick solution to feel better again. You are not really addressing the problem, just the symptom.’
- **Costs of compliance**
  - ‘And the paperwork! I had a guy who probably worked on this for a week full time, just the auditing. It is just a nightmare to work through. It is a cumbersome process to comply.’



# Does Fairtrade deliver as much as it promises?

- ‘It is a bit frustrating as although we know that we are paying a Premium and it is just going to the farmers and they are just fighting and struggling to survive. It’s not like we are creating a fund to plant more or build new schools. Everyone wants to help but are we really making a difference?’



- **There is confusion over the price structure – especially the Social Premium and the ‘Premi’. Confusion leads to misunderstandings, which leads to disenchantment.**
- **Very low local awareness of EAC’s Fairtrade status.**

# Comments about the Fairtrade System

- Too much emphasis on raisins and value chain control, not enough on potential benefits of diversification and benefits to be gained through leveraging support from external stakeholders
- Co-operative model does not fit easily with local context
- Costs of managing Co-op are prohibitive
- Social standards may not meet expectations of consumers, especially around seasonal workers
- Environmental standards are not necessarily appropriate for a location such as Eksteenskuil.





# Effectiveness of the Co-op

- **Communication Problems**

- 'A lot of misunderstandings and confusion that is why people do not participate fully'.
- 'It is difficult to voice opinions in meetings'.
- There are a lot of misunderstandings, you don't qualify (for a scheme) but another person does qualify and you don't hear anything about that person and whether there are still farming'.
- 'I have stopped going to meetings as they are just confrontational...back and forth, back and forth. Lots of misunderstandings, decisions or priorities that differ. So people argue and disagree.'



- **Project Management Problems**

- 'The fig project...first they bought the wrong variety, then it is not being properly managed'.
- 'I do not understand where all the investments done years ago have gone now - projects that were not sustainable and have not become something.'

# Relationships with External Stakeholders 1

- *Lack of awareness amongst members of exactly who the different organisations are and the roles they play...Traidcraft/Fairtrade/SKA/SAD. ..*
- 'If Traidcraft were not there, where would we go? Could we sell to Fairtrade?'



## Relations with External Stakeholders 2

- **Has been a lot of engagement in Eksteenskuil but stakeholders lack awareness of each other – leads to duplication, lack of synergies and frustration.**
- ‘...there is more than one funder for this project, which Traidcraft was not aware of.’



- ‘You cannot have two different bodies planning for the same piece of land at the same time. Nothing happens. You have to work holistically and try to work for the whole area’.

# Relations with External Stakeholders 3

- **Lots of opportunity and goodwill – government and private sector have mandates to support communities like Eksteenskuil**
  - ‘There is money available through government as soon as you have a good plan and a good plan usually starts with a good market and through these Fairtrade people they already have a market’.
  - ‘Don’t bite the hand that feeds. When dealing with government you can easily be left out. There is no point making enemies’.
- **But EAC has a reputation for being difficult to work with**
  - ‘They are always playing one group off against another. If you keep crying wolf then people will start leaping’.
  - ‘The Co-op themselves aren’t particularly strong in terms of their cooperative behaviour and so that fosters ideas of mistrust and things like that and I think because, partly because of that there is a huge amount of switching off and resentment and anger towards the Co-op’.



# Thought Provoking Comments

- ‘You must seek out the bigger picture there is more to the future than raisins and premiums, they will not save the day. Also, you cannot expect one buyer like Traidcraft or one exporter like SAD to save the day. You need a model and plan with a few guys involved.’
- ‘If you look at the way forward, the amount of money you need to invest to get them up to 30 to 40 tonnes and how much land you need. Because you can do a maximum of 5 tonnes of raisins per hectare and with prices, even as they are now there is no way you will survive. You can do a whole calculation to see what size of land you need against yield then you can say what is viable and work from there’.
- ‘There needs to be realism about the potential of some areas and that it is pointless and wrong-minded to encourage people to farm in the more marginal areas, where the productive resource is poorer and the costs and risks are higher’.

# What is the future for the Co-op?

- **Clarifying the purpose of EAC?**
  - ‘The Co-op has not reached its potential, not where it wants to be. They should think ahead more’.
  - ‘I see the co-op not as a community outreach support organisation but as a business’.
  - ‘There is a need for training on how a Co-op works. It is almost a stigma carried over from the old regime and that definitely needs to be changed’.
  - ‘Unrealistic expectations were set from EFA, they set a lot of expectations. The co-op is established and they cannot deliver’.
- **Recommendations**
  - Clarify EAC’s core objectives
  - Identify precisely what EAC is trying to achieve – what is the ‘Vision’?
  - Strengthen relationships with external organisations
  - Strengthen relationships within the community
  - Prioritise resolution of land ownership issues
  - Be realistic about ‘forces of nature’ and ‘forces of economics’.



**Thank You!**

