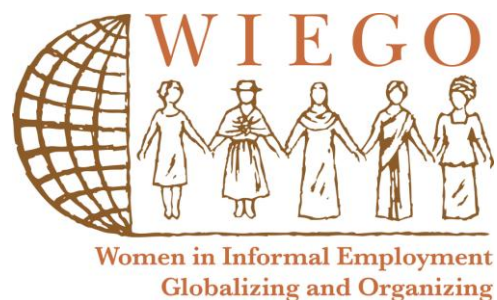


Making Agricultural Value Chain Programmes Work for Workers

A Practical Guide for
Development Donors
and Practitioners

By Man-Kwun Chan



About WIEGO

Women in Informal Employment: Globalizing and Organizing is a global research-policy-action network that seeks to improve the status of the working poor, especially women, in the informal economy. WIEGO builds alliances with, and draws its membership from, three constituencies: membership-based organizations of informal workers, researchers and statisticians working on the informal economy, and professionals from development agencies interested in the informal economy. WIEGO pursues its objectives by helping to build and strengthen networks of informal worker organizations; undertaking policy analysis, statistical research and data analysis on the informal economy; providing policy advice and convening policy dialogues on the informal economy; and documenting and disseminating good practice in support of the informal workforce.

For more information see www.wiego.org.

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1. Introduction

1.1 Why This Guide Has Been Written

Most value chain development programmes (or “chain upgrading” programmes) supported by development organizations include poverty reduction as one of their key aims. Yet the potential of these programmes to deliver on this objective is typically limited by the following two trends:

- Most value chain analyses (VCAs) and value chain programmes (VCPs) focus solely on *owner-managers* of enterprises, while largely ignoring the role of *other types of workers* (e.g., employees and unpaid family labour) as key actors and beneficiaries in the chain (Chan 2011). This is problematic from a poverty reduction perspective, since the majority of the poorest individuals in global agricultural value chains (GAVCs) are likely to be found amongst these other categories of workers, rather than amongst owner-managers.
- Most VCAs and VCPs do not adequately distinguish between different types of owner-managers involved in GAVCs, for example by using the term “smallholder” to describe both producers who rely primarily on their own and family labour (“own account operators”), as well as those farm owners who employ one or more employees on a regular basis to run the farm (“employers”). Treating the two types of producers as a homogeneous group is problematic because own account operators are likely to be poorer and face greater constraints than employers, and interventions designed to help the latter group may well provide little benefit to the former.

Since its inception, Women in Informal Employment: Globalizing and Organizing (WIEGO) has recognized and drawn attention to these weaknesses in how VCAs are typically conducted, and has commissioned this guide as part of its continuing efforts to address these shortcomings. By doing so, WIEGO hopes to contribute to one of its core aims: increasing mainstream recognition of poor informal workers as legitimate economic agents and beneficiaries of social and economic policies and programmes. Moreover, by targeting development donors and practitioners working on agricultural programmes, WIEGO hopes that the guide will contribute more specifically to the network’s current efforts to expand the scope of its work in the rural sector.

1.2 The Guide’s Purpose, Scope and Target Audiences

1.2.1 Purpose

The overall purpose of this guide is therefore to improve the extent to which development-focused agricultural VCPs address the needs and priorities of *all* types of workers found in the target value chain(s). By doing so, the guide also aims to improve the poverty, economic and gender impacts of these programmes (see section 2).

1.2.2 Scope

The guide provides:

- key arguments and evidence that demonstrate how addressing labour issues in GAVCs will help achieve value chain development/upgrading objectives as well as broader development goals
- simple and practical guidance on how to incorporate labour issues into VCAs

- simple and practical guidance on how to ensure that VCPs implemented in the smallholder sector benefit *all* types of workers

1.2.3 Who the Guide Is Written For

The guide is specifically written for the following two audience groups:

- **Development donors** that fund value chain programmes/projects in the agricultural sector, including bilateral donors (e.g., the Department for International Development of the UK government [DFID], and the United States Agency for International Development [USAID]), multilateral donors/finance institutions (e.g., the Food and Agriculture Organization of the United Nations [FAO], and the International Trade Centre [ITC]) and relevant private foundations (e.g., the Bill & Melinda Gates Foundation).
- **Development practitioners** that design, conduct or implement VCAs and VCPs in the agricultural sector, including relevant staff within international development organizations (e.g., rural development and private sector advisers), and agricultural development and value chain consultants (both individuals and organizations) providing technical assistance to donors.

1.3 The Types of Projects/Programmes to which this Guide Applies

This guide is relevant to all “value chain programmes” (VCPs) in the agricultural sector. VCP is used to mean any project or programme that seeks to help target beneficiary group(s) enter a new GAVC, and/or seeks to improve the economic or other gains resulting from chain participation for one or more actors in the chain. VCPs typically focus on one or more of the following types of “chain upgrading” activities as a means of achieving these aims:

- **Process upgrading:** measures that result in an increase in production efficiency and a reduction in the costs of production. This may involve improved organization of the production process or introduction of new/improved technology (e.g., horticultural producers switching from furrow to drip irrigation).
- **Product upgrading:** measures that lead to a qualitative improvement in the product that makes it more desirable to the consumer and earns a higher unit price (e.g., compliance with food safety, environmental and social standards in fresh produce)
- **Functional upgrading:** measures that lead to a firm entering a new, higher value-added level in the value chain (e.g., vegetable producers selling directly to exporters rather than selling to intermediary firms)
- **Channel/chain upgrading:** measures that result in a firm entering a new marketing channel in the value chain (e.g., smallholders beginning to sell vegetables to domestic canning factories as well as local fresh produce markets) (Dunn et al. 2006)

This guide is relevant to any programme/project that incorporates one or more of these types of chain upgrading measures. It is also relevant to value chain analyses (VCAs) or studies that are conducted to better understand chain constraints and identify opportunities for intervention. These studies can either be carried out as an initial step in the design and implementation of specific VCPs (e.g., see **example 1a** below), or they can be conducted as part of efforts to build capacity of local stakeholders to design and implement their own VCPs (see **example 1c**). **Examples 1a – 1c** provide an indication of the types of VCPs and VCAs to which this guide would apply.

EXAMPLES 1a, 1b, 1c The Types of VCPs and VCAs to which this Guide Would Apply

The African Cashew Initiative (ACi). The objective of ACi, which is funded by the Bill & Melinda Gates Foundation, the German Federal Ministry for Economic Development and Cooperation and private sector organizations, is to strengthen the global competitiveness of cashew production and processing in Mozambique, Ghana, Burkina Faso, Côte d'Ivoire and Benin. By strengthening the cashew value chain, ACi aims to help 150,000 small-scale cashew producers increase productivity and gain additional income of US \$15 million per year, as well as develop 5,500 new jobs in local, medium- and large-scale cashew nut processing industries in the pilot countries. As a first step towards developing and implementing an effective country support strategy, ACi conducted a value chain study of the cashew sector in Ghana. Areas for intervention proposed by the study included scaling up of extension and training activities to improve cashew farmers' awareness of good production and processing techniques, and strengthening of farmers' organizations at the local, regional and national levels (African Cashew Initiative 2010).

German Technical Cooperation Private Sector Promotion (GTZ/PSP) Project: Honey Subsector. The primary aim of the GTZ/PSP Project is to enhance the competitiveness of Nepal's private sector in order to generate income and employment opportunities. Honey has been selected as one of seven target subsectors due to its good potential to generate cash income and employment opportunities, including specifically for the rural poor. PSP adopted a value chain approach to map the honey subsector, identify appropriate areas of intervention and implement activities in close cooperation with other development organizations, government line agencies and business membership organizations. Activities supported by the project included supporting honey entrepreneurs to attend local trade fairs in order to expand domestic demand for honey, and provision of training on post harvest handling in order to meet the quality and food safety standards of export markets (Joshi 2008).

FAO's Promoting CARICOM/CARIFORUM Food Security Project: Value Chain Component. This project focuses on activities to strengthen the participation, capacity and productivity of farmers' organizations and agribusiness associations in commodity value chains in the Caribbean region. As part of this project, a workshop was organized in 2009 in order to (a) build capacity amongst value chain actors and service providers in implementing national value chain upgrading work, and (b) identify actions which could address policy constraints to agribusiness and value chain development in the region. The workshop brought together key stakeholders from six value chains, and participants were tutored and facilitated to develop preliminary upgrading strategies and action plans for their own chains. Immediate actions identified at the workshop included securing varieties and seeds that meet buyer requirements (hot peppers in Belize), and establishing a drying, sorting and bagging facility to improve quality and extend seasonal availability (onions in Barbados) (Project Co-ordination Unit of the Promoting CARICOM/CARIFORUM Food Security Project 2009).

1.4 How the Guide Was Produced

The contents of this guide are based on:

- findings from a review of relevant literature carried out in July and August 2011 (see http://wiego.org/sites/wiego.org/files/resources/files/Chan_Value_Chain_Analyses_Report.pdf)
- the author's own experience of conducting labour-sensitive VCAs and of researching and improving labour issues in a range of GAVCs

Literature reviewed included:¹

- publications providing evidence of the development benefits from incorporating a labour perspective into VCPs
- publications providing generic guidance and/or conceptual frameworks for conducting labour-sensitive VCAs, including gender-sensitive VCA manuals that incorporate a labour perspective
- empirical value chain studies that incorporate a labour perspective
- reports of a cross-section of agricultural VCPs funded by a range of development donors (reports of 10 specific VCPs were reviewed in detail)
- WIEGO publications and other literature outlining the classification of different types of workers based on employment status
- resources providing guidance and good practice examples on how to ensure that contributing family workers are adequately compensated for their labour
- guidance documents and awareness-raising materials addressing the employment rights of smallholders and their workers

1.5 Limitations of the Guide

This guide works on the assumption that those funding, designing and/or implementing VCAs and VCPs have multiple demands on their time, and that “labour” will only be one of several perspectives that they may be expected to incorporate into their analysis or programme design. Brevity and ease-of-use have therefore been considered as key pre-requisites for the guide. For this reason, the guide intentionally stops short of providing fully comprehensive guidance on how to conduct/implement labour-sensitive VCAs and VCPs. Specifically, the guide has the following limitations:

- **It focuses on “good enough practice” rather than “best practice.”** The guidance it contains is designed primarily for use by development professionals who do not have specialist knowledge of labour issues. As such, it does not necessarily address some of the complex labour situations that may be found in certain value chains or countries. However, the guide does provide basic guidance that will allow readers to understand and address the key labour issues that are most commonly found in GAVCs.
- **It identifies the most relevant labour issues to look for and address, but does not provide detailed guidance on appropriate research or training/extension methods.** Thus, the guide provides checklists of key labour issues to look for when conducting VCAs, but it does not provide guidance on how to select or implement appropriate methods for collecting the relevant data. Similarly, the guide outlines key messages that should be communicated to smallholders and their employees about their employment rights, but it does not discuss the most effective methods for communicating these messages. This is because readers are assumed to have (access to) the generic research and extension skills and experience that will allow them to select and implement appropriate research and communication methods.

1.6 How the Guide Is Structured

The remainder of the guide is structured as follows:

¹ A complete list of references can be found at the end of the guide.

- **Section 2 (Why Labour Issues Matter for Value Chain Programmes)** outlines the key development benefits that VCPs can gain from incorporating a labour perspective, and provides concrete evidence of these benefits.
- **Section 3 (Desirable Skills for Conducting and Designing Labour-Sensitive VCAs and VCPs)** briefly outlines the specific skills and experience to look for when recruiting specialist consultants to implement the guidance contained in Sections 5 and 6.
- **Section 4 (Different Types of Workers Found in GAVCs)** presents the classification system used in the guide for distinguishing between different types of worker, and explains why it is important to draw these distinctions.
- **Section 5 (How to Incorporate Labour Issues into VCAs)** provides practical guidance on how to incorporate labour issues into VCAs. The section includes a checklist of generic questions that can be used to identify key labour issues at all levels in the chain. It also provides more detailed lists of specific labour issues typically found in (a) large-scale commercial farms, packhouses and processing units, (b) small-medium scale processing and trading enterprises, and (c) smallholder farms.
- **Section 6 (How to Ensure that VCPs in the Smallholder Sector Benefit All Types of Workers)** outlines practical measures that can be taken to ensure that VCPs targeting the smallholder sector benefit (a) contributing women family workers on smallholder farms owned by men, and (b) hired workers employed on smallholder farms. It also provides guidance on how to support smallholders themselves to access their own employment rights.

2. Why Labour Issues Matter for Value Chain Programmes

2.1 Introduction

This section outlines the key development benefits that can be gained from incorporating a labour perspective into VCPs, and provides concrete evidence of these benefits.

- **Section 2.2** explains how addressing labour issues is crucial for ensuring that the poverty impact of VCPs is maximized.
- **Section 2.3** outlines how incorporating a labour perspective can help improve the effectiveness of planned chain upgrading measures.
- **Section 2.4** explains how a labour perspective can also improve the gender sensitivity and impacts of VCPs.

2.2 Improving the Poverty Impact of VCPs

Failure to incorporate a labour perspective into VCPs limits the ability of these programmes to deliver on poverty reduction goals. This is for two main reasons.

Firstly, the majority of the poorest individuals in GAVCs are most likely to be found not amongst owner-managers of chain enterprises, but amongst various categories of workers contributing to these enterprises, in particular amongst contributing family labour and hired workers employed on an informal basis. This is because these workers are typically poorer than

owner-managers, and also because the total number of employees and contributing family workers is often at least as great as the total number of owner-managers in GAVCs.

EVIDENCE: Workers Are at Least as Numerous and Typically Poorer than Owner-Managers in GAVCs

- **Thornless artichoke, Peru** – The export artichoke chain in Peru generates approximately 20,500 jobs per season. Owner-managers of farms, processing plants and export operations account for about half of these jobs: this includes approximately 700 small-scale producers with less than 2 hectares of land. Unpaid family workers and remunerated workers employed by these enterprises account for the other 10,000-odd jobs. Although small-scale farmers (ie, the poorest owner-managers) and agricultural labourers both experience high levels of poverty (67% and 70% respectively) and both have low levels of entitlement and capabilities, labourers were found to be more disadvantaged than small-scale farmers in relation to certain key poverty indicators, including access to land (labourers are typically landless whereas small-scale farmers own/have access to an average of 1 hectare of land) and education (only 46% of labourers as opposed to 57% of all farmers had completed secondary school) (Greater Access to Trade Expansion [GATE] Project 2007).
- **Coffee, Rwanda** – In Rwanda, a USAID poverty study (2010) found that the poorest households are those whose main source of income is agricultural labour: over 90 percent of such households are poor, compared to a poverty rate of 61 per cent for those households who are exclusively dependent on agriculture (i.e., smallholders). This distinction holds true in the coffee export sector: IFAD found that the coffee smallholders they worked with typically employ “their poorer neighbours”, as well as migrant workers, as hired labour on their coffee farms (International Fund for Agricultural Development (IFAD) 2010).
- **French beans, Kenya** – In GAVCs, contributing women family workers typically supply a substantial amount, and often the majority, of labour on men smallholder’s export plots. For example, Dolan (2002) found that in Mehru, Kenya, while over 90 percent of French bean contracts were issued to men, unpaid women family workers carried out the majority (72 per cent) of work on the French bean plots. Yet despite providing much of the labour, wives typically see little of the income and benefits from export production: in Mehru, women only received 38 per cent of the income from French beans.
- **Coffee, Uganda** – Similarly, Chan (2010) found that at a smallholder coffee cooperative in Uganda, more than 85 per cent of registered coffee farmers were men, yet women did 90 per cent of the work on members’ coffee farms. Moreover, wives working on their husbands’ farms typically receive little of the income from coffee sales, since the men collect the payments and spend a large proportion of the earnings on alcohol and other personal items.

Secondly, chain upgrading measures that benefit owner-managers do not necessarily improve employment opportunities and conditions for their workers. Many VCPs acknowledge the role of workers (other than owner-managers) in target GAVCs and include the expansion of employment opportunities for these workers as an explicit programme aim (e.g., see **examples 1a** and **1b** in **section 1.4**). However, most such programmes do not take proactive measures to ensure that these intended employment benefits are realised. Instead, they implicitly assume that if the planned chain upgrading measures are successful at increasing incomes for owner-managers of enterprises (e.g., smallholders, processors), then these benefits will automatically “trickle down” to other workers employed in these enterprises in the form of more and/or better jobs.

Unfortunately, such a trickle down effect does not always occur. As already indicated, wives of men who are smallholders frequently receive little of the extra income or benefits gained from

their household's engagement in GAVCs. Similarly, hired workers do not always gain from their employers' chain upgrading activities. For example, employing more workers on a non-permanent rather than permanent basis has been a widespread "process upgrading" strategy adopted by commercial growers and exporters in GAVCs in order to lower production costs and adapt to the "just in time" supply requirements of export markets. Yet this strategy can clearly have negative impacts on workers' employment security and conditions, as the following evidence shows.

EVIDENCE: Chain Upgrading Measures Can Lead to Job Losses and/or Decline in Working Conditions

Commercial apple growers, South Africa – In response to changing market requirements and other factors, in the early 2000s many commercial apple growers in South Africa reduced the size of their permanent labour force and started using more seasonal and in particular contract labour in a bid to cut costs and increase the flexibility of their labour supply. This led to retrenchment of many permanent workers, not all of whom were re-employed in the apple sector. Moreover, the shift towards contract work represented a decline in working conditions in the sector: the study found that contract workers had worse conditions compared to other types of workers, since they did not have access to many non-wage benefits that were typically available to on-farm workers (e.g., free housing, electricity and water; paid holiday; and assistance with medical expenses) (Barrientos et al. c.2003).

Therefore, the poverty impact of VCPs can be substantially improved by ensuring that:

- all types of workers, including unpaid family workers and informal employees, are explicitly included as target beneficiaries
- the capacity to improve employment opportunities and conditions for the poorest types of workers is included as a key selection criterion when choosing chain upgrading measures
- proactive measures are taken to ensure that the intended benefits for these workers are realized

2.3 Improving the Effectiveness of Planned Chain Upgrading Interventions

Improving working conditions and rewards for unpaid family labour and hired workers can improve productivity and product quality, which in turn are key to most process upgrading and product upgrading strategies.

Firstly, improving conditions for hired workers in export companies can improve productivity and/or quality, as the following evidence shows.

EVIDENCE: Improving Labour Conditions in Export Firms Can Increase Productivity And Quality

Flower farms and clothing factories, Kenya and China: Flower farms and garment factories in Kenya and China where interviews were conducted in 2008 reported that improvements in working conditions they had made in response to customers' labour codes had led to significant improvements in productivity and quality – a result of increased worker efficiency, reduced staff turnover, lower fault rates, and/or reduced absenteeism. For example, the General Manager of Changzhou Wonderful Garments Co. Ltd (China) reported that after introducing code compliance measures, the production fault rate fell from 3-5 per cent to less than 1 per cent. Moreover, productivity also increased significantly: despite having cut working hours by 20-30 per cent, their total

production actually increased rather than decreased. Similarly, World Flowers, who operate a large-scale flower farm in Kenya, reported that since introducing code compliance measures, they experienced reduced staff turnover and hence lower recruitment costs (Ethical Trading Initiative 2008).

Ready-made garment industry, Bangladesh: A study carried out in 2007 in the ready-made garment industry in Bangladesh showed that the introduction of improved health and safety facilities for workers led to an 18 per cent decline in absenteeism and a 46 per cent decrease in staff turnover after 18 months - improvements that clearly have a positive impact on productivity. This was estimated to constitute a 2.4:1 return on investment, i.e., the financial savings made from reduced staff turnover and absenteeism were more than double the costs of setting up and running the health programme (Extending Service Delivery Project 2007).

Secondly, improving rewards for unpaid women family workers on smallholder farms is likely to increase productivity and quality, since there is considerable evidence to show that productivity, quality and effectiveness of chain upgrading interventions often suffer when women do not receive adequate rewards.

EVIDENCE: Inadequate Rewards for Unpaid Women Family Workers Can Reduce Productivity, Quality and Effectiveness of Chain Upgrading Measures

Coffee smallholders, Uganda – As part of efforts to strengthen the export coffee value chain in Uganda, Oxfam Novib and local project partners worked with local chain actors to identify key constraints to upgrading. They found that one factor depressing the quality and quantity of coffee sold to local traders was women's lack of control over income from coffee sales. Despite doing the majority of the work on their husbands' coffee smallholdings, wives are typically not permitted to harvest and sell the coffee in their own right. However, since women have few other sources of income, when they need extra cash they sometimes resort to harvesting coffee without their husbands' knowledge. This often means that the coffee cherries are harvested when they are still unripe and/or sold before they are properly dried, leading to problems with coffee quality and supply (WEMAN Productions 2007).

Chili smallholders, Kenya – In Eldoret, Kenya, Mace Foods processes African Bird's Eye (ABE) chili for sale in Kenyan and European markets. The company buys the chilis from smallholder farms, thus providing smallholder households with the potential to increase their incomes. Women cultivate the chilis in small gardens, while men deliver the crop to the processing plant and collect payment. Shortly after the purchase of the first crop, decreasing supplies of ABE chili led Mace Foods to inquire about the on-farm production methods to assess any constraints. It found that married women farmers had abandoned chili production because they were not receiving returns for their labour; spouses were often retaining the proceeds and using them for personal expenses. Thus unequal distribution of labour and benefits between husbands and wives was directly jeopardizing Mace Foods' ability to secure a reliable supply of ABE chilli (Development & Training Services, Inc. 2009).

Finally, ensuring that contributing women family workers benefit from relevant training can be key to the effectiveness of process or product upgrading interventions. Wives and other women family members are often responsible for those stages of production that are critical from a quality point of view (e.g., weed control, harvest and post-harvest handling). Therefore, training women family workers can be key to ensuring effective uptake of improved production and post-harvest handling methods, as the following evidence demonstrates.

EVIDENCE: Training Contributing Women Family Workers Can Lead to Improved Uptake of New Production Methods

Tea smallholders, Kenya – Eastern Produce Kenya Limited (EPK) sources a third of its tea (green leaf) from 8,000 smallholder outgrowers,² 90 per cent of whom are men. However, recognizing that women family members do much of the work on the outgrower tea farms, EPK ensures that these women are invited to attend all of the field days and training sessions that they organize for their outgrowers. As EPK's outgrower manager explains: "To improve productivity and quality, we train the women as well as the men. Why? Because women family members play a key role in plucking the tea". Indeed, women workers interviewed confirmed that, after receiving training on harvesting practices from EPK, they started picking their tea three times a month (they previously thought they could only pick once a month), which led to a significant increase in productivity. (Chan 2010: 84-87).

2.4 Improving the Gender Sensitivity and Impacts of VCPs

Donor and development organizations such as the World Bank, USAID and the Bill & Melinda Gates Foundation are increasingly interested in improving the gender impacts of their agricultural development programmes, including their VCPs. This is due to growing recognition that increasing women's income, status and education is critical for reducing poverty, increasing household food security and improving children's well-being (Gammage et al. 2009; World Bank et al. 2009; Chan 2010).

However, the ability of VCPs to deliver improvements for women is currently constrained by the absence of a labour perspective in most such programmes. This is because while women are typically very active in GAVCs, the (vast) majority are hired workers or contributing family workers, rather than owner-managers of chain enterprises, as the following examples illustrate.

EVIDENCE: Women Participate Actively in GAVCs but Are Seriously Under-Represented as Owner-Managers of Chain Enterprises

Export mango, Mali – A study of women's participation in the export mango value chains in West Africa estimated that women represent nearly half of the total workforce involved in the mango chain in Mali (47 per cent of an estimated total of 39,000 individuals involved in the chain). However, only about 8 per cent of these women are owner-managers of chain enterprises; the remainder (i.e., over 90 per cent) are hired workers or unpaid family labour working in enterprises owned and managed by others.

Export mango, Ghana – The same study found a similar situation in Ghana, despite the fact that the structure of the Ghanaian export mango chain is quite different from that in Mali. Approximately 54 per cent of the estimated 18,000 individuals working in the sector are women. However, only 4 per cent of these women are owner managers of chain enterprises; over 95 per cent are involved as unpaid family workers or hired workers (International Trade Centre (ITC) forthcoming).

Therefore, incorporating a labour perspective into VCAs, and explicitly targeting hired workers/employees and unpaid family labour as programme beneficiaries, will help ensure that VCPs will generate greater benefits and opportunities for a larger number of women, particularly poorer women, in the target value chains.

² An outgrower is a smallholder in a relatively formal, managed relationship with an exporter or processor (ETI Smallholder Guidelines, 2005)

3. Desirable Skills for Designing and Conducting Labour-Sensitive VCAs and VCPs

3.1 Introduction

As explained in **section 1.5**, most development practitioners should be able to implement the guidance contained in this guide to a reasonable standard. However, some readers, for example development donors, may plan to recruit a dedicated individual or team to design and/or implement the VCA/VCP in question. **Section 3** addresses the needs of these readers, providing brief guidance on how to identify external individuals or organizations that are best placed to implement the guidance in **sections 5** and **6**.

3.2 Key Knowledge, Skills and Experience to Look For

Individuals or organizations with the following knowledge, skills and experience should be able to design and implement labour-sensitive VCAs and VCPs to a high standard:

- knowledge of international labour standards³ and their application in developing countries
- familiarity with the particular working conditions faced by informal workers in developing countries, and of the socio-economic contexts in which they live
- practical experience of working in the smallholder sector
- skills and experience of using participatory research methods
- practical experience in conducting worker interviews
- an understanding of gender issues, in a developing country context

If the specialist will be responsible for designing or implementing interventions to improve benefits for unpaid women family workers (**see section 6.2**), he/she should have specific practical experience in addressing gender issues in the smallholder sector.

If the specialist will be responsible for educating smallholders and workers about their employment rights (**see sections 6.3** and **6.4**), he/she should also have specific knowledge of national labour laws and their application to informal agricultural workers in the target country/countries.

3.3 Where to Find Suitable Specialists

The following types of specialists may have the relevant skills and experience listed in **section 3.2**.

- **ethical trade auditors**, i.e., auditors with experience of auditing farms or factories for compliance against labour codes based on international labour standards, such as the SA8000 standard, Ethical Trading Initiative (ETI) Base Code and some private sector codes (e.g., Gap

³ “International labour standards” (ILS) refer to the set of international legal instruments (conventions and recommendations), developed and maintained by the International Labour Organization (ILO), that set out basic principles and rights at work. ILS are agreed to by the ILO’s three key constituents: representatives of governments, employers, and workers, and provide an international framework for national labour laws. ILS include four “fundamental” principles and rights at work. These are: respect for trade union rights; freedom from forced labour; freedom from child labour; and freedom from discrimination. Other subjects covered by ILS include employment security, wages, working time, occupational health and safety, and social security.
Source: www.ilo.org/global/standards/lang--en/index.htm.

Inc.'s Code of Vendor Conduct); some ethical trade auditors work on a freelance basis; others are employed by:

- **global food retailers and brands** – as some food companies who implement labour codes employ their own ethical trade auditors (e.g., Marks & Spencer).
- **non-profit organizations providing ethical trade auditing services** – examples are Verité (www.verite.org) and Africa Now (www.africanow.org/ebs/)
- **commercial auditing firms** – examples are SGS and BVQI
- **researchers and consultants specializing in labour issues in global value chains** (e.g., see: www.capturingthegains.org/about/partners)
- **field staff of workers' rights NGOs** in target countries
- **field staff of agricultural trade unions** in target countries
- **International Labour Organization (ILO) staff and consultants** with relevant field experience

4. Different Types of Workers Found in GAVCs

4.1 Introduction

Section 4 explains the system used in this guide for classifying different types of workers found in GAVCs.

- **Section 4.2** introduces the classification system, explains the basis for classification, and discusses why it is important to distinguish between different types of worker.
- **Sections 4.3 – 4.7** define each of the relevant categories of workers, outline how each category is typically treated in VCAs and VCPs, and provide examples of the types of workers belonging to each category that are typically found in GAVCs.

4.2 The Basis for Classifying Different Types of Workers and Why It's Important

4.2.1 The Classification System

This guide distinguishes between different types of workers based on their **employment status**, in keeping with WIEGO's recommended practice and with the ILO's International Classification of Status in Employment (ICSE-93). A worker's employment status depends on the level of **economic risk** borne by the worker – i.e., how much their income is dependent on the revenue of the enterprise they work for – and on the level of **authority** the worker has over operational decisions affecting the enterprise and over other workers.

The first key distinction that is made between different types of workers is whether they are involved in “paid employment” or “self-employment.”

- **Paid employment** is employment in work where the worker holds an explicit or implicit employment contract that gives them a basic remuneration (typically a salary or wage) that is not directly dependent on the revenue of the enterprise for which they work. Some or all of the tools, capital equipment, information systems and/or premises used by the worker will typically be owned by others, and the worker usually works under direct supervision of, or according to strict guidelines set by the owner(s) or by individuals employed by the owner.

- **Self-employment** is employment in work where the remuneration is directly dependent on the profits derived from the goods and services produced. The worker makes the operational decisions affecting the enterprise, or delegates such decisions while retaining responsibility for the welfare of that enterprise (ILO 2001).

The classifications used by WIEGO and ICSE further sub-divide self-employed workers according to the differing degrees of economic risk and authority borne by the self-employed person. Thus, a distinction is made between (a) employers, (b) own account operators, (c) members of producer co-operatives, and (d) contributing family workers, each of which is characterized by different degrees of risk and authority (**table 1** below).

WIEGO and others also emphasize the importance of distinguishing between different types of paid employment, in particular between **regular and irregular wage work** and also between **direct and sub-contracted employment**: these distinctions are explained in **section 4.6** below.

4.2.2 Why It Is Important To Distinguish Between Different Types of Workers

Agricultural VCAs and VCPs typically fail to:

- clearly distinguish between different types of worker
- recognize that “smallholders” may often be involved in more than one type of work

Unfortunately, both of these tendencies limit the effectiveness of VCPs to deliver on poverty reduction and other goals.

Firstly, failure to distinguish between different types of workers is problematic because different categories of workers face different degrees and causes of poverty and vulnerability. This means:

- for poverty reduction purposes, it is more important to target certain categories of workers than others
- different types of workers are likely to require different strategies and approaches to improve their status and conditions

The different degrees of poverty/vulnerability, risk and authority typically experienced by each category of worker is summarized in **table 1**.

TABLE 1
Levels of Economic Risk, Authority and Poverty/Vulnerability Experienced by Different Types of Workers

Category of worker	Degree of economic risk	Degree of authority over enterprise and other workers	Level/risk of poverty and vulnerability
Employers	High	High	Low
Employees – regular	Low	Low	Medium
Own account operators	High	Medium-High	Medium-High
Members of producer co-operatives	Medium	Medium	Medium
Employees – irregular	Medium-High	Low	High
Unpaid family workers	Medium	Low-Medium	High

Source: WIEGO 2011 and author's own analysis

Secondly, failure to recognize that “smallholders” often engage in more than one type of work is problematic because the extent and types of additional employment are likely to influence the effectiveness and poverty impacts of different chain upgrading measures. Members of rural households often engage in more than one type of work. For example, different members of a smallholder’s household may variously work as agricultural labourers (i.e., as employees), run other small-scale businesses, and/or work as contributing family labour. Moreover, it is not unusual for any one individual to perform more than one type of work, and therefore have more than one employment status at any one time, as the following evidence demonstrates.

EVIDENCE: Members of Smallholder Households Are Typically Involved in Multiple Types of Self-Employment and Paid Employment Work

Raspberry smallholder, Chile – Household A: Of the households in the area who grow raspberries for export, Household A is one of the poorer families (they own less than 0.5 ha of land). As well as raspberries, they also grow potatoes as a cash crop, and potatoes, chillies, capsicum, onions and grapes for own consumption. The household also relies heavily on off-farm income sources. The three household members are engaged in the following types of employment:

- 65 year old man: manages the smallholding (*i.e., own account operator*)
- 65 year old woman (wife): works seasonally picking raspberries on a large farm nearby, and during harvest time assists her husband picking fruit on the family farm after returning from work (*i.e., irregular employee and contributing family worker*)
- 40 year old woman (daughter): works in a shop in a nearby town, and during harvest time assists her father picking fruit on the family farm after returning from work (*i.e., employee and contributing family worker*).

Raspberry smallholder, Chile – Household B: Household B is also one of the poorer families growing raspberries for export in the area. They do not grow any other cash crops, but grow potatoes, onions, chillies and pumpkins for own consumption. As with Household A, Household B also relies heavily on off-farm income sources. The four members of the household are engaged in the following employment activities:

- 42 year old woman: manages the smallholding, runs a hairdressing business from home and does temporary seasonal work where possible (*i.e., own account operator of two business activities and irregular employee*)
- 42 year old man (husband): has a job tending horses on a large farm, and in the evening he assists on the raspberry plot with harvesting and irrigation (*i.e., employee and contributing family worker*)
- 15 year old boy (son): seasonal collection of wild blackberries for sale, and assists on raspberry plot during harvest time (*i.e., own account operator and contributing family worker*)
- 12 year girl (daughter): assists on raspberry plot during harvest time (*i.e., contributing family worker*).

Source: Adapted from Challies 2010

However, VCPs typically only consider smallholders or producers in their roles as *own account operators*, ignoring their likely additional roles as, for example, *employees* and/or *unpaid family workers*. Yet it is important to recognize these additional roles, since the extent and types of additional employment on which smallholders and their households depend is likely to:

- influence the types of constraints and opportunities faced by the household or individual, and hence their willingness to invest in different chain upgrading measures
- affect the impact of planned chain upgrading measures on the household or individual's overall income and livelihood
- provide a good indication of the poverty status of the household or individual. For example, smallholders' households who rely primarily on off-farm paid employment are more likely to be poorer than those who rely primarily on income from their own farms (e.g., Challies 2010)

4.3 Employers

4.3.1 Definition

An employer is a worker who, working on their own account or with one or more partners, is engaged in self-employment work and employs one or more employees on a continuous basis to work for them in their business (ILO 2001).

4.3.2 How Employers Are Typically Treated in VCAs and VCPs

Employers are typically included as key stakeholders in VCAs and targeted as key beneficiaries in many VCPs. However, in relation to the smallholder sector, VCAs and VCPs often conflate employers with own account operators, treating the two as a homogeneous group and labelling them simply as “smallholders” or “producers.”

4.3.3 Typical Examples of Employers Found in GAVCs

Typical types of employers found in GAVCs include:

- owner-managers of smallholdings (those who employ one or more regular workers to work on their farms)
- owner-managers of commercial farms and plantations
- owner-managers of medium and large-scale processing units
- owner-managers of medium and large-scale trading firms/operations
- owner-managers of exporting companies/packhouses

4.4 Own Account Operators

4.4.1 Definition

An own account operator is a worker who, working on their own account or with one or more family members or partners, engages in self-employment work and does **not** employ anyone on a continuous basis to work in their business. Someone who employs hired workers but only on a non-continuous basis (e.g., a smallholder hiring seasonal labour to help with the harvest) still counts as an own account operator, rather than an employer (ILO 2001).

4.4.2 How Own Account Operators Are Typically Treated in VCAs and VCPs

Own account operators who are primary producers (ie, most smallholders) are typically included as key stakeholders in VCAs and are targeted as key beneficiaries in most agricultural VCPs. However, as noted above, VCAs and VCPs often conflate these own account operators with employers, treating the two as a homogeneous group.

Moreover, VCAs and VCPs in the agricultural sector frequently ignore own account operators found in higher levels of the value chain, e.g., processors and traders (Chan 2011).

4.4.3 Typical Examples of Own Account Operators Found in GAVCs

Typical types of own account operators found in GAVCs include:

- owner-managers of smallholdings (those who rely exclusively or primarily on own and family labour, and if they hire workers, only do so on a casual or seasonal basis)
- owner-managers of small-scale drying or processing units
- small-scale traders or distributors

4.5 Members of Producer Cooperatives

4.5.1 Definition

The formal definition of a cooperative as defined by the International Cooperative Alliance (ICA), 1995 Statement of Cooperative Identity is given below. This applies to all types of cooperatives.

“A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.”

A “**producer cooperative**” as defined in this guide is different from most other types of cooperatives found in the agricultural sector, in that the main purpose of such an enterprise is to provide work (rather than services) for its members, which it does by producing or processing one or more goods and/or services. Members are therefore both owners of, and workers at, the cooperative (Tchami 2007). As co-owners of the enterprise and of the means of production, members also take part on an equal footing with other members in determining the organization of production, sales and/or other work of the establishment; and in determining the investments and the distribution of the proceeds of the establishment amongst its members (ILO 2001).

From an employment status point of view, “**members of producer cooperatives**” are defined as *self-employed* workers in a producer cooperative. The “self-employment” aspect is important, since this category does not include any “employees” engaged by the cooperative, i.e., any waged or salaried workers hired and paid for by the cooperative and whose pay is not directly dependent on the revenue of the cooperative (ILO 2001).

4.5.2 How Members of Producer Co-Operatives Are Typically Treated in VCAs and VCPs

Few VCAs and VCPs address members of producer co-operatives as a specific stakeholder group.⁴

⁴ None of the 10 agricultural VCPs and VCAs reviewed as part of the background research for this guide included any specific mention of producer (worker-owned) co-operatives.

4.5.3 Typical Examples of “Members of Producer Co-Operatives” Found in GAVCs

Under the above definition producer co-operatives (sometimes referred to as “worker-owned co-operatives”) are generally uncommon in Africa, but are commonly found in some sectors in Asia and in certain Latin American countries (Develtere et al. 2008 and Schwettmann n.d.). Typical types of members of producer co-operatives found in GAVCs are:

- **Worker-members of collective or co-operative farms** – For example, the Chepchas Farmers’ Co-operative Society Ltd in Kericho, Kenya, was set up by farmers who individually owned land parcels that were too small for export tea production. The farmer members therefore decided to pool their land and collectively manage the 200 acres of land as a co-operative farm. This allows the members to sell tea to a nearby exporter as well as to secure loans, using the collective land as security (Chan 2010). Another example is the Union of Green Belt Cooperatives around Maputo in Mozambique. These worker-owned cooperatives were formed by 20,000 displaced women who had fled the civil war. The Union has become Mozambique’s biggest poultry producer and contributes significantly to the capital city’s food supply while providing their members with a decent income (Schwettmann n.d.).
- **Worker-members of small-scale processing co-operatives** – For example, Meru Herbs is a worker-owned co-operative in East Africa producing herbal teas, comprising 360 worker-members (Schwettmann n.d.). Although no specific evidence could be found, it is also likely that women are particularly well represented as members of producer co-operatives in the processing sector, given their predominance in processing activities and their tendency to be involved in collective income generating activities due to limited access to capital.

4.6 Employees/Waged Workers

4.6.1 Definition (Including Distinction between Regular and Irregular Employees)

An employee is a worker who holds a “paid employment job” (see section 4.2.1).

There is a wide variation in the types of contracts, terms and conditions experienced by employees, but a key distinction that is frequently drawn is between “regular” and “irregular” employees.

Regular employees are those employees:

- who have “stable contracts,” i.e. they have an explicit or implicit contract of employment, or a succession of such contracts, with the same employer *on a continuous basis*⁵
- for whom the employing organization is responsible for payment of relevant taxes and social security contributions
- and/or where the contractual relationship is subject to national labour legislation (ILO 2001)

In GAVCs, employees that are called “**permanent**” workers typically satisfy both of these criteria (although this is not always the case), and so would be classified as regular employees.

Irregular employees are those employees who do not satisfy the above criteria for regular employees, i.e., they do not have stable contracts, the employing organization is not responsible for paying taxes and social security contributions and/or the contractual relationship is not covered by national labour legislation (ILO 2001). In GAVCs, all employees who are not “permanent” are likely to be irregular employees.

⁵ “On a continuous basis” means for a period of employment that is longer than a specified minimum determined according to national circumstances.

The distinction between regular and irregular employees is significant because irregular workers typically face substantially greater economic risk and vulnerability compared to regular employees (**table 1**). Not only do irregular employees tend to have less job security, but they also tend to have less protection under national labour laws and are often not covered by collective bargaining agreements negotiated by trade unions (Chan 2011).

4.6.3 How Employees Are Typically Treated in VCAs and VCPs

Many VCAs and VCPs refer to the total number of current and/or potential paid employment jobs to be found in target value chains, and include the maintenance of these jobs, or the potential generation of new jobs, as an explicit programme objective or as a justification for investing in the sector. However, few VCAs and VCPs go further than this. Hardly any agricultural VCAs include a detailed analysis of the numbers, roles and constraints of employees at different levels in the chain (Chan 2011), and very few VCPs put in place specific measures to ensure that employees benefit from programme activities.⁶ This applies to both regular as well as irregular employees.

4.6.4 Typical Examples of Regular (Permanent) Employees Found in GAVCs

In GAVCs, regular or permanent employees are typically concentrated in the following types of chain enterprises:

- large-scale commercial farms or plantations
- packhouses/export operations
- large-scale processing units/factories

In each of these types of enterprises, employees that are typically employed on a permanent basis include managers (e.g., farm managers, packhouse managers, quality managers), senior supervisors, crop specialists, technicians, office-based employees (e.g., HR, accounts, administration), drivers, and security guards (e.g., Traore 2011; NRET 1999).

4.6.5 Typical Examples of Irregular (Non-Permanent) Employees Found in GAVCs

The majority of employees found in GAVCs are irregular or non-permanent employees. Irregular employees are commonly found in all levels of the chain and in all sizes of enterprises, including on smallholdings, and in both small- and large-scale processing units/factories, trading operations and packhouses (Chan 2011).

The following types of irregular/non-permanent employees are prevalent in GAVCs:

- **Seasonal employees:** These are employees who are hired directly by the work unit and hold explicit or implicit contracts of employment where the timing and duration of the contract is significantly influenced by seasonal factors such as the climatic cycle (ILO 2001). In GAVCs, seasonal employees are typically engaged for the full duration of the peak production or harvest season of the crop in question: seasonal employees therefore tend to have greater job security than casual employees (see below).
- **Casual employees:** These are employees who are hired directly by the work unit and have an explicit or implicit contract of employment which is not expected to continue for more than a

⁶ Of the 10 specific agricultural VCPs reviewed as part of the background research for this guide, only two (20%) of the programmes included any current or planned activities that were specifically intended to improve opportunities or conditions for employees. In both cases, the current/planned activities only constituted a very small proportion of overall project activities.

short period (ILO 2001). In GAVCs, casual employees are often referred to as “daily” or “temporary” workers because they are hired on a daily basis depending on whether work is available; i.e. the employer does not commit to re-hiring the worker from one day to the next.

- **Third party contracted workers:** These are employees who are contracted not by the enterprise where they work, but by a second enterprise/organization who receives a fee from the first enterprise for providing them with labour. These workers are sometimes referred to as “contract workers.”

4.7 Contributing Family Workers

4.7.1 Definition

Contributing family workers are workers engaged in “self-employment” work in a market-oriented establishment operated by a related person living in the same household, and who cannot be regarded as a (business) partner because their degree of commitment to the operation of the establishment, in terms of working time or other factors, is not at a level comparable to that of the head of the establishment (ILO 2001)⁷.

4.7.2 How Contributing Family Workers Are Typically Treated in VCAs and VCPs

Contributing family workers are typically ignored by most VCAs (Chan 2011), and are rarely targeted by VCPs as an explicit beneficiary group.⁸

4.7.3 Typical Examples of Contributing Family Workers Found in GAVCs

Most smallholdings involved in GAVCs will have one or more contributing family workers involved in production of the export crop (Chan 2011); contributing family workers are also likely to be found in small-scale processing enterprises.

5. How to Incorporate Labour Issues into VCAs

5.1 Introduction

Section 5 provides practical guidance to those responsible for conducting development-focused agricultural VCAs. It identifies key labour issues to look out for in different levels of GAVCs. However, for the reasons explained in **section 1.5**, it does not provide detailed guidance on how to select or implement appropriate data collection methods.

- **Section 5.2** provides a checklist of generic questions that can be used to identify key labour issues at *all* levels in the value chain.
- **Section 5.3** provides a diagram summarizing specific labour issues to look out for at each key level in the chain.

⁷ In practice, households often report that men are the own account operators while the women and children are contributing family workers.

⁸ Of the 10 specific agricultural VCPs reviewed as part of the background research for this guide, only one (10%) of the programmes included any current or planned activities that were specifically intended to improve opportunities/conditions for contributing family workers. Even in this one case, these activities were not currently being implemented, but were part of recommendations put forward by gender consultants for implementation in a subsequent phase of the project.

- **Section 5.4** provides a more detailed list of specific labour issues to look out for in large-scale/commercial packhouses, processing units and commercial farms.
- **Section 5.5** provides a list of specific labour issues to look out for in small-medium scale processing and trading/distribution enterprises.
- **Section 5.6** provides a list of specific labour issues to look out for on smallholder farms.

5.2 General Checklist: Questions Relevant to *All* Levels in the Value Chain

Checklist 1 provides a list of general questions that can be used to identify key labour issues at any level of a GAVC. It is recommended that you use this checklist in conjunction with **section 5.4 – 5.6** below, which provide lists of specific labour issues that are commonly found in various different levels of GAVCs.

It will often be difficult to obtain accurate figures on the numbers of workers at different levels in the chain; gender-disaggregated data may be particularly hard to find. However, try and obtain estimates even where reliable figures are unavailable, since this will help you get a sense of the relative scale of labour problems identified at different levels in the chain.

CHECKLIST 1

General Labour Questions Relevant to *All* Levels in the Chain

A. Employment Status of Workers

A.1 Employers:

- How many men and women employers operate at this level in the chain?

A.2 Own account operators:

- How many own account operators operate at this level in the chain? How many of them are men, and how many are women?

A.3 Members of producer cooperatives:

- Are there any producer cooperatives operating at this level of the chain?
- If so, how many, and what do they do?
- In total, how many men and women members are there?

A.4 Regular/permanent employees:

- How many regular/permanent employees are there at this level in the chain? How many of them are men, and how many are women?
- Who employs them?

A.5 Irregular/non-permanent employees:

- How many non-permanent employees are there at this level in the chain? How many of them are men, and how many are women?
- Who employs them?
- What percentage of the total workforce do they represent?
- Specifically, how many women and men are: (a) seasonal employees, (b) casual employees, and (c) third party contracted employees?

A.6 Contributing family workers:

- How many contributing family workers are there at this level in the chain? How many of them are men, and how many are women?
- For whom do they work?

CHECKLIST 1

General Labour Questions Relevant to *All* Levels in the Chain

B. Key Constraints/Conditions Faced by Different Types of Workers

What are the key constraints/labour problems faced by each relevant type of worker (i.e., own account operators, permanent employees, non-permanent employees, contributing family workers, and members of producer cooperatives)?

*You can use the following guide questions to help you identify relevant problems (examples of common problems found at different levels of the value chain are given in **sections 5.4 – 5.6**).*

B.1 Availability of Employment:

- How many months of the year is work normally available?
- How much does the amount of work vary from year to year?

B.2 Wages and Non-Wage Benefits:

- What do workers typically earn in a day/week/month?
- How much do the lowest paid workers earn? Is this below or above the national minimum wage?
- How much overtime do workers have to do in order to earn the lowest/typical level of pay?
- What non-wage benefits does each category of worker receive (e.g., paid sick/holiday/maternity leave, state social security benefits, provision of/assistance with cost of accommodation, provision of/assistance with medical services, provision of schooling for children)?
- *For contributing family workers:* do they get compensated for the work they perform? How? How much? Do they think this is a fair reward for the amount of labour they contribute?

B.3 Working Hours and Overtime Pay:

- How many hours do workers work per week (on average)?
- What is the lowest number of hours per week?
- What is the maximum number of hours per week?
- How often do workers do the maximum number of hours per week?
- Do workers get paid more per hour/piece when doing overtime? If so, how much more?
- How many days off do workers get per week? Are there any occasions where workers don't get any days off?

B.4 Health and Safety:

- What type of health problems or accidents have workers experienced in the workplace? (e.g., health problems resulting from pesticide application/exposure, injuries from machinery, back problems from uncomfortable work stations, health problems experienced by pregnant women)
- How often do these problems occur?
- What does the employer do to prevent such problems? (e.g., provide health and safety training to workers, provide personal protective equipment)
- What does the employer do when problems arise? (e.g., provide treatment on site, pay for medical costs of treatment)

B.5 Trade Union Rights:

- How many men and women workers in each category are members of a trade union or other workers' organization?
- How many men and women workers in each category are covered by a collective bargaining agreement?
- What proportion of men and women workers knows what union/worker organization they could join if they wanted to?
- *For non-union members* – what factors prevent them from joining? (e.g., cost of membership, intimidation/threat of intimidation from employer)
- *For members* – what barriers (if any) do they face to organizing or taking part in union activities?

CHECKLIST 1

General Labour Questions Relevant to *All* Levels in the Chain

B.6 Discrimination, Including Gender Discrimination:

- Do men and women doing the same type of job get paid the same amount?
- What type of jobs do women tend to do?
- What type of jobs do men tend to do?
- Do jobs typically done by men get paid more/the same/less than the jobs typically done by women?
- What proportion of supervisors, junior managers and senior managers are women?
- How do workers get promoted? Can you give an example?

B.7 Harsh Treatment, Including Sexual Harassment:

- Do women ever get pressured by their supervisors or managers to provide sexual favours in order to get a job, or get a promotion?
- How common is this practice?
- What does the employer do to prevent such practices?
- What does the employer do if such cases are reported?
- What happens if a worker makes a mistake? (e.g., do workers ever get shouted at by supervisors/managers or get threatened in any way?)

B.8 Forced Labour:

- Are there any workers at the establishment who are working there against their will?
- If a man migrant worker is employed, is his wife and/or children also “expected” to work for the establishment?
- Are there any prisoners working at the establishment?

B.9 Child Labour:

- How many children/young people under 18 years of age are working at the establishment? How many are contributing family workers? How many are hired workers?
- What type of work do they do? (Do they perform any dangerous work, e.g., spraying pesticides, operating machinery?)
- How many hours do they work per day, and at what time of day? (Do the hours interfere with schooling? Do children ever work at night?)
- Do children of school-going age always go to school as well as work on the establishment? Are there any occasions where the children can't attend school because of work on the establishment?

C. Implications of These Constraints for Value Chain Efficiency

What implications (if any) do the constraints identified in **section B** have for:

- **Productivity:** Do poor health and safety practices result in high absenteeism rates, and hence low productivity? Do long working hours affect worker productivity?
- **Quality:** Does high worker turnover/high reliance on third party contracted workers have a negative impact on product quality? Do long working hours lead to more mistakes being made? Does poor remuneration/compensation for work performed lead to poor work quality?
- **Other aspects of value chain efficiency:** Do the labour constraints identified have any other impacts on value chain efficiency?

D. Potential Labour Impacts of Common/Proposed Chain Upgrading Measures

Based on the above assessment of employment patterns and conditions, and on the experiences of similar VCPs elsewhere, what potential labour impacts (positive or negative) might result from the proposed chain upgrading measures?

See **sections 5.4 – 5.6** for examples of possible impacts at different levels in the chain.

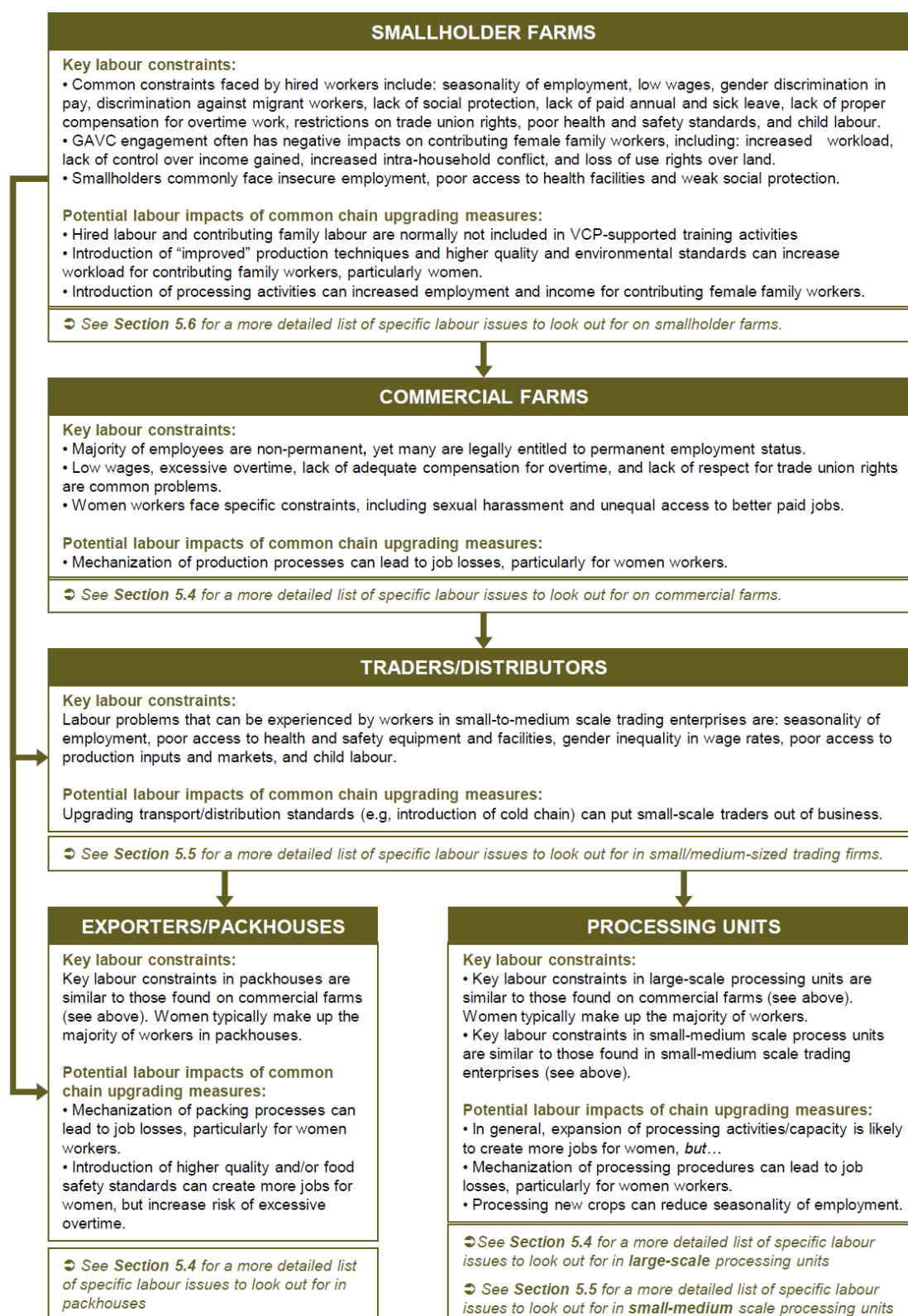
Table 2 provides a general template that can be used to record key labour issues identified at each level in the chain.

TABLE 2					
General Template for Recording Key Labour Issues Identified at Each Level in the Chain					
Level of value chain (e.g. packhouse): _____					
Category of worker	No. of workers (men)	No. of workers (women)	Key constraints (incl. differences in constraints for men and women workers)	Implications for VC efficiency	Possible labour impacts of chain upgrading measures
Employers					
Employees – regular					
Own account operators					
Members of producer co-operatives					
Employees – irregular					
Unpaid family workers					

5.3 Summary of Specific Issues to Look Out for at Different Levels in the Chain

Diagram 1 summarizes specific labour issues to look at for at different levels in GAVCs. It also indicates where you can find a more detailed description of these issues (see sections 5.4 – 5.6).

Diagram 1
Specific Labour Issues to Look Out For at Different Levels of a Value Chain



5.4 Specific Issues to Look Out For in Large-Scale/Commercial Packhouses, Processing Units and Commercial Farms

5.4.1 Different Types of Workers Found in Commercial Packhouses, Processing Units and Commercial Farms

Types of workers typically found in commercial farms, packhouses and processing units are:

- **employers** (i.e., owner-managers of these establishments)
- **employees – permanent**
- **employees – non-permanent**

Despite the fact that most commercial farms, packhouses and processing units are formally registered enterprises, the majority of workers are still likely to be employed on a non-permanent and informal basis. The following types of non-permanent employees are commonly found in these establishments:

- **seasonal employees**
- **casual employees**
- **third-party contracted workers**

Make sure you specifically ask managers whether they use third party contract workers, since these types of workers are often excluded from official company records.

5.4.2 Typical Working Conditions/Constraints

Problematic employment practices and conditions commonly found in commercial farms, packhouses and processing units include those listed below.

All types of workers commonly face:

- **Low wages** – Many workers earn less than a living wage, and a significant number earn less than the national minimum wage.
- **Excessive overtime** – Many workers frequently work more than 48 hours per week.
- **Lack of adequate compensation for overtime** – Many workers are not compensated at a premium rate for overtime work.
- **Lack of respect for trade union rights** – Many employers discourage their employees from joining trade unions through threats of job loss, black-listing etc., and discriminate against worker representatives.

Many workers employed on a non-permanent basis are in fact legally entitled to permanent employment status. It is common practice for packhouses, commercial farms and processing units to employ workers on a seasonal or casual basis, when the actual number of days they work per year entitle them to permanent employment status. Many non-permanent workers are therefore missing out on benefits and protection to which they are legally entitled.

Non-permanent employees typically face worse conditions than permanent employees. In particular, they tend to experience:

- **poor/unreliable availability of employment** – work may only be available on a seasonal basis, and not guaranteed from year to year

- **a greater risk of being paid less than the national minimum wage** (where relevant)
- **poorer access to non-wage benefits**, including paid maternity/annual/sick leave and social security benefits

Women workers typically face a number of additional constraints, compared to their colleagues who are men. These constraints require particular attention in packhouses and processing units, since women commonly comprise the majority of the workforce in these establishments. Key additional constraints for women include:

- **constraints to accessing higher paid and more secure jobs** – in most packhouses, commercial farms and processing units, women are markedly under-represented in permanent, better paid and more senior positions/jobs
- **high risk of sexual harassment**
- **experience of specific negative impacts resulting from poor working conditions**, due to their primary responsibility for domestic work (e.g., excessive overtime can create particular problems for women in terms of child care arrangements) (Chan 2011: 36-38)
- **Workers on commercial farms face particular health and safety risks**, in particular those associated with pesticide use and exposure, use of sharp tools, lifting heavy weights, and exposure to extreme temperatures (ILO 2010).

5.4.3 Implications of Typical Working Conditions/Constraints for VC Efficiency

As **section 2.3** indicates, poor working conditions in commercial packhouses, processing units and commercial farms, including poor health and safety practices/facilities and excessive overtime, can lead to low productivity and quality.

5.4.4 Potential Labour Impacts of Common Chain Upgrading Measures

Potential positive and negative labour impacts of chain upgrading measures commonly implemented in packhouses, processing units and commercial farms are listed below.

PROCESS UPGRADING MEASURES

Any measures that involve **mechanization** of production processes carry a risk of **overall job losses**, unless the scale of production increases in line with production efficiency.

Loss of jobs is a particular problem for women workers. Operation of (modern) machinery is often perceived as “men’s” work (ITC forthcoming), so jobs previously done manually by women may be given to men following introduction of mechanization

PRODUCT UPGRADING MEASURES

Introduction of higher **quality and/or food safety standards** may lead to:

- **More jobs for women**, as more women than men are typically employed in quality control, sorting and packing functions (Chan 2011: 37), so introduction of more stringent quality and/or food safety measures is likely to generate more employment opportunities for women in particular.
- **Greater risk of compulsory and/or excessive overtime**, since complex labelling and packaging requirements typically associated with high end products (e.g., products for UK

supermarkets) can lead to excessive/compulsory overtime when delivery deadlines are tight (Chan 2011:37).

FUNCTIONAL UPGRADING MEASURES

Expansion of processing activities is likely to lead to **more jobs for women**. Since more women than men tend to be employed in processing units (Chan 2011: 37), expansion of processing capacity is likely to increase employment opportunities for women in particular.

CHAIN UPGRADING MEASURES

Diversification into new crops by processing units can lead to:

- **more jobs overall**
- **reduced seasonality of employment**, i.e., an increase in the amount/duration of available employment per year (ITC forthcoming)

5.5 Specific Issues to Look Out For in Small-To-Medium Scale Processing and Trading Enterprises

5.5.1 Different Types of Workers Found in Small-To-Medium Scale Processing and Trading Enterprises

Types of workers typically found in small-to-medium scale processing and trading enterprises are described below.

- **Employers:** Some owner-managers of medium-scale processing and trading enterprises may employ workers on a continuous basis, and hence would be classified as “employers” (e.g., ACI 2010).
- **Own account operators:** Owner-managers of small-scale processing and trading enterprises are likely to be own account operators rather than employers; if they hire labour at all, this is likely to be only on a casual basis and only during the growing season. Women typically comprise a substantial proportion of owner-managers of small-scale processing units (e.g., ITC forthcoming).
- **Employees – non-permanent:** Many small-scale as well as medium-scale processing and trading enterprises hire workers during peak periods; the large majority are likely to be hired on a non-permanent basis. Women often comprise the majority of employees in processing units (ACI 2010; Chan 2011).
- **Producer co-operative members:** Members of producer co-operatives are present in the small-medium scale processing sectors in many Asian countries and certain Latin American and African countries (Schwettmann n.d.).
- **Contributing family workers:** Contributing family workers are also likely to be involved in small-scale processing and trading enterprises.

5.5.2 Typical Working Conditions/Constraints

Labour problems that can be experienced by different types of workers in these enterprises include those listed below.⁹

- **Seasonality of employment** – For the majority of workers, income/employment is likely to be available for only a few months a year, during the growing season of the crop(s) being processed (e.g., ACI 2010; ITC forthcoming).
- **Poor access to health and safety equipment and facilities** – For example, IFAD (2010) found that health and safety facilities at small and medium-sized coffee washing stations in Rwanda were limited.
- **Difference in wage rates between men and women employees** – Women workers often get paid less than men workers in medium-sized processing units, either because women are explicitly paid a lower wage rate than men for doing the same job (Morgan 2006), or because women tend to be hired in types of jobs that receive lower pay (Chan 2011: 39).
- **Poor access to resources** – Owner-managers of small-scale processing and trading enterprises often face poor access to operating equipment, materials, finance and markets (e.g., ITC forthcoming).
- **Risk of child labour** – There is likely to be a significant risk of child labour in small-scale processing enterprises where contributing family labour plays an important role in production.

5.5.3 Implications of Typical Working Conditions/Constraints for VC Efficiency

The labour constraints identified in section 5.5.2 can lead to the following value chain inefficiencies:

- Owner-managers' insecurity of employment and poor access to production inputs restricts their capacity to invest in chain upgrading measures (ITC forthcoming).
- Poor health and safety practices and facilities may limit workers' productivity.

5.5.4 Potential Labour Impacts of Common Chain Upgrading Measures

Potential positive and negative labour impacts of chain upgrading measures commonly implemented in the processing sector are listed below.

PROCESS UPGRADING MEASURES

VCPs that support the **development of large-scale processing units are likely to risk putting existing small- and medium- scale processing units (SMEs) out of business.** Unless proactive measures are taken to protect existing SMEs, this is a real risk, since the larger enterprises will be able to benefit from greater economies of scale (hence lower production costs), higher production volumes (hence greater likelihood in winning export contracts), and greater ability to meet export quality standards. This would result in loss of employment for both owner-managers and employees in SMEs (ITC forthcoming).

⁹ Little information could be found on working conditions in small-to-medium scale processing units and trading enterprises involved in GAVCs. Therefore, it was not possible to verify whether the labour problems listed here are widespread.

PRODUCT UPGRADING MEASURES:

VCPs that support the processing sector to enter **high value speciality or niche markets**, such as organic and/or Fairtrade, may generate new income and employment opportunities for workers in SMEs. Small-scale enterprises can have a competitive advantage compared to large-scale operations in accessing these niche markets, and successful integration can generate the following types of benefits for **owner-managers** of SMEs:

- higher factory gate prices
- more stable contractual relationships with buyers
- increased knowledge of and compliance with quality and environmental standards (Chan 2011: 46).

In turn, **employees** working in small and medium-scale processing units may benefit from:

- increased employment opportunities, if access to these markets increases the scale of processing activities
- improved wages and working conditions, resulting from compliance with the labour standards that form part of organic and Fairtrade certification requirements

5.6 Specific Issues to Look Out For on Smallholder Farms

5.6.1 Different Types of Workers Found on Smallholder Farms

Types of workers typically found on smallholder farms are described below.

- **Employers:** Although most smallholders are likely to be own account operators rather than employers, some smallholders may employ one or more employees on a continuous basis to manage the farm. In particular, older women (e.g., widows) and men/women who have a full-time off-farm job may employ a full-time “caretaker operator” to look after their farm (Institute of Development Studies and University of Ghana c.2009).
- **Own account operators:** Most smallholders are likely to be own account operators rather than employers. Many hire labour at peak periods (e.g., harvest), but do not hire labour all-year round, relying on own and family labour for the rest of the growing season (Challies 2010; ITC forthcoming).
- **Employees – non-permanent:** Although smallholders tend to rely primarily on own and family labour for export production, most do hire labour at peak periods (Chan 2011: 48). Most hired workers on smallholder farms are irregular or non-permanent employees and do not have written contracts (Barrientos et al. 2009). Even those who are employed “on a continuous basis” are unlikely to be formally employed, due to the fact that smallholdings are seldom registered as formal enterprises (ETI 2005). The employment contract is therefore unlikely to be subject to national labour legislation, and the smallholder is unlikely to be paying tax or social security contributions on behalf of the employee.
- **Contributing family workers:** Most smallholders involved in GAVCs rely heavily on contributing family workers to meet the necessary labour requirements for export production: this category of workers therefore constitutes an important “hidden” labour force in the smallholder sector. Moreover, since the majority of export contracts are given to men, women/wives are particularly strongly represented as contributing family workers in the

smallholder sector. They typically provide a substantial amount – and frequently the majority – of labour on men smallholders’ export plots (Chan 2011: 49-50).

5.6.2 Typical Working Conditions/Constraints: Hired Workers

Common labour problems experienced by hired workers on smallholder farms include those listed below.

- **All types of hired workers** on smallholder farms commonly face:
 - **seasonality of employment** – paid employment on smallholder farms is typically only available for a few months a year
 - **low wages** – hired workers on smallholder farms often may be paid lower wages than equivalent workers on commercial farms, and some earn below the national minimum wage¹⁰
 - **lack of paid annual and sick leave**
 - **lack of proper compensation for overtime work**
 - **poor access to health and safety equipment and facilities**, including poor access to potable water, toilets, medical facilities and personal protective equipment
 - **restrictions on trade union rights**, such as through active discouragement from joining trade unions by employers and/or outgrower scheme managers (ETI 2005)
 - **poor access to government-supported social protection benefits** (Barrientos et al. 2009)
- **Women workers often get paid less than men workers**, either because women are explicitly paid a lower wage rate than men for doing the same job, or because women tend to be hired in types of jobs that receive lower pay. Pay particular attention to the latter possibility, since gender division of labour is typically quite marked on smallholder farms.
- **Migrant workers can face discrimination.** Migrant workers (both from other parts of the same country and from other countries) often make up a substantial proportion of hired workers on smallholder farms. Smallholders may often treat migrant and local workers differently, for example by giving the most arduous jobs to migrant workers (NRET 2001; Chan 2011).
- **Child labour can be a problem.** Child labour is more prevalent in agriculture than in any other economic sector, accounting for approximately 70 per cent of child labour worldwide (ILO 2010). While much of this is accounted for by children engaged as contributing family workers (see section 5.6.3), there is also a significant risk of child labour amongst hired workers on smallholder farms (e.g., International Programme on the Elimination of Child Labour (IPEC) 2007).

5.6.3 Typical Working Conditions/Constraints: Contributing Family Workers

Common problems experienced by wives working as contributing family workers on export farms owned by men include those listed below.

¹⁰ However, the use of traditional non-wage remuneration systems is quite common on smallholder farms, and in many cases these non-wage benefits may compensate for a shortfall in the monetary wage. For example, informal labour exchange systems, sharecropping arrangements, informal apprenticeship arrangements, and in-kind contributions of goods and/or services, are all often used instead of, or in addition to, wage payments as compensation for labour provided (Natural Resources and Ethical Trade Programme (NRET) 2001).

- **Wives are often not compensated for their labour.** Despite typically doing a substantial proportion, and often the majority, of work on their husbands' export smallholder farms, wives are often not compensated for their labour and receive little of the income and benefits derived from export production.
- **GAVC engagement can lead to a net reduction in wives' income.** The increase in overall workload resulting from their contribution to export plots means that wives often have less time to spend on their own income-generating activities. Moreover, engagement in GAVCs can also lead to an erosion of women's usufruct rights to land. Attracted by the relatively high prices to be gained from export crops, it is not uncommon for men to re-appropriate land previously allocated to their wives in order to grow export crops. As a result, many wives have lost an important, and often their only, source of independent cash income.
- **Wives of men smallholders are mostly excluded from training and extension services** provided by external organizations, even when the women carry out a substantial amount of work on the smallholder farms. They therefore miss out on key opportunities to upgrade their skills (Chan 2011).

In addition, there is a **high risk of child labour amongst contributing family workers** on smallholder farms. Of the estimated 150 million child labourers working in the agricultural sector worldwide, the majority are likely to be working as contributing family workers on smallholdings, as indicated for example by recent studies of the cocoa smallholder sectors in five West African countries (IPEC 2007). The children involved face high health and safety risks and reduced access to education, both of which have negative implications for their future livelihood opportunities.

5.6.4 Typical Working Conditions/Constraints: Smallholders

As own account operators, most smallholders belong to a category of workers that face a relatively high risk of poverty and vulnerability (**table 1**). Most agricultural VCAs and VCPs targeting this sector recognize and address the following general constraints commonly faced by smallholders:

- poor access to land, credit, agricultural inputs, tools and equipment
- poor access to technical and market knowledge/information
- poor infrastructure (e.g., roads, electricity, communication networks)
- low level of organization, weak bargaining power, and hence low farmgate prices
- unclear contractual relations, terms and conditions with buyers (ETI 2005)

However, few VCAs and VCPs acknowledge or address the fact that, as informal self-employed workers (as opposed to formally employed waged workers), many smallholders also have weak access to certain key *labour* rights. In particular, many smallholders face the following “decent work deficits”:

- **poor access to social protection/social security benefits provided by governments** (e.g., paid sick leave and maternity leave, pensions, unemployment benefits)
- **poor access to health and safety facilities and services**
- **seasonality/insecurity of employment**¹¹

¹¹ While most VCPs seek to improve smallholders' income through increasing sales and/or profit from target commodities, many do not adequately address the need to increase the *security* or reliability of income and employment – a need which may be at least partially met by improving smallholders' access to paid employment (Oxfam International c.2009).

5.6.5 Implications of Typical Working Conditions/Constraints for VC Efficiency

Typical labour constraints faced by **hired workers** can:

- depress productivity and quality (see section 2.3)
- restrict access to higher value markets (i.e., prevent product or chain upgrading), since compliance with minimum labour standards is increasingly a prerequisite for supplying higher end export markets

Common labour constraints faced by **contributing family workers** can lead to the following value chain inefficiencies:

- Unequal distribution of costs and benefits from export production between husbands and wives can reduce productivity, quality and efficiency of production.
- Exclusion of key contributing family workers from training and extension programmes reduces potential uptake of new technologies, and hence potential productivity and quality gains (see section 2.3).

Finally, common labour rights deficits faced by **smallholders themselves** can limit the effectiveness of value chain interventions in the following ways:

- Insecurity of employment and poor access to social protection means that smallholders tend to adopt risk-averse livelihood strategies, which in turn can limit their willingness to make investments in value chain upgrading measures.
- Poor access to basic health and safety facilities can have a significant negative impact on productivity (ILO 2010).

5.6.6 Potential Labour Impacts of Common Chain Upgrading Measures

Potential positive and negative labour impacts of chain upgrading measures commonly implemented in the smallholder sector are listed below.

PROCESS UPGRADING MEASURES

Typical process upgrading measures implemented in the smallholder sector are associated with the following labour risks:

- **Hired labour and contributing family labour do not benefit from VCP-supported training activities.** Process upgrading measures introduced as part of VCPs typically include the provision of training to target smallholders on improved production or post-harvest handling techniques. However, contributing family workers and hired workers are usually not invited to participate in these training activities, thus further widening the skills gap between smallholders and these other types of workers (Chan 2010).
- **Introduction of “improved” production techniques can increase workload for contributing family workers.** Many new production techniques introduced to improve productivity and/or quality (e.g., integrated pest/crop management techniques) can be associated with higher labour requirements, which can fall disproportionately on unpaid family workers (Chan 2011).

PRODUCT UPGRADING MEASURES

Compliance with higher quality and environmental standards can increase workload for contributing family workers. Entry into higher value markets is increasingly associated with the

need to comply with environmental as well as higher quality standards, such as GLOBAL GAP and organic production standards. However, compliance with both types of standard is typically associated with higher labour requirements, which often fall disproportionately on wives and other unpaid women family workers. For example, both organic production methods and higher quality standards typically increase the time that needs to be spent on post-harvest activities – tasks which are typically performed by women family workers (Chan 2011).

FUNCTIONAL UPGRADING MEASURES

Introduction of processing activities in the smallholder sector can provide new employment and income-generating opportunities for women family workers. This is because food processing is typically done by women rather than men, so cultural norms tend to favour women's involvement. However, it is important for VCPs to take proactive measures to ensure that women capture the income and benefits from such initiatives (see section 6.2.5).

6. How to Ensure that VCPs in the Smallholder Sector Benefit All Types of Workers

6.1 Introduction

Section 6 provides guidance to development donors and practitioners who fund, design and/or implement VCPs targeting the smallholder sector. The aim of the guidance is to ensure that any potential gains (as well as costs) from planned chain upgrading measures are more equally shared amongst the different types of workers involved in smallholder production, i.e. amongst hired labour and contributing family workers, as well as smallholders themselves.

The guidance does not address all possible types of intervention that may be required in any given project or context. However, it does provide practical guidance on how to:

- address some of the most common labour constraints found in the export smallholder sector, as summarized in **sections 5.6.2 – 5.6.4**
- manage likely labour impacts of the most common types of chain upgrading measures implemented by development organizations in the export smallholder sector, as described in **section 5.6.6**

The section is structured as follows.

- **Section 6.2** provides guidance on how to ensure that contributing women family workers get a fair share of the benefits from GAVC engagement and common chain upgrading measures.
- **Section 6.3** provides guidance on how to ensure that hired workers benefit from GAVC engagement and VCP interventions.
- **Section 6.4** provides guidance on how to promote the labour rights of smallholders themselves.

6.2 How to Increase Benefits for Contributing Women Family Workers

6.2.1 Introduction

Increasing the returns of GAVC engagement and chain upgrading interventions for contributing women family workers benefits not only the women themselves, but also contributes to:

- improved productivity, quality and efficiency of chain upgrading measures (see section 2.3)
- poverty reduction, since increasing women's as opposed to men's income tends to generate greater improvements in household food security and children's health and education (Chan 2010)

Sections 6.2.2 – 6.2.5 outline four key steps you can take to realize these benefits, providing practical guidance and examples.

6.2.2 Support More Women to Supply GAVCs in Their Own Right

If your VCP is helping smallholders to access new GAVCs and/or to establish or strengthen smallholder organizations, adopt measures that encourage women to become contract farmers and members of producer organizations in their own right. Such measures will help contributing women family workers to become independent growers/suppliers, thus improving their access to and control over income from export sales. In particular, consider implementing the following two types of measures.

1. Ensure that membership criteria of relevant producer groups and contract farming schemes offer equal opportunities for women and men.

Wherever possible, avoid the following types of common membership criteria, since these can make it very difficult for women to become members:

- **Requiring land ownership or registration** – In most parts of the developing world, only a small percentage of women have traditional or legal ownership rights over land. Thus in Africa for example, requiring land ownership as a prerequisite for membership would prevent the majority of women from becoming members.
- **Stipulating minimum production or harvest volumes** – Such criteria can make it difficult for women to join, because they typically own smaller farms than men and so may not be able to meet minimum volume requirements.
- **Registering only heads of households as members** – There are two problems with this approach. First, it is often assumed that a household head must be a man, yet in many parts of the developing world women-headed households make up a significant proportion of total households. Second, in many parts of Africa for example, husbands and wives are allocated separate plots of land, each managing production and controlling income from their own plots. Registering a woman's farm under her husband's name would therefore risk depriving her of the income from that farm.

Instead, when setting up new contract farming schemes, **consider basing membership eligibility on the principle of control**: that is, any individual who has been assigned land where he/she has control over the produce can become a member, regardless of whether he/she has ownership rights over the land itself. Encourage any producer groups you support to adopt a similar approach. A practical application of this approach in Kenya is described in **example 6a**.

EXAMPLE 6a

Adopting Gender-Sensitive Membership Criteria in Producer Groups

Finlays, Kenya – The Food Retail Industry Challenge Fund (FRICH) Project is supporting Finlays' smallholder tea outgrowers to set up five new cooperatives. To ensure that women as well as men outgrowers can join the cooperatives in their own name, the project has decided to base membership eligibility on having been assigned land *where one has control over the produce*; formal land title is not necessary (Chan 2010).

2. Encourage men to give a share of their land or crops to their wives.

In many parts of the developing world, women have little control over crops, let alone control or ownership of land. In such situations, it will be difficult to increase women's membership of producer groups or contract farming schemes unless proactive measures are taken to encourage redistribution of crops or land between men and women.

Therefore, in such situations, encourage and support men smallholders participating in your programme to give a portion of their crops or land to their wives, so that women can register as contract farmers or producer group members in their own right. A successful application of this approach is described in **example 6b**.

EXAMPLE 6b

Encouraging Men to Give a Share of Their Land or Crops to Their Wives

Eastern Produce, Kenya (EPK) – When the EPK Outgrower Empowerment Project (OEP) was first set up in 2005-06, only 2 per cent of its members were women, reflecting the low level of land and crop ownership among women in the local (Nandi) communities. To encourage greater participation of women in OEP and the EPK tea outgrower scheme, OEP encouraged men members to swear affidavits to give some of their land to their wives. This enables the women to register with the Kenya Tea Board, which in turn means they can register as EPK outgrowers and OEP members. These efforts have resulted in an increase in women OEP members from 2 per cent of the membership in 2005/06, to 13 per cent in 2009 (Chan 2010).

6.2.3 Encourage Husbands to Share Costs and Benefits of GAVC Engagement More Equally with their Wives

Of course, it will not always be possible to convince men to completely relinquish ownership or control over their land or crops. It may be easier to take a more gradual approach, starting off by encouraging men to share the benefits and costs of GAVC engagement more equally with their wives and other contributing family workers. With this in mind, consider taking the following additional measures alongside or instead of those outlined in **section 6.2.2**.

- Encourage men smallholders to give a share of the income from export crop sales to their wives.
- Encourage men smallholders to share decision-making over household expenditure with their wives.
- Encourage men smallholders to negotiate with their wives about sharing any extra labour demand resulting from GAVC engagement and/or chain upgrading measures.

Examples 6c and 6d below describe how these measures have been implemented with coffee growing households in two separate initiatives in Uganda.

EXAMPLE 6c, 6d

Encouraging More Equal Sharing of Income, Labour Inputs and Decision-Making Between Husbands and Wives

Nasufwa Primary Society, Uganda – Women members of Nasufwa Primary Society, which exports fair trade coffee to Europe and the United States, have successfully used drama to encourage men in their community to share farm work and coffee income with their wives. The drama piece they developed emphasizes the important role played by women in cultivating the coffee crops, and draws attention to how many husbands do not share the income they gain from coffee sales, preferring instead to spend the proceeds on alcohol. The drama group has achieved significant impact: women members of the drama group and an extension officer working in the village reported that a significant number of men have now started giving a proportion of the harvested coffee cherries to their wives to sell, permitting them to keep the income generated. They also reported that some men had started drinking less and working harder on their coffee farms (Chan 2010).

Oxfam Novib project, Uganda – Oxfam Novib is supporting two local organizations to develop the coffee value chain in Uganda. The project includes training to challenge existing gender inequalities amongst coffee growing households. Using simple pictures and diagrams suitable for illiterate learners, the programme has trained over 3,000 men and women farmers to analyze gender-based problems and identify potential solutions. The results have been impressive. Women reported that, following the training, a significant number of men had started to:

- regularly consult their wives on how household income is spent
- spend less money on alcohol and contribute more to family expenses
- share farming and domestic work with their wives, rather than leaving it all for their wives to do (WEMAN Productions 2007)

6.2.4 Ensure that Contributing Women Family Workers Benefit from Training Provided Under VCPs

Training is often a key component of process and product upgrading interventions implemented by VCPs. For example, many process upgrading projects include training for smallholders on improved production and post-harvest processes, and product upgrading projects will often include training on how to comply with quality, environmental and/or social standards required by export markets (see **examples 1a** and **1b** in **section 1.4**).

If your VCP will include such training activities for smallholders, consider implementing the following measures to ensure that contributing women family workers will benefit fully from the training as well as the smallholders themselves.

ENSURE THAT CONTRIBUTING FAMILY WORKERS ARE DIRECTLY INVITED TO ATTEND TRAINING SESSIONS ORGANIZED BY YOUR PROGRAMME

In most parts of the developing world, women are much less likely to attend training sessions than men (Chan 2010). Therefore, it is important to take proactive measures to encourage women to take part in training activities organized by your programme. An important but simple step is to ensure that contributing family workers are directly informed about and invited to attend relevant training sessions. **Section 2.3** describes how and why a Kenyan tea company (EPK) has adopted such an approach. Indeed, EPK reported that wives of men outgrowers often make up the majority of participants at their training events (Chan 2010).

MAKE SURE THAT TRAINING METHODS USED ARE APPROPRIATE FOR WOMEN

Even when women are directly invited to attend training sessions, they typically face a range of constraints that can prevent them from attending or benefiting fully from training activities. In order to combat these constraints, consider taking the following measures.

- **Ensure that an appropriate proportion of trainers are women.** Experience shows that in most developing countries, women as opposed to men trainers are more effective at training women farmers/farm workers.
- **Ensure that the location and venue of the training sessions are women-friendly.** Make sure that the sessions are held in a place where women feel comfortable, and which they can easily reach from their homes.
- **Ensure that the timing and length of the sessions is appropriate.** Make sure that the time of day at which training sessions are held is compatible with women's domestic and other responsibilities. Consider dividing the training into more numerous but shorter sessions, because women often find it difficult to take out a large block of time from their daily chores.
- **Ensure that the training methods used are appropriate for women's literacy levels.** In rural areas in many developing countries, women's literacy levels are often very low, and considerably lower than those of rural men. Therefore, make sure that training materials and methods used are accessible to illiterate and semi-literate learners (Chan 2010).

Example 6e describes how one training initiative in Ghana has adopted such measures.

EXAMPLE 6e

Ensuring Training Approaches and Methods Are Women-Friendly

Video Viewing Clubs (VVC), Ghana – VVC is a training approach developed by the Sustainable Tree Crops Program (STCP) that combines the use of videos, discussion sessions and practical fieldwork to teach smallholders improved agronomic practices. Since 2006, the approach has been successfully used to teach women cocoa smallholders in Ghana and Côte d'Ivoire how to apply integrated crop and pest management (ICPM) techniques. STCP took the following steps to ensure that the training would be fully accessible to women cocoa smallholders in Ghana, many of whom are illiterate:

- Only women facilitators (trainers) were recruited
- In each target community, women trainees were fully involved in choosing the venue for the training sessions
- The length, timing and frequency of VVC sessions have been adapted to suit women's needs in each community: for example, meeting fortnightly rather than weekly, holding shorter sessions, and scheduling training on taboo (rest) days
- The three key training media used are fully accessible to illiterate farmers: (a) short films/videos; (b) facilitated discussions using a picture guide; and (c) practical demonstrations and practice of the techniques on one of the trainee's farms.

All the training materials (videos and picture guide) were developed in close consultation with women (and men) cocoa farmers to ensure that the messages were understandable and engaging to the target audience (Chan 2010).

6.2.5 Ensure that Contributing Women Family Workers Benefit from New Processing Activities Introduced by VCPs

Experience shows that the equipment and benefits associated with new processing activities introduced by VCPs can often be misappropriated by men community members, even if

processing is traditionally an activity performed by women (e.g., Boateng 2003). Therefore, take proactive measures to ensure that women retain ownership and/or control over new processing equipment and facilities. In particular, consider adopting the following measures:

- work through existing women's groups or co-operatives
- ensure that the type of processing equipment provided is appropriate to women's needs and constraints
- facilitate women's access to preferential credit, so that women can afford the initial investment cost of purchasing equipment
- provide training and on-going technical support, so that women are able to use and maintain the equipment over time

Example 6f describes one VCP in South Africa that has successfully applied these measures.

EXAMPLE 6f

Ensuring Women Retain Control over New Processing Equipment and Facilities

Peanut butter processing, South Africa – In the early 1990s women's groups in South Africa's Limpopo and Gauteng Provinces started small-scale peanut butter processing and marketing to earn additional cash. However, since they relied on traditional labour-intensive processing methods, they could only produce small volumes that in turn limited their profit margins and earnings. Following requests by the women's groups, a low-cost mechanized processing technology was developed jointly by the South African Agricultural Research Council and the Wageningen University and Research Centre, in consultation with the women's groups. The equipment was supplied to the women on a loan basis, which was to be repaid from the profits of the operation. In addition, intensive training in the use and maintenance of the equipment was provided, and the results monitored closely. Overall, the technology was easily mastered by all pilot groups, and total sales and profits from peanut processing increased as a result (adapted from World Bank et al. 2009: 208).

6.3 How to Ensure Hired Workers Benefit from GAVC Engagement and VCP Interventions

6.3.1 Introduction

As **section 5.6.5** explains, ensuring that hired workers benefit from GAVC engagement can help improve productivity, quality and access to higher value markets. In addition, improving conditions for hired workers can enhance your VCP's contribution to poverty reduction goals, since rural households who rely primarily on off-farm employment face a particularly high level of poverty (see **section 2.3**).

Sections 6.3.2 – 6.3.7 outline six key steps you can take to realize these benefits, providing practical guidance and examples.

6.3.2 Make Respect for Labour Rights a Condition of Programme Support

When establishing your VCP, inform participating smallholders about the programme's commitment to ensuring that *all* types of workers will benefit from programme activities. In

particular, explain that respect for the rights of hired workers is a condition of continued programme support. Consider asking smallholders to do the following for their employees:

- undertake immediate compliance with the ILO's core labour standards (**see footnote 2**)
- commit to working towards improvements in other relevant areas covered by international labour standards (**see checklist 2**)

6.3.3 Educate Smallholders and Their Employees about Workers' Rights

Most smallholders, as well as hired workers on smallholder farms, have very little awareness of labour legislation and workers' rights (ETI 2005; NRET 2001). Therefore, consider implementing measures to increase smallholders' and employees' awareness of applicable labour laws, and of the labour standards commonly stipulated by European supermarkets and other relevant international buying companies. Key messages you may wish to communicate to both smallholders and their workers are summarized in **checklist 2**.

CHECKLIST 2

Rights of Hired Workers – Key Messages for Smallholders and Workers

A. WHY SMALLHOLDERS SHOULD RESPECT THE RIGHTS OF HIRED WORKERS

A.1 Smallholders have certain obligations to the workers that they employ. These obligations are:

- **set out in national laws;** smallholders can be punished in law courts if it is proved that they have ignored these obligations
- **supported by many international buyers;** smallholders may also lose orders from international buyers if they consistently fail to meet these obligations (see A.2)

A.2 Providing good working conditions for hired workers brings benefits for smallholders as well as their workers. Treating workers well can help smallholders:

- **improve productivity and crop quality** - if workers are safe, healthy, paid fairly, and well trained, they are more likely to work hard and take better care of the crop
- **attract scarce/skilled labour during peak periods**, such as during harvest time
- **become an outgrower or supplier to additional exporters/companies**, in particular those exporters who sell to Europe and North America; (European and North American customers increasingly want reassurance that the farmers they buy from are complying with national labour laws, as well as with certain minimum labour standards that are internationally agreed upon.)
- **meet the requirements of some special certification schemes** - For example, becoming certified as a Fairtrade or organic farmer allows smallholders to sell their products to certain types of customers who will pay a higher price for the product. However, to be certified as Fairtrade or organic, smallholders have to demonstrate that they are meeting certain minimum labour standards.

B. HOW SMALLHOLDERS SHOULD TREAT EMPLOYEES

Many national labour laws and international buyers expect smallholders to meet the following obligations to the workers they employ:

Smallholders should *not* force anyone to work for them. For example, if a smallholder hires a married migrant worker to work on his or her farm, the smallholder should not force the worker's spouse or children to work as well, if they do not want to do so.

Smallholders should treat all workers alike, regardless of their gender, tribe/ethnic group, religion, or where they come from. For example, this means that men and women doing the same tasks should be paid the same wage.

Smallholders should pay a decent wage. Smallholders should pay all their workers at least the current national minimum wage (where relevant/applicable). At any rate, they should try and pay workers enough for workers' families to meet their basic needs, including housing, food, fuel, clothing, medical treatment and their children's education, with some money left over to spend on other things.

Smallholders should ensure that all workers understand their pay and conditions. Smallholders should clearly explain to their workers how their wages are calculated, and what other benefits they are entitled to as part of the work contract (e.g., meals, drinking water, foodstuffs, other in-kind services or goods).

Smallholders should provide a safe and healthy workplace. Smallholders should take precautions to ensure that workers do not become dehydrated, are suitably protected from exposure to pesticides and fertilizers, and are protected against injuries from any dangerous farm machinery or tools.

Smallholders should *not* ask workers to work excessively long hours. Smallholders should not ask workers to work more than 48 hours per week on a regular basis, and should give all workers at least one full day off each week.

Smallholders should only hire workers under the age of 18 years of age if the work does not interfere with their schooling, and if they do not do any dangerous or heavy work. Children under X* years of age should not be hired at all. Children between X and Y years should only be allowed to work outside of school hours or during school holidays, and only up to a maximum of Z hours per week. No workers under the age of 18 years should be permitted to operate farm machinery, apply pesticides or do any other work that may damage their health. (*The values of "X", "Y" and "Z" in this paragraph should be inserted in accordance with relevant national labour legislation.)

Smallholders should treat all workers fairly and with respect. Smallholders should never shout at or threaten their workers, and should never demand sexual favours from women workers in return for a job or favourable treatment.

Smallholders should *not* prevent or discourage their workers from joining a trade union or workers' organization if they wish to do so. If any workers are members of a trade union or workers' organization, smallholders should not treat them any differently from other workers, and should not prevent them from taking part in union activities.

C. WHERE TO GET SUPPORT

For smallholders:

If you are struggling to meet some of the requirements set out in Section B above, you may be able to get support from the following sources:

- **Support provided by your programme:** *[Provide details as appropriate]*
- **Support provided by individual exporters:** *[Provide details as appropriate. For example, individual exporters may be able to provide: detailed information on specific labour requirements for different overseas customers or certification schemes; training on safe pesticide application and handling; and financial assistance for building sanitary facilities and safe pesticides stores.]*
- **Support from other relevant government, NGO or donor programmes:** *[Provide details as appropriate. For example, the Chilean government funds Plan Nacional, a national level programme that provides training and support to horticultural smallholders to meet Good Agricultural Practice (GAP) standards required by export markets (Challies 2010).]*

For workers:

If you think that your employer is ignoring his/her obligations to you or other workers (as set out in Section B above), you can:

- **Contact/join a relevant trade union:** [*Provide details as appropriate*]
- **Contact other local organizations who provide support to workers:** [*Provide contact details of local workers' rights NGOs and other workers' organizations as appropriate*]

Discuss the problem(s) with your programme: [*Provide contact details of relevant individual/s as appropriate*] (ETI 2005).

A word of warning, however! Before organizing awareness-raising sessions with smallholders and their workers, make sure that you identify accurate and up-to-date information on the following topics, and that you adapt the messages in **checklist 2** accordingly:

- the specific labour standards or codes of practice used by the main international companies that your target smallholders will be supplying, and how these companies expect the standards to be applied in the smallholder sector
- national labour legislation in your target country/ies, and the extent to which relevant laws cover hired workers on smallholder farms

It is important to check the above information because requirements on labour standards do vary from company to company, both in terms of the specific minimum requirements they set, and in terms of how the standards are applied to the smallholder sector. In addition, national labour legislation varies significantly from country to country in terms of the extent to which various laws and provisions apply to hired workers on smallholder farms. While labour laws do often provide some degree of protection to these workers, hired workers on smallholder farms are frequently not covered by certain areas of regulation due to specific exclusion of the agricultural sector and/or of informal workplaces.¹² In particular, these workers are often fully or partially excluded from:

- laws guaranteeing workers the right to collective bargaining
- minimum wage legislation
- regulations on occupational health and safety
- regulations on maximum working hours and overtime (ILO 2011)

6.3.4 Support Smallholders to Improve Health and Safety Facilities and Practices

Most smallholders cannot afford key infrastructure and equipment typically required by the health and safety standards stipulated by international buyers and national labour laws. Smallholders and their workers also have little knowledge of health and safety practices, in particular how to ensure safe application and storage of pesticides and other agro-chemicals. Therefore, consider training smallholders and their workers on health and safety practices, and helping smallholders build or purchase appropriate facilities.

Health and safety training should cover the following areas:

- safe preparation, application and storage of agro-chemicals, including use of personal protective equipment and respect for re-entry periods

¹² For example, working hour regulations in Kenya and Mali specifically exclude agricultural workers, and working hour regulations in Ghana do not apply to workers in the "informal sector" (U.S. Department of State 2011a, 2011b and 2011c).

- basic sanitation and personal hygiene practices
- safe use and maintenance of farm tools and equipment
- accident/emergency procedures (ETI 2005; ETI 2006)

Financial assistance with the following types of equipment and infrastructure are likely to be particularly useful:

- supply of clean drinking water, e.g., digging of boreholes or wells, connection to mains water supply
- building of appropriate/safe pesticide storage facilities, to minimize risk of pesticide exposure within homesteads
- building of toilets/latrines
- building of bathing/showering facilities for workers after pesticide application
- provision of personal protective equipment for pesticide application (ETI 2005; NRET 2001)

6.3.5 Facilitate Workers' Access to State Social Protection

In many countries, hired workers on smallholder farms have limited entitlements to public sector social security protection and benefits, due to the informal status of their employers and/or the exclusion of agricultural workers from relevant national labour laws (**see section 6.3.3**).

Nevertheless, in countries where labour laws do provide some level of social protection to these workers, consider taking steps to raise workers' awareness and facilitate their access to these entitlements. **Examples 6g** and **6h** provide examples of two countries where such measures may be helpful.

EXAMPLES 6g, 6h

Government-Based Social Protection for Hired Workers on Smallholder Farms

SSNIT, Ghana – In Ghana, the main government-based social protection scheme is through the Social Security National Insurance Trust (SSNIT), which provides old age and invalidity pensions to contributors. All workers who have been employed for a period of 3 months or more are entitled to be registered with SSNIT; indeed, employers are legally responsible for ensuring that all eligible workers are registered with the scheme. Thus, even workers who are employed only on a seasonal basis are likely to be entitled to SSNIT (Barrientos et al. 2009 and SSNIT c.2009).

Social Security Fund, Rwanda – The social security provisions of the Rwanda Labour Law are applicable to all types of employees, including those who work for informal enterprises. Employers are legally obliged to affiliate all their hired workers to the Social Security Fund, which covers costs for work injuries and occupational diseases, as well as providing old age pensions or retirement lump sums under certain conditions (IFAD 2010).

6.3.6 Support Hired Workers to Join Relevant Workers' Organizations

Few hired workers on smallholder farms are members of trade unions or other workers' organizations. Their geographical dispersion across a large number of small enterprises, together with the seasonal or temporary nature of their employment, makes it difficult for trade unions to recruit members from amongst their ranks (ILO 2011). Nevertheless, while many trade unions in developing countries continue to focus their efforts on other sectors, some unions have recently taken proactive steps to recruit and support agricultural workers in rural areas (ETI 2005).

Therefore, consider contacting relevant trade unions and workers' organizations to gauge their interest in recruiting workers on smallholder farms. Where suitable interest and capacity exists, invite appropriate representatives to meet workers on participating smallholder farms so that they can explain the benefits of trade union membership. **Examples 6j and 6k** provide two examples of trade union organizations that are proactive in the smallholder sector.

EXAMPLES 6j, 6k

Trade Union Organizations Active in the Smallholder Sector

CONTAG, Brazil – The National Confederation of Agricultural Workers (CONTAG) has actively campaigned for appropriate agricultural policies for family farmers, as well as social benefits, including pensions, for rural workers.

PKSK, Philippines – The National Union of Independent Rural Organisations (PKSK) was recently set up as a result of globalization and deregulation of the economy. Through its alliances with PAKISAMA (the national farm workers federation), KASAMA-LO (the national federation of democratic farm workers) and other organizations, PKSK represents small farmers, farm workers and fisher folk, amongst other groups, and is established in 20 out of 76 provinces in the Philippines (adapted from ETI 2005:39).

6.3.7 Ensure Hired Workers Can Participate in VCP-Supported Training Activities

Finally, ensure that key workers employed by smallholders (for example, those workers who are repeatedly hired from year to year) are directly invited to participate in VCP-supported training activities, for example training on improved production and post-harvest practices. If a significant proportion of hired workers are women, then the guidance contained in **section 6.2.4** should be applied.

6.4 How to Promote the Employment Rights of Smallholders Themselves

6.4.1 Introduction

As **section 5.6.5** explains, promoting the employment rights of smallholders themselves can help increase productivity and investment in chain upgrading. It can also help smallholders access certain higher end markets (see **section 6.4.2**).

Sections 6.4.2 – 6.4.5 outline four key steps you can take to realise these benefits, providing practical guidance and examples.

6.4.2 Educate Smallholders about Their Rights as Workers

As self-employed workers operating mainly in the informal sector, smallholders typically have limited protection under national labour laws. Nevertheless, in some countries labour legislation does provide some degree of protection to informal self-employed workers, as **examples 6l and 6m** indicate.

Moreover, some international food companies have made commitments to apply the labour standards contained in their ethical sourcing codes to smallholders in their supply chains. For example, the UK's Ethical Trading Initiative (ETI) has developed detailed guidelines for international food companies and their suppliers on how to apply the ETI Base Code to smallholders (see ETI 2005), and several ETI member companies are applying these guidelines to key groups of smallholders in their supply chains. These companies are working towards

compliance with certain key commitments in terms of their relationships with smallholder suppliers, including:

- **Provision of written contracts to regular smallholder suppliers** – The contracts should set out key terms and conditions of supply, including the product specification, minimum/maximum quantities to be supplied, and the agreed price and/or details of how the price will be decided.
- **Payment of a fair price for products supplied** – A “fair price” is considered one that covers all production costs and wage costs, and allows for a small surplus for smallholders to invest in their business.
- **Provision of regular orders wherever possible** – When this is not possible, buyers should explain how and why orders fluctuate and inform smallholders about prospects for future orders.
- **Provision of information and advice** – This covers all aspects of health and safety on smallholder farms (ETI 2005).

Therefore, where national labour legislation and/or commercial relationships with international buyers do provide smallholders with some level of employment protection, consider implementing measures to improve smallholders’ awareness about these rights, and about what they can do if they believe that these rights are not being respected.

6.4.3 Support Smallholders to Improve Health and Safety Facilities and Practices

Smallholders themselves, as well as their employees, typically have poor knowledge of health and safety practices and weak access to health services and facilities. Therefore, consider providing health and safety training and financial support to smallholders participating in your VCP: practical guidance can be found in **section 6.3.4**.

6.4.4 Facilitate Smallholders’ Access to State Social Protection

As informal self-employed workers, most smallholders are not well provided for by government-based social protection schemes. However, some State social security systems do provide benefits for self-employed workers, as **examples 6l** and **6m** indicate.

EXAMPLES 6l, 6m

Social Protection for Self-Employed Workers

SSNIT, Ghana – The Ghanaian government’s SSNIT scheme is open on a voluntary basis to self-employed workers as well as employees, meaning that self-employed workers who make the requisite amount of contributions to the scheme are entitled to old age and invalidity pensions (SSNIT c.2009).

State social security schemes, North Africa and Iran – In Egypt and Iran, special arrangements have been made to provide benefit coverage for the self-employed under the general national social insurance schemes. Other North African countries include the self-employed in their national social security schemes on a similar basis to that of employees (Bailey n.d.).

Therefore, where governments do provide some degree of social protection to smallholders, consider taking steps to raise smallholders’ awareness and facilitate their access to these entitlements.

6.4.5 Support Smallholders to Join Relevant Trade Unions

Many agricultural VCPs recognize the need to strengthen smallholders' organization, and include measures to strengthen existing smallholder groups and/or establish new producer organizations. However, one strategy that few VCPs consider is to support smallholders to join relevant trade unions. In some countries, trade union organizations have taken an active role in recruiting and supporting smallholders, helping them to address key production constraints. **Examples 6n and 6p** below provide information on two unions who have adopted such an approach.

EXAMPLES 6n, 6p

Trade Unions that are Helping Smallholders Address Key Production Constraints

UNAC, Colombia – The Colombian union UNAC (National Agro-Food Union) represents various sectors in the food and agriculture chain, associations of small producers, and organizations involved in environmental protection training and agro-ecological production. Its role is not only to negotiate and defend collective agreements, but also to intervene nationally with the state in meeting the needs of the rural population. It organizes study circles that involve the whole family, where they discuss sustainable agricultural production, the management and community control of reserved land (i.e., the protection of forests, water and woods), and provide training on environmental matters. It also organizes independent workers and their families cooperatively to produce and export plantains and bananas.

PKSK, Philippines – PKSK, whose members include small farmers, fisher folk, and co-operatives, works to improve access to production services, training and markets for its members (adapted from ETI 2005).

Therefore, where trade unions are known to represent the interests of smallholder farmers, consider inviting appropriate union representatives to meet with your target smallholders, so that they can explain the benefits of membership.

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