

Evaluation of the Implementation and Impact of the WIETA Code

EVALUATION REPORT

2018



VinPro



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Main Message

The South African wine industry has a chequered past, with the historical legacy of past practices still affecting the sector today. This intersects with increased customer consciousness internationally surrounding ethical trade. From this background, WIETA was established in 2002 as a multi-stakeholder organisation seeking to reconcile the local industry's contemporary practices with global trends in the ethical trade arena. An evaluation was undertaken to assess the implementation and impacts of the WIETA code, with the following key lessons emerging .

1. The South African Wine industry has made significant strides in terms of improving conditions for workers. This is reflected in the literature (academic and otherwise) reviewed. This has been driven to a great extent by initiatives driven by WIETA, as well as other entities such as the public sector (i.e. government regulation), civil society (including NPOs, academics, etc) and the private sector (including representatives industry organisations as well as individuals).
2. Gains made in improving working conditions are concentrated around the areas of basic conditions of employment , adherence to labour rights, payment of minimum wages and health and safety. Such gains apply throughout the province (geographically) and for all industry participants (i.e. farmers, cellars, etc). Partly due to adherence to the WIETA code, knowledge of and compliance with legislation in this regard has improved between 2013 and 2017.
3. Despite these gains there still exists significant room for improvement in terms of advancing ethical trade practices within the industry. Thematic areas in which there was limited compliance with the WIETA code included housing and living wages. These are recognised as contentious issues generally, but manifest notably within the wine industry (given the cost implications, as well as definitional ambiguities). These and other thematic areas of limited compliance (abusive and unfair treatment of workers) have their roots in the country's historical context of largely paternalistic employer-worker relations juxtaposed against the requirements of contemporary global business practices (professionalised agro-industry, supply chain mapping, etc)
4. Implementation of the WIETA code has created an additional mechanism to market and manage the South African wine industry's brand and reputation. In this regard, WIETA's undertaking of this role has not been without criticism (both locally, from members that do not recognise the value it provides , and internationally, through negative sentiment created by publications such as the Bitter Grapes Documentary). Implementation of the WIETA code has thus assisted in managing the reputational risk associated with the wine industry by creating a local standard that is more affordable than comparable international standards
5. In order to maximise future impact resulting implementation of the WIETA code, greater buy-in from farmer and cellar WIETA members is vital. Whilst at present the majority of farmer and cellar WIETA members perceive implementation of the code as having little-to-no effect on the sustainability of their enterprises, this is often informed by individual immediate financial expenditure requirements rather than long term collective benefits accruing from adherence to the code. Improved communication and training on this trade-off between current costs and future benefits is thus required.

Executive Summary

Urban-Econ Development Economists was appointed by Casidra (in a partnership with the Department of Agriculture and VINPRO) to undertake an Evaluation of the Implementation and Impact of the WIETA code on Working Conditions, Workers, Member Companies and their Supply Chains.

The wine industry has identified the need to determine the impact of tools such as the WIETA code in promoting fair working conditions in the wine industry and to promote a platform for dialogue around ethical trade.

The purpose of this study is therefore to generate evidence-based findings to:

1. Assess the impacts of evaluation of the WIETA code and the labour, occupational health and safety and housing standards contained in the WIETA code on:
 - a. Working conditions
 - b. Workers and member companies
 - c. Their supply chains
2. Identifying how the impact of implementation of the WIETA code can be improved
3. Identify how the programme design supporting the WEITA code implementation could be improved to increase impact
4. Determine the monetary value and compliance category of the private and or public sector investment in member businesses in compliance with the WIETA code.

This was interpreted by the research team as involving:

- Understanding what is, and is not working in terms of the WIETA code implementation
- Engaging with stakeholders in terms of understanding the impact of WIETA code on their activities and outcomes
- Analysis of 'best-practice'
- Documenting the findings of the engagements and comparing these findings to the WIETA code's goals and objectives
- Providing recommendations on the design of the WIETA code to increase effectiveness and desirable outcomes

The report provided an assessment of the WIETA code and the information utilised to undertake this task was collected through the following collection methods:

- Audit outcomes queries
- 26 focus groups, representing 231 workers
- 168 farmer/cellar survey responses
- Interviews with stakeholder including industry bodies, auditors, consultants, buyers, labour, the public sector and researchers.

From the assessment the following table identifies the main issues and results within the WIETA Code as well as the recommendations for future design of the code.

Focus area	Key Result	Finding
Implementation of the code	Compliance	<p>Increase in:</p> <ul style="list-style-type: none"> • Membership from 490 in 2013 to 1 452 in 2017 • Members audited from 165 in 2013 to 1 116 in 2017 • Certified members from 150 in 2013 to 1 002 in 2017 • Compliance, with 71% of members categorised as either limited or no risk • WIETA accredited grapes from 15% in 2013 to 66% in 2017 <p>It must however be noted that primary reason for WIETA membership is to comply with buyer requirements, with membership seen as a grudge purchase made from necessity, rather than desire to transform business practices. As such high number of industry participants that are not WIETA members is noted as a risk area with possible negative externalities arising</p>
	Standard & conditions of employment-labour	<ul style="list-style-type: none"> • Labour: Improved compliance with labour and related national legislation as result of compliance with WIETA code. Freedom of association, avoidance of forced labour and avoidance of child labour noted as areas of high compliance • Occupational health & safety: Gains have been largely realised by addressing 'low hanging fruit' such as provision of training to employees. • Housing: Noted as area of limited compliance. Finding to be contextualised within understanding of housing as contentious issue with significant cost implications • Employment: Implementation of the code has not resulted in significant restructuring of workforces (i.e. split between permanent/ temporary/ seasonal) or displacement of labour due to automation
Impact of the code	Perceived impact-workers	<p>Workers perceive that as a result of implementation of the WIETA code on farms and cellars:</p> <ul style="list-style-type: none"> • There is improved awareness of & compliance with legal requirements by employers and employees
	Perceived impact-members	<p>Negative sentiment from majority of farmers and cellars, with frustration centred around:</p> <ul style="list-style-type: none"> • Burden of short-term costs (farmers generally receive limited support from cellars) • Diluted nature of long-term benefits (as contrasted against short-term costs incurred) • Credibility of WIETA (seen by some members as not equally balancing needs of farmer & producers against those of labour and international buyers/ retailers) • Code provisions relating to housing, given cost implications and perceived need for shared responsibility between residents and land owners • Living wage as an ambiguous concept given the existence of sectoral determinations for minimum wages

Focus area	Key Result	Finding
	Perceived impact-stakeholders	<p>Majority of stakeholders consider the main outcomes of the WIETA code implementation as being:</p> <ul style="list-style-type: none"> • Improved adherence to legislated standards and practices, especially important given the limited capacity in government departments to fulfil its monitoring role • Providing local solutions (code is adapted from international standards to address South African context) to international challenges (increased conscientisation of customers around ethical trade) • Vehicle for improved labour conditions, is especially important given the low levels of independent labour representative organisations within the provincial sector
Future design recommendations	Programme design	<p>Compliance with the WIETA code creates diffused benefits and concentrated costs:</p> <ul style="list-style-type: none"> • Costs often disproportionately borne by producers with limited viability • Benefits spread over an industry-wide level in the form of management of reputational risk and associated maintenance of international market access
	Tools & systems fit for purpose	<ul style="list-style-type: none"> • WIETA code is internationally benchmarked and comparable to local standards. It is recommended that industry wide engagement on WIETA code elements relating to housing and living wages be undertaken to create & build consensus • Audit as a primary tool was historically appropriate during period of 2013-2017 and was characterised by growth in WIETA membership • The limitations of audit have been recognised (static picture, member audit fatigue) through the introduction of risk categories. This is recognised as an appropriate tool for current and future conditions (tapering membership growth, varied degrees of compliance by certified members).
	Maximising code impacts	<p>Support to be extended to:</p> <ul style="list-style-type: none"> • Increase WIETA membership by entities that do not sell to international markets, as this represents significant market reputational risk. Representative industry bodies have a key role to play in this regard • Smaller producers that struggle to absorb costs of full compliance . Cellars have a key role to play in this regard • Reduce audit fatigue by advancing progress in reaching full equivalency between the WIETA certification and international standards • Reduce audit fatigue by advancing progress in reaching full equivalency between the WIETA certification and Department of Labour inspections • Reduce audit fatigue by providing training to WIETA members

1 Introduction

This document is the culmination of research activities undertaken to evaluate the implementation and impact of the Wine and Agricultural Ethical Trading Association (WIETA) code. This report is presented in the 1/3/25 format, and is to be read in conjunction with the following:

- **Scope of Works** which outlines the project scope and evaluation questions to be answered (Refer to Annexure A: Scope of Works)
- **Inception Report** which details the methodological approach used and refines the project scope based on client requirements (Refer to Annexure B: Inception Report)
- **Literature Review** which provides an in-depth context to this study in terms of the history and development of ethical trade practices in the wine industry (Refer to Annexure C: Literature Review)
- **Evaluation Framework** which outlines the development of indicators used to evaluate implementation and impact of the WIETA code
- **Field Research Plan** which provides the reader with a summary of the planned data gathering process
- **Field Research Report** which discusses findings from primary research undertaken through engagements with workers, farmer/cellar representatives and broader industry stakeholders (Refer to Annexure D: Field Research Report)

a. Problem Statement

The South African wine and related industries have adopted ethical parameters by which they come to measure their impact in tackling many of the widespread development challenges affecting those employed in the production of wine and other agricultural products. As a multi-stakeholder organisation, WIETA represents the interests of trade unions, civil society groupings, wine brands and their producers. This places WIETA in a unique position to actively promote fair working conditions within the wine industry and to provide a platform for dialogue around ethical trade. WIETA strives to ensure fair treatment, respectful relationships and dignified lives toward achieving a transformed agricultural sector.

The wine industry has therefore identified the need to determine the impact of tools such as the WIETA code in promoting fair working conditions within the wine industry and to promote a platform for dialogue around ethical trade.

b. Study Ambit

The objectives of this study were to:

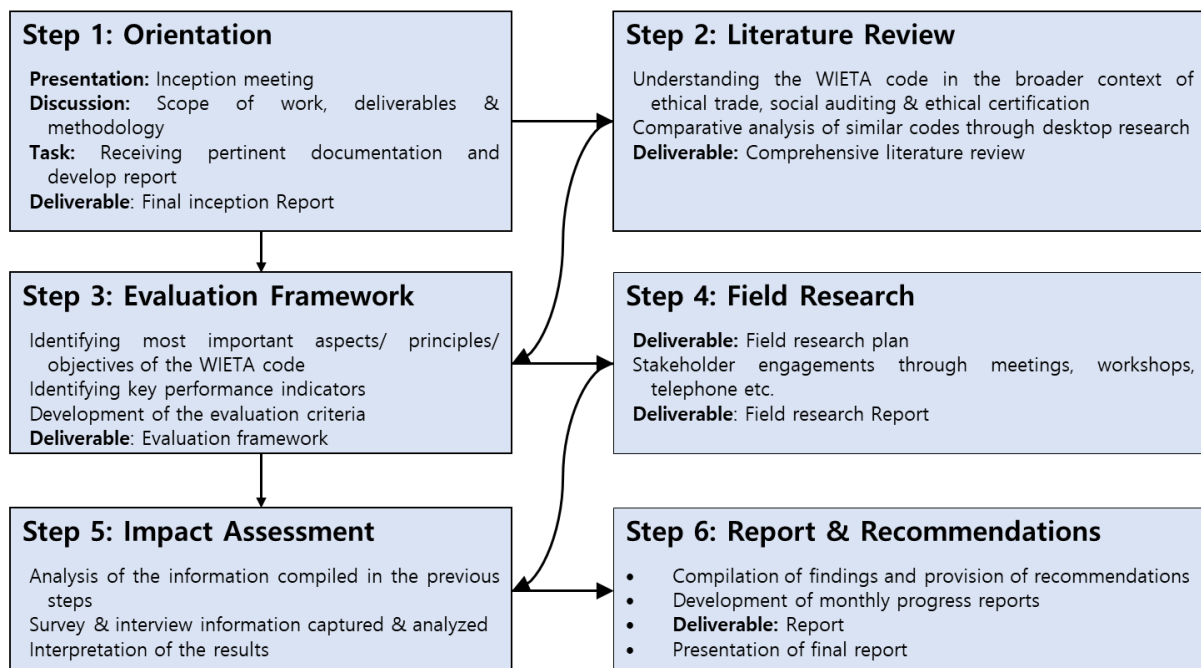
- Evaluate the implementation of the WIETA code by identifying best practices and areas for improvement.
- Evaluate the effectiveness of the WIETA programme in terms of outcomes in labour practices, product quality and profitability.

- Provide recommendations on how to design the WIETA programme to improve its implementation and effectiveness.

This was interpreted by the research team as involving:

- Understanding what is, and is not working in terms of the WIETA code implementation
- Engaging with stakeholders in terms of understanding the impact of WIETA code on their activities and outcomes
- Analysis of ‘best-practice’
- Documenting the findings of the engagements and comparing these findings to the code’s goals and objectives
- Providing recommendations on the design of the WIETA code to increase effectiveness and desirable outcomes

c. Methodology



The methodology used is summarised diagrammatically above. Further details on the methodological approach are provided in the Inception Report, Field Research Plan and Field Research Report. Accordingly, this report’s structure is based on the methodology.

d. Evaluation Framework

Key research questions from the Scope of Works for each of the focus areas of the evaluation are presented below in the evaluation framework.

WIETA CODE EVALUATION: EVALUATION REPORT

Focus area	Key results	Key questions	Data collection tool	Data source
Implementation of the code	Monitory value	Extra expenditure as a result of WIETA membership	Questionnaire	Cellar/ producer/ grower
	Compliance	How did members implement the code	Audit outcomes	WIETA
	Standard & conditions of employment (labour, housing, OHS [water, energy, sanitation])	Compliance (critical/ major/ minor/ observation/ good practice)	Audit outcomes	WIETA
	Labour standards	Perceived impact of WIETA	Stakeholder meetings	DoL
	Housing standards	Perceived impact of WIETA	Stakeholder meetings	DHS/ DRDLR
	Training (& associated career succession)	Perceived impact of WIETA related training received (and associated career progression)	Questionnaire	Farm worker
			Training directly attributable to WIETA membership	Questionnaire
			Internal records	WIETA
	Improved remuneration	Deviation from legal-minimum & attributed reason	Questionnaire	Cellar/ producer/ grower
	Impact of the code	Workers	Perceived direct impact	Questionnaire
Indirect (incl. seasonal labour)			Stakeholder meetings	Worker wellness working group; TESS; Trade unions
Member companies		ROI	Questionnaire	Cellar/ producer/ grower
		Marketing benefits	Questionnaire	Cellar/ producer/ grower
			Stakeholder meetings	SALBA; WOSA; buyers
Supply chains		Socio-economic impacts	Stakeholder meetings	Buyers (incl. retailers) Exporters; TESS; Auditors
Was market reputational risk adequately addressed		Subjective measure based on perception	Stakeholder meetings	Buyers (incl. retailers); Exporters; SIZA; FairtradeSA; ETI SA; WOSA
Role played by audits		Audit as driver vs. other activities (e.g. training)	Stakeholder meetings	WIETA board members; Auditors; Fairtrade; SIZA; ETI; trade unions
Non-member companies		Missed opportunities	Stakeholder meetings	WOSA; SALBA; ETI
		Spillover effects		SIZA; Trade unions; Phuhlisani; DoA; DoL
Future design	Programme design	Effectiveness of pre-audit processes in preparing members for audits & post-	Questionnaire	Cellar/ producer/ grower
			Stakeholder meetings	Auditors

Focus area	Key results	Key questions	Data collection tool	Data source
		audit processes in preparing members for corrective actions		
		How should it evolve (benchmarking against other local & international standards)	Stakeholder meetings Literature review; shadow audit comparing WIETA & SIZA	Fairtrade SA; SIZA; ETI
	Tools & systems: fit for purpose	How should audit fatigue be addressed	Stakeholder meetings Literature review	Auditors; Board members
	Maximising code implementation impacts	How to leverage strengths & minimise weaknesses	Strategic/operational plans WISE	WIETA SAWIS

2 Orientation – WIETA and the WIETA code

a. Background and History

WIETA is a multi-stakeholder, non-profit voluntary organisation which actively promotes ethical trade in the wine industry value chain through training, technical assessment and audits to assess members' compliance with its code of good practice.

The organisation's origins may be traced to the 1990s, when South Africa's increased participation in global trade, coupled with increased consumer interest in worker treatment and related issues resulted in increased scrutiny on the South African wine industry's historical legacy, and how this affected on-farm conditions at the time. A truncated history of key milestones in WIETA's history is outlined below:

- 1998-2000: Emergence of various pilot projects in South Africa, using the base code for self-regulation
- 2002: WIETA formally established
- 2010: WIETA makes decision to audit the entire supply chain (i.e. not just cellars but also producers)
- 2011: Decision to make WIETA audits a requirement- in the aftermath of negative fallout from the BAWSI report
- 2012: WIETA introduces seal¹ as a fundamental change in approach
- 2017: Introduction of risk matrix categories as part of audit and certification

The above is not to be seen as conclusive but suffices for the purposes of this evaluation. Historically, there have been changes to the WIETA constitution and code. These changes have however principally

¹ Physical seal on bottle for accredited WIETA members

been around the application and interpretation of the code, rather than representing significant changes in the underlying principles. Historically, its growth was supported by several large cellars and brands that advanced its causes within their supply chains and partners. As a multi-stakeholder entity, the WIETA board includes representation from producers, civil society, labour and the public sector.

Membership to WIETA is open to all individuals and entities that support WIETA's objectives. The organisation's main activities include compliance with the code, educating and training stakeholders on the code and utilising external auditors to audit members' adherence to the code. These above activities take various forms and have evolved with time.

WIETA's funding is provided through a combination of membership subscriptions, public funding (e.g. from the Western Cape Department of Agriculture), industry funding (e.g. through Vinpro, the NPC representing South African wine producers, cellars and stakeholders) and other minor contributors. This funding supports WIETA's various activities and subsidises the cost of audits.

b. Strategic Positioning

The WIETA strategy for the period 2014 to 2017 states that its strategic objectives are to:

- Develop a world class ethical trade programme for the wine industry and aligned sectors
- Provide workers and producers with the necessary insights, skills and information to effectively participate in the ethical requirements of the WIETA code
- Drive a communications and engagement strategy to support WIETA's objectives
- Structure, staff and skill internal resources in order to deliver value to all stakeholders
- Source and Secure Sustainable funding for the organisation

Key activities, outcomes and implementation plans (detailing resources and timeframes) are listed for each of these. This is supported by its 2015 to 2017 communications strategy which emphasises building trust, empowering stakeholders, encouraging involvement and participation, enhancing member relationships, marketing to influence change and developing the WIETA brand.

WIETA also has a 2018 ethical turnaround strategy that discusses activities under the following main headings:

- Ethical support programmes (wellness, ethical leadership, improving relationships, ethical trade in the workplace, on-farm housing, modern slavery, and training interventions)
- Ethical services (risk remedy & consulting, best practices & policies, and seal certification)
- Ethical communication and awareness
- Ethical audits

Whilst not an exclusively WIETA strategy, it is important to note that the Wine Industry Strategic Exercise (WISE) is committed to achieving 100% ethical accredited volume of wine for South African wines by 2025.

c. WIETA Code

This summary outlines the main headings contained in the WIETA code:

- Management systems
- Prohibition on child labour and the employment of young workers
- Prohibition on forced, bonded, prison or indentured labour
- A safe and healthy work environment
- Freedom of association and the right to bargain collectively
- Workers shall not be unfairly discriminated against
- Workers shall be fairly treated, and fair disciplinary measures shall be adopted
- Working hours shall not be excessive and working conditions shall be fair
- Striving towards the payment of a living wage
- Regular employment shall be provided
- Housing and tenure security
- Community and social Benefits

The code is based on various international conventions, local legislation and is benchmarked against the Global Social Compliance Programme.

3 Literature Review

a. Ethical Trade Principles and Standards

Ethical trade can be defined as the trade of goods and services which does not negatively impact workers and their communities and from which workers can derive due benefit. In many countries, however, this is not always the case. To combat worker exploitation and the harmful effects of adverse working conditions, various international and local organisations have developed certification standards which aim to improve working conditions for local people beyond the legal requirements. The objective of this is to increase the scope for community development and sustainable development.

The origins of ethical trade stem from the realisation and experience of worker exploitation. Most fair and ethical trade organisations acknowledge that a violation of ethical trade practices often means a violation of workers' rights. This puts a severe strain on the human development of low-income communities and is therefore of high concern for both these communities and the development community at large. Unfair trade practices also perpetuate adverse social and economic impacts such as substance abuse and economic inequality. Addressing these issues has become a highly relevant issue for local and international NGOs, trade unions and exporters/importers of raw/processed goods. Evidence of this is the fact that the majority of importing organisations in developed countries such as the United Kingdom (UK) and European Union (EU) member countries have included fair and ethical trade practices as a prerequisite for their suppliers

b. Local Context

Responsible for approximately 4.1% of global production, South Africa is the 8th largest wine producer in the world. The wine industry is also a significant employer in South Africa, providing opportunities for approximately 30 000 farm workers. Locally, there is an almost equal split between exports and the local consumption of South African wine, with just below 48% of total wine that is produced being exported in 2016. This percentage has remained more or less the same for the past ten years. The most prominent export destinations (per volume of wine) continue to be the EU (particularly Scandinavian countries) and the UK.

Fifty-seven percent of producers profiled in the Wine Industry Strategic Exercise (WISE) reported low profitability with almost 30% of all producers being loss-making entities. SAWIS reported a decline in the number of producer cellars, limited change in the number of private wine cellars and an increase in the number of producing wholesalers between 2006 and 2016. This may be due to economies of scale requirements as producer cellars become less able to keep pace with production costs. The number of hectares under cultivation also declined from 102 146 ha in 2006 to 95 775 ha in 2016, with a corresponding decline in total wine crop production (in litres) for the same period.

These trends indicate a contracting wine industry which is becoming dominated by larger companies focused on beneficiation of primary produce. Thus, the industry will increasingly be concentrated in large companies geared towards the export market. This highlights the importance of ethical trade organisations establishing relations with larger wine producing organisations as they will be increasingly larger employers and play an increasingly larger role in driving change in the industry.

The most significant barriers to entry for South African wine exporters are the international requirements and tariffs. Some of the largest importers of South African wine requires adherence to quality and ethical standards to ensure safety and compliance to responsible trade practices.

This development increases the need for ethical trade certification. The fact that local ethical trade organisations are able to take cognisance of local environmental (both industry and social environment) conditions increases their relevance and legitimacy. Necessity for the improvement of organisational reputation and the reduction of organisational risk associated with unethical practices will be the driver of ethical trade in the near future as this will also drive access to new export markets.

c. Unethical Trade in the South African Wine Industry

Ethical trade initiatives in South Africa originate from the realisation that conditions in the wine and agricultural industry are susceptible to highly unethical practices, as has been the case historically.

Significant inroads have been made regarding the protection of farm workers and other labourers in general since 2000. This is mainly due to the improvement of labour laws and policies required for exports. Implementation of these labour laws and policies has however not been universal as seen in the labour rights abuses on South African farms reported by organisations such as the Human Rights

Watch (HRW) and the International Labour Organisation (ILO). The wine industry has in the past been accused of various unethical practices including:

- Wages being below the prescribed minimum wage
- Poor and unfair treatment of workers in the form of physical and verbal abuse and discrimination
- Violation of occupational health and safety requirements
- Inadequate housing

Exploitation and exclusion is not passively received by workers anymore as is evident in the agricultural sector strikes of 2012/2013. The media attention the strikes received, along with various publications and documentaries highlighting the fact that ethical issues in the agricultural industry, are still a cause for concern. This has given rise to calls for better enforcement of regulations, with buyers from key markets demanding that their suppliers adhere to stringent ethical standards and codes

d. South African Ethical Trade

Godfrey & Visser provide a useful account of the emergence of South African ethical trade organisations. According to Godfrey & Visser, the realisations of the unethical practices taking place in the wine industry became the main driver of ethical trade initiatives in South Africa. The middle to late 1990s saw the extensive media coverage of historical and ongoing injustices, both perceived and actual. This motivated various organisations, to conduct operations in South Africa. Their work stimulated discussions between various stakeholders (specifically the various wine producer brands) on ethical trade and their respective roles in promoting fair business practices.

Ethical trade in the South African agricultural industry is mainly focused on fruit and the production of wine. These two industries are monitored and regulated by SIZA and WIETA, respectively. A comparison report revealed that both codes are very similar and compatible with international codes which is due mainly to them being based on international codes such as the ILO, BSCI and GSCP codes. A shadow audit, however, revealed that although the codes are similar, their implementation differs significantly.

It should be noted that ethical organisations are not the only means by which ethical trade is promoted in South Africa. Government, retailers, industry organisations and civil society are also valuable role players in this regard.

There is extensive government legislation covering working conditions, labour relations and health and safety requirements, creating an enabling environment for ethical trade. Government's ability to practically ensure compliance with legislation is however limited by capacity constraints.

e. Outcomes of Ethical Trade Initiatives

Research published by ETI in 2006 revealed the effects of its base code in several countries and highlighted in the inroads and shortcomings achieved by their initiatives.

Overall it was found that the ETI code mainly had an indirect effect on the welfare of workers in South Africa and a more direct impact on working conditions in Vietnam and Costa Rica. The reason for this is the fact that South Africa's labour market is regulated with extensive labour laws aimed at working conditions while the other two countries' labour laws are not as extensive. Legislation and the trade codes of retailers (buyers) played a more prominent role than the ETI code in South Africa. In some cases, however, the ETI base code reinforced legislation and marginally improved adherence and compliance with buyer codes and trade requirements. In most cases, farmers stated that adherence to ethical trade requirements is of utmost importance as they will not be able to sell their products to buyers for whom this is a trade requirement.

It is worth noting that there may be unintended outcomes from ethical trade initiatives. Examples of this include substituting labour for mechanisation in response to the higher labour costs associated with compliance with ethical initiatives. It is, however, expected that the positive impacts associated with ethical trade initiatives would outweigh the negative impacts, as increasing worker welfare, may lead to improved productivity in the long term.

The costs of audits and corrective actions along with other costs, occur within an environment of declining profit margins and increased production costs. Producers constantly need to weigh the benefits and costs of ethical trade against one another. This is particularly problematic when consideration is made of two contentious issues in the South African wine industry's strides towards more ethical production, namely:

- The quantity and quality of housing provided to farm workers and farm dwellers
- Uncertainty surrounding the 'living wage' concept

f. The Way Forward

There is significant scope for collaboration and cooperation amongst international and local entities. This will improve their scope of influence, and the overall impact of their initiatives. A prerequisite for this however is stakeholder buy-in, which in turn is a product of the credibility of ethical trade entities and their initiatives.

The fact that retailers are willing to drive ethical trade in their supply chains gives credence to the notion that ethical trade labels are not the only means of promoting ethical and sustainable trade. The demand for ethical trade can be considered a derived demand for retailers as ethical and sustainable trade is inextricably linked to their risk management and customer satisfaction needs. The role of retailers in ethical trade mainly revolves around the management of market risks (through consumption of their products by customers) and reputational risks (linked to brand image and values).

Legislation has also historically been used to drive ethical and fair-trade practices. However, this requires extensive monitoring and the ability to punish those who are not adhering to requirements. It was therefore compellingly argued by Kleinbooi (2013), that change in the agricultural industry is best driven by the beneficiaries through a negotiated process. Thus, one can argue that the use of

workplace mechanisms such as forums, trade unions and employer organisations to initiate a negotiation with one another would perhaps yield better results compared to government driven legislation.

A difference can also be drawn between reward for ethical trade compliance or punishment for noncompliance. The difference in outcomes will revolve around the approach to ethical trade. Kleinbooi (2013) argues that in cases where ethical trade is seen as a punishment by producers, the social component becomes lost to them and interactions and engagements becomes more of a legal procedure than a social negotiation as farmers attempt to minimise the damage to their reputation and their businesses. This is evident in the fact that many farmers appoint consultants or legal advisors to ensure that they are not transgressing any laws or policies. This has the added effect of having ethical trade becoming part of the duties of the legal and administrative consultant. Ethical trade thereby becomes an administrative exercise in which “the correct boxes are ticked” in which adherence to legislation becomes the driving force behind ethical trade on the farm. Negotiations and interactions between the farmer and workers and subsequent improvement of working conditions are then reduced to a minimum.

However, if the outcomes of ethical trade are seen more as a reward (“carrot” principle), the main driver of engagements and interactions from the farmer’s perspective is to invest in the profitability and welfare of their business. Thus, investments take on more of a social and inclusionary nature. For example, when a farmer realises and is convinced of the merits of improving the morale and skills of his/her workers and is willing to invest in the upskilling of their workers and to engage with workers in a meaningful manner, then improvements (in both working conditions and worker morale) will be ongoing. It is argued that this realisation should be the result of awareness creation and the improved marketing of the merits (specifically the economic and operational merits) of ethical trade.

Ethical trade organisations such as WIETA should therefore focus more on the merits of ethical trade when marketing and engaging with their current and potential members. Thereby promoting the “carrot” component of driving ethical trade. This does not mean that there is no place for “stick” tactics (punishment of transgressors). It is recognised that unethical practices may still occur and that corrective actions may not always suffice to rectify or deter such practices. At the same time, it is also recognised that not all farmers are able to comply with all the tenets of ethical requirements (most significantly the provision of up to standard housing to all workers residing on the farm). Where capacity is identified as a cause for non-compliance, it would be advisable that assistance in terms of training and best practice dissemination is provided.

4 Evaluation

This section is discussed in line with the evaluation framework’s key focus areas and may be seen as a summary of the Field Research Report, providing largely aggregated results. This section is thus to be read in conjunction with the Field Research Report which provides disaggregated findings per region and member type. Results presented in this section are based on the following:

- Audit outcomes queries

- 26 focus groups, representing 231 workers
- 142 farmer/cellar survey responses
- Interviews with stakeholders including industry bodies, auditors, consultants, buyers, labour, the public sector and researchers

a. Implementation of the Code

How the code is implemented :

Members generally make use of external consultants to assist them with adherence to the WIETA code. Such interactions with consultants generally take two forms:

- Pre-audit input on how to change business practices in order to achieve a favourable audit outcome; and
- Post-audit input in terms of developing and implementing corrective plans in the case of conditional certification, or to improve future audit outcomes.

Reach :

The first measure of implementation considered, looks at how many organisations are WIETA members, how many of these members have had audits of their operations undertaken, and how many of them had their operations as certified. Certification can be seen as an endorsement that at the time an audit was undertaken, the members' activities were largely in line with the principles enshrined in the WIETA code.

Indicator	Year (February)				
	2013	2014	2015	2016	2017
Membership	490	893	1 192	1 429	1 452
Members audited	165	493	851	1 046	1 116
Certified members	150	267	483	875	1 002

The membership has steadily grown, and now represents a significant percentage of the industry's cellars, producers and estates (out of an estimated 3 500 producers and cellars). Membership growth has largely been driven by large cellars that only procure grapes from WIETA certified members. Sixty-nine percent of respondents to the survey indicated that they had joined WIETA because of a client buyer requirement, with a further 10% indicating they had done so in order to export.

Membership is largely composed of entities based in the Western Cape, with regional representation following SAWIS productions trends per locality. Given the industry's structure, the majority of members are producers based in the Stellenbosch and Paarl region.

It is worth noting that smaller entities producing wine in other parts of the country such as the Northern Cape and KwaZulu Natal are generally not WIETA members. Membership is also skewed towards export-oriented entities, with those that focus mostly on local markets generally shunning WIETA certification.

Furthermore, the frequency of audit is dependent on a member’s risk profile, as such, members with a low risk profile are audited less frequently. It is also worth pointing out that some certifications are conditional, pending the fulfilment of various requirements within a set time.

Adherence to the WIETA code :

Where the above section outlined WIETA’s reach, the degree to which its members implement the code can be understood in terms of the different risk categories assigned to them. The risk categories are based on audit findings, with results for February 2018 presented below .

Risk category	Description	February 2018
A	<ul style="list-style-type: none"> Limited (no) risk 0-9 minor findings 	22%
B	<ul style="list-style-type: none"> Low risk 1-3 major findings / 10-14 minor findings 	49%
C	<ul style="list-style-type: none"> Medium risk 4-6 major findings / 15-19 minor findings 	17%
D	<ul style="list-style-type: none"> high risk 7-9 major findings / 20-24 minor findings Re-audit to improve rating before certification is issued 	5%
E	<ul style="list-style-type: none"> Very risk 1 or more critical findings / 10 or more major findings/ 15 or more minor findings Zero—tolerance issued identified Re-audit to improve rating before certification is issued 	7%

Over two thirds of audited WIETA members are classified as limited or low risk, based on their audit results. This indicates a high level of adherence to the WIETA code. Despite this, it is also worth highlighting that the higher risk members have the potential to create significant negative externalities for the other WIETA members. This is important to note given the history of negative media publicity that has at times affected the industry.

Areas of excellence:

Members generally achieved a negligible level of non-compliance (minor, major or critical) in:

- Forced labour
- Freedom of association
- Child labour

Apart from few instances largely involving migrant labour, forced, bonded or indentured labour is generally not a systemic issue within WIETA members, this in part being a result of the historically patriarchal relationships that existed between farmers and their employees.

Historically, child labour on farms did not take a malevolent form but would have involved farmers providing temporary work opportunities for children of workers during school holidays, or for children that would have dropped out of the schooling system. This practice is, however, largely not undertaken anymore on most WIETA farms.

Workers on WIETA farms generally are generally able to execute their right to bargain collectively and form or join trade unions unhindered by their employers. It is however worth noting that whilst this is the case, the level of unionisation on farms is generally low. This is however not a result of restrictions imposed by employers, but more a function of the nature of the Western Cape agricultural sector’s trade union landscape.

Areas of concern:

The table below indicates aspects of the code with the highest levels of non-compliance.

Prevalence	Critical non-compliance	Major non-compliance	Minor non-compliance
Highest prevalence	Housing	Regular employment	Management system
Second highest prevalence	Wages	Housing	Working hours
Third highest prevalence	Regular employment	Working hours	Safe and healthy work environment

Housing represents a significant challenge for the wine industry, with contentious views polarising opinion and often resulting in limited scope for meaningful engagement by various parties. Fifty-three percent of survey respondents indicated that housing and tenure security represented the most difficult elements of the WIETA code to comply with. The factors preventing significant improvement in audits outcomes for WIETA members include:

- High costs involved with rectifying housing audit outcomes –
 - When compared to the costs associated with rectifying other code non-compliances
 - When contextualised in an industry that has experienced low levels of profitability in the past decade
- Perceived lack of responsibility by residents over their housing, with
 - Residence on a farm not necessarily linked to employment on that particular farm
 - Previous investments made by farmers and cellars not always fully recognised by both residents and audits

Historically, some entities paid employees wages below the legally mandated minimum wage. This practice is however less frequent now. It is however noted that broader national discourse on a ‘living wage’ has resulted in limited consensus. Striving towards a living wage was stated by 24% of survey respondents as being the most difficult aspect of the WIETA code to comply with.

Synthesis

Key implementation evaluation question	Finding
<p>Was market reputational risk adequately addressed by implementing the WIETA code and process</p>	<p>Farmer/cellar responses are as follows:</p> <ul style="list-style-type: none"> • 36% indicated that they were unsure on the effect that implementation of the WIETA code had in changing the public perception/reputation of the South African wine industry (when asked the same question for reputation within their organisation level, the equivalent response was 19%) • 34% indicated that implementation of the WIETA code had no effect in changing the public perception/reputation of the South African wine industry (when asked the same question for reputation within their organisation level, the equivalent response was 57%) • 22% indicated that implementation of the WIETA code had a positive effect in changing the public perception/reputation of the South African wine industry (when asked the same question for reputation within their organisation level, the equivalent response was 20%) <p>An audit-driven code (as per the WIETA process) is unlikely to eliminate market reputational risk entirely, especially when the historical context is taken into consideration. It is noted that an audit represents findings as a snapshot in time, and as such is an imperfect (but still largely appropriate) tool.</p> <p>The implementation of the WIETA code however did help to reduce international market reputational risk. Incidents such as the ‘bitter grapes’ documentary did however detract from the market reputation of both WIETA and the broader South African wine industry. WIETA has however planned and implemented changes to its processes to mitigate such incidents negatively affecting the organisation and industry image in future. This includes the introduction of a risk matric rating of WIETA members, which should in future further address market reputational risks.</p>
<p>What role did audits play in effecting change in the workplace?</p>	<p>The introduction of compulsory audits throughout the value chain was a key initiative that ensured change occurred at the cellar, producer and labour-supplier levels of the industry value chain.</p> <p>Audits are however an imperfect means of effecting systemic change, and this shortcoming has been recognised by WIETA. As such, training on various topics has been extended to WIETA members and their workforces.</p>

Key implementation evaluation question	Finding
<p>How fit for purpose were WIETA tools and systems?</p>	<p>The primary tool utilised to effect change was audits of WIETA members. Audits may be identified as being on the punitive spectrum of the ‘carrot and stick’ behavioural change metaphor, with poor audit performance resulting in reduced market access for WIETA members. The use of audits was largely fit for purpose given the historical context of the local wine industry. However, this led to acrimonious relationships between WIETA and its members, with adherence to the WIETA code subsequently perceived by members as a burdensome requirement, rather than a virtue to be aspired towards. Therefore, this creates opportunities for adherence to the WIETA code to be reframed positively in the future.</p> <p>WIETA makes use of an online system for members to manage their audits (previously, this was undertaken manually). Stakeholders indicated that this system largely meets their requirements.</p>
<p>Determine extent to which 3rd party pre-audit and post-audit processes are effective in preparing WIETA members sites for WIETA audits and corrective actions</p>	<p>The survey responses indicate that pre-audit processes in this regard are perceived to be effective (49%) and slightly effective (30%).</p> <p>The survey responses indicate that post-audit processes in this regard are perceived to be effective (52%) and slightly effective (18%).</p>
<p>How is the code benchmarked against other standards?</p>	<p>The WIETA code is based on international standards used by organisations and certifications such as ETI, BSCI, Fairtrade and GSCP. As such, the WIETA code shares underlying principles with these international standards</p> <p>The most closely comparable local code is the SIZA code. A shadow audit undertaken in 2015 found the WIETA and SIZA codes to be highly similar.</p> <p>Engagement with stakeholders has indicated that a key benefit of the WIETA code over wholesale adoption of existing international codes and standards is that the WIETA code takes local context and conditions into account. Thus, it is based on local legislation and refines some of the underlying principles of the international standards to meet the social and economic realities of the contemporary South African wine industry</p> <p>Similarly, the WIETA code is tailored to meet the needs of the wine industry whilst the SIZA code is based on the needs of mostly fruit farmers. Engagement with stakeholders indicated that whilst both the</p>

Key implementation evaluation question	Finding
	SIZA and WIETA codes operate within the agricultural sector, the fruit and wine industries are sufficiently differentiated to justify the future existence of both codes, rather than an amalgamation of both codes into one.

b. Impact of the Code

Ethical production:

Indicator	Year				
	2013	2014	2015	2016	2017
WIETA accredited grapes as % of total grape production	15%	25%	40%	48%	66%
New wines approved for the seal each year	29	108	302	258	262

As seen in the table above, the volume of WIETA accredited grapes has been steadily increasing over the past year. Similarly, there were a total number of 1 031 wines approved for the WIETA seal as of 2017, which indicates healthy adoption of the seal by the industry.

As previously stated, the WISE target is for 100% accredited wine volumes by 2025. This will require increased WIETA certification of members targeting local markets. This represents a challenge, given the limited priority given by local consumers and retailers to ethical trade when making the wine purchase-decision.

Worker perspectives

As part of the research, focus groups were undertaken with agri-workers at farms and cellars throughout the Western Cape. The purpose of these focus groups was to elicit agri-worker perceptions on changes experienced in working conditions over the previous five years. Participants in the focus group discussions were mostly permanent or contract employees, with very limited representation of seasonal/ temporary labour in the discussions.

Changes noted in the following elements	Focus group findings
Knowledge of WIETA	Whilst workers know of WIETA's existence, few could articulate in detail the full range of WIETA's services (as applicable to them as agri-workers).
How work issues are discussed	Largely through one-on-one interaction with employers or farmer-instituted worker committees
Employee profile	Percentage split between permanent, contract and temporary has not changed significantly
Employment of persons below the age of 18	Not identified by workers as an area of concern

Changes noted in the following elements	Focus group findings
Benefits outside of minimum wage	Most farms provide benefits such as childcare, healthcare, transport, subsidised health & safety equipment and loans.
How free workers and dependents feel to work, stay or leave	Not identified by workers as an area of concern.
Work hours	Not identified by workers as an area of concern.
Health and safety	Noted as an area where significant improvement had been experienced.
Training	Had mostly been provided in health and safety topics. Workers felt that the training provided offered limited opportunities for their future career progression, and there was an unmet demand for certified in-service training on specialised aspects.
Disciplinary processes	Limited knowledge by workers on what their rights are, specifically on aspects such as harassment, intimidation and verbal abuse. Harassment, intimidation and verbal abuse were, however, noted as occurring infrequently.
Work conditions	Limited knowledge by workers on what their rights are, specifically on aspects such as leave. Communication with farmers was raised as an area that has improved in recent years, whilst gender parity was identified as an area for future improvement.

Whilst opinions within focus groups are not always at a consensus, content analysis of the focus group notes forms the basis of the findings presented above. When interpreting the above results, it is important to note that participation by farms/cellars and agri-workers in the focus groups was voluntary, resulting in self-selection of the sample frame.

When tasked to indicate what they attributed changes experienced, most respondents were not able to indicate what they felt was the reason for the change experienced. As such, most workers were not able to identify if the changes experienced were because of WIETA, their employer, government, trade unions or other factors.

This segues into agri-workers having limited awareness about WIETA and its activities. It is important however to note that historically WIETA membership has been driven by cellars (one form of top-down change) rather than by bottom-up pressure from workers.

Whilst both workers and employers expressed satisfaction in one-on-one interactions and worker committees as means of resolving work-related issues, external commentators have expressed

concerns with this arrangement. Such commentators indicate that unequal power relations between employees and employers render the resultant interactions to be unfair in terms of both process and outcome.

Whilst wages often represent an area of limited consensus from both labour and employers, it is notable that workers generally receive various non-wage benefits. An unintended result from implementation of the WIETA code however arises where compliance with legislation has resulted in a reduction in employers' willingness to extend some forms of non-wage benefits. These include:

- Reduction in provision of transport for workers, as some of the transportation previously provided (e.g. trips to town on tractor trailers).

Farmer and cellar perspectives

Cellar and farm responses from surveys administered on the impact of the WIETA code on selected aspects are captured below:

Impact of the WIETA code on:	Top 2 results
Wages earned by employees	77% indicated no impact 13% indicated is had resulted in increased wage
Non-wage benefits earned by employees	65% indicated no impact 24% indicated reduced benefits
Transformation in your organisation	61% stated effect 16% indicated positive effect
Public perception/ reputation of the South African wine industry	36% unsure 34% indicated no effect
Financial/ economic sustainability of your organisation	48% of respondents indicated 'training & associated skills development' elements had positively influenced their organisation 45% of respondents indicated 'safe & healthy work environment' elements had positively influenced their organisation
Most useful aspect of WIETA to the organisation	29% indicated none 15% indicated better compliance with legislation

Training:

As a result of the code, 5 457 participants attended various training activities hosted by WIETA between 2013 and 2017 , with topics covered including occupational health and safety, as well as labour issues. This exceeded the target of 800 participants.

Stakeholder perspectives

Various stakeholders were engaged with. The majority of these engagements can be thought of as successful in terms of gauging the opinion and experiences of each stakeholder as well as having a representative sample of stakeholder types. Some stakeholders, especially the industry organisations

and buyer/retailers were able to point to (and sometimes provide contact details) of further/similar stakeholders.

The most significant outcomes of each engagement were as follows:

- **Auditors:** discussion on the auditing process and challenges as well as challenges and opportunities in engaging with farmers and their workers. Auditors provided first-hand accounts of the status quo on farms, with insights gained on farmer attitudes and changes in on-farm conditions through different audit cycles.
- **WIETA Consultants:** challenges with the ethical trade and the certification process (from the farmer/producer's perspective). This included inputs on which aspects of code compliance farmers and cellar struggle with the most, as well as those which they find fairly easy to comply with. Consultants were also useful in linking researchers with producers during the stakeholder survey and agri-worker focus group processes.
- **Industry Organisations:** These organisations are involved in a range of activities including marketing the industry and broadly representing member interests. Engagements were also undertaken with representatives from the broader export-facing agricultural sector. The discussion mainly revolved around the value of ethical trade to their constituents, including the marketing and export value of ethical trade as well as the costs and challenges associated. Insight into how WIETA activities fit with the broader industry goals (as set out in WISE) was also gained.
- **Organised labour:** Organised labour in the wine industry consists primarily of trade unions and worker committees. These organisations are mandated to promote and care for the rights and welfare of their constituent members in their work place. The importance, therefore, of this group is the fact that their goals and the goals of WIETA overlap to a large degree.
- **TES:** This group was the most difficult to engage with due to various reasons, including their availability. The main outcomes of discussion with this group is the realisation of their polarised views and an outline of the major challenges experienced with the WIETA code. Many of these organisations stated that the WIETA code requirements are both an administrative and economic burden to them. It appears that the smaller organisations are not able to comply to or adhere to the WIETA code requirements and are therefore not able to do business with WIETA accredited wine farms.
- **Buyers/Retailers:** Understanding the motivations for ethical trade was the main discussion topic during these engagements. Consumer demand and changes in consumer behaviour as well as the future of ethical trade globally and in South Africa were discussed.
- **Government:** Government's role in agriculture and the wine industry, as well as its sectoral goals and objectives
- **Academics:** Discussion topics mainly revolved around the research in ethical trade, the drivers of ethical trade (both locally and internationally) and the potential (future outlook) of ethical trade.

Overall the main drivers of ethical trade are the buyers/retailer stakeholders. The main goal of ethical trade for retailers is to maintain the equality and the marketability of their produce.

Synthesis

Key impact evaluation question	Finding																																										
How did members implement the code?	<p>Members primarily implemented the code by outsourcing administrative activities associated with compliance to external consultants.</p> <p>Reach of the WIETA membership within the industry and adherence to the WIETA code have both increased steadily.</p>																																										
What is the socio-economic and related impact and quantifiable monetary investment of the implementation of the code on workers?	<p>Only 20% of respondents provided responses to the question on the estimated value of once-off and recurring direct costs incurred in implementing the WIETA code. As such, the values from the farmer and cellar representative survey are not representative of the industry at large. When reading the values presented below, it is important to note that they are an aggregate of member types (cellar, producer, etc) and size</p> <table border="1" data-bbox="528 954 1386 1671"> <thead> <tr> <th data-bbox="528 954 914 1032">Item</th> <th data-bbox="914 954 1142 1032">Median once-off expenditure</th> <th data-bbox="1142 954 1386 1032">Median recurring expenditure</th> </tr> </thead> <tbody> <tr> <td data-bbox="528 1032 914 1077">Membership</td> <td data-bbox="914 1032 1142 1077">n/a</td> <td data-bbox="1142 1032 1386 1077">R 800</td> </tr> <tr> <td data-bbox="528 1077 914 1122">Audit</td> <td data-bbox="914 1077 1142 1122">n/a</td> <td data-bbox="1142 1077 1386 1122">R10 000</td> </tr> <tr> <td data-bbox="528 1122 914 1167">Improvement plan</td> <td data-bbox="914 1122 1142 1167">n/a</td> <td data-bbox="1142 1122 1386 1167">R5 000</td> </tr> <tr> <td data-bbox="528 1167 914 1211">Consultants</td> <td data-bbox="914 1167 1142 1211">n/a</td> <td data-bbox="1142 1167 1386 1211">R10 000</td> </tr> <tr> <td data-bbox="528 1211 914 1256">Changes to accommodation</td> <td data-bbox="914 1211 1142 1256">R49 000</td> <td data-bbox="1142 1211 1386 1256">R17 250</td> </tr> <tr> <td data-bbox="528 1256 914 1335">Changes to other infrastructure</td> <td data-bbox="914 1256 1142 1335">R40 000</td> <td data-bbox="1142 1256 1386 1335">R6 500</td> </tr> <tr> <td data-bbox="528 1335 914 1379">Changes to health & safety</td> <td data-bbox="914 1335 1142 1379">R5 000</td> <td data-bbox="1142 1335 1386 1379">R9 675</td> </tr> <tr> <td data-bbox="528 1379 914 1424">Changes to hiring practices</td> <td data-bbox="914 1379 1142 1424">R750</td> <td data-bbox="1142 1379 1386 1424">R10 000</td> </tr> <tr> <td data-bbox="528 1424 914 1469">Changes to wage bill</td> <td data-bbox="914 1424 1142 1469">-</td> <td data-bbox="1142 1424 1386 1469">R31 000</td> </tr> <tr> <td data-bbox="528 1469 914 1514">Changes to supplier practices</td> <td data-bbox="914 1469 1142 1514">-*</td> <td data-bbox="1142 1469 1386 1514">R4 750</td> </tr> <tr> <td data-bbox="528 1514 914 1581">Training & associated skills development initiatives</td> <td data-bbox="914 1514 1142 1581">R5 000</td> <td data-bbox="1142 1514 1386 1581">R5 000</td> </tr> <tr> <td data-bbox="528 1581 914 1626">Miscellaneous items</td> <td data-bbox="914 1581 1142 1626">R7 500</td> <td data-bbox="1142 1581 1386 1626">R2 000</td> </tr> <tr> <td data-bbox="528 1626 914 1671">Other</td> <td data-bbox="914 1626 1142 1671">R24 555</td> <td data-bbox="1142 1626 1386 1671">R52 893</td> </tr> </tbody> </table> <p>*insufficient responses</p>	Item	Median once-off expenditure	Median recurring expenditure	Membership	n/a	R 800	Audit	n/a	R10 000	Improvement plan	n/a	R5 000	Consultants	n/a	R10 000	Changes to accommodation	R49 000	R17 250	Changes to other infrastructure	R40 000	R6 500	Changes to health & safety	R5 000	R9 675	Changes to hiring practices	R750	R10 000	Changes to wage bill	-	R31 000	Changes to supplier practices	-*	R4 750	Training & associated skills development initiatives	R5 000	R5 000	Miscellaneous items	R7 500	R2 000	Other	R24 555	R52 893
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What is the socio-economic impact, including costs and benefits of WIETA on the direct and indirect sustainability of participating firms ?	<p>Participating firms largely indicated that compliance with the WIETA code had little to no impact on their direct and indirect sustainability. This includes:</p> <ul style="list-style-type: none"> • Only 10% of respondents indicating that their compliance with the WIETA code had resulted in increased wages for their employees, with 84% indicated no impact. 																																										

Key impact evaluation question	Finding
	<ul style="list-style-type: none"> • Only 2.3% of respondents indicating that their compliance with the WIETA code had resulted in increased revenue with 62% indicating no impact (the rest indicated they did not know). • Only 4.5 % of respondents indicating that their compliance with the WIETA code had resulted in increased profitability with 56% indicating no impact (the rest indicated they did not know). <p>These responses must, however, be contextualised by the fact that respondents may have focused on short-term changes in sustainability, and not considered the influence of compliance with the WIETA code on long-term sustainability.</p> <p>Whilst compliance may not have yielded improvements in short-term sustainability (as seen through increased sales, profitability or market access), failure to comply with the WIETA code is likely to negatively impact on the long-term sustainability of most export-oriented members. This negative impact would be felt at both the individual level (i.e. reduced market access due to non-compliance) and industry level (reduced sales due to increased market reputational risk). This perspective was shared by most stakeholders interviewed.</p>
<p>What are the spill-over effects of the WIETA code on wider society?</p>	<p>The main spill-over effect of the WIETA code has been improved compliance with local legislation by industry members. Audits resulted in previously undetected instances of non-compliance with various labour laws being revealed. Actions by WIETA members to adhere with the WIETA code thus resulted in compliance to various labour laws.</p>

5 Conclusion & recommendations

There are three main role-players in the promotion and enforcement of ethical trade, namely:

- Government, through legislation
- Buyers (retailers), through procurement policies
- Ethical trade organisations such as WIETA

These actors contribute to various degrees towards the improvement of worker welfare; the most critical however is government and buyers. These role-players can either entice producers with the prospects of higher profits and government assistance, or punish them with fines and lower business sales.

The above indicates that the role of WIETA in **directly** increasing the welfare of workers is still significantly smaller than the other role-players (especially of retailers). The role of WIETA in **indirectly**

increasing the welfare of workers is however significant, and is articulated through two main pathways:

- Functioning as a quality assurance measure for retailers/ buyers
- Functioning as a means for improved compliance with government regulations

International buyers/ retailers consider WIETA to be a quality assurance body that signals towards ethical production practices adhered to by members. Whilst WIETA accreditation or certification is not considered currently by international buyers/ retailers to be 100% equivalent to standards such as BSCI, strides are being made in this regard. Incidents creating negative international media publicity (e.g. 'bitter grapes' documentary, labour unrest, etc.) have detracted from the overall credibility of the WIETA seal/ certification gaining such equivalency, but representatives of international buyers/ retailers have acknowledged that WIETA plays an important 'safety-net' role in reducing the reputational risk associated with South African wines. This means that whilst international buyers/ retailers still dictate the terms of access to their markets, they recognise the role that WIETA plays as a local standard anchored in international best practice. In this sense, WIETA may thus be seen as playing an intermediary role between local and international stakeholders.

Compliance with the WIETA code is in many instances linked to compliance with government legislation. The WIETA code is largely based on government legislation, and as such, compliance with the code implies compliance with the law (it is however noted that in some instances the WIETA code aspires to improve the minimum standards provided by the law). This must be contextualised within an operating environment in which the Department of Labour has limited capacity to monitor compliance with legislation by industry participants. A significant outcome of member compliance with the WIETA code has thus been improved compliance with government legislation.

The credibility of ethical trade organisations stems from both the impact they have on worker welfare and the industry as a whole as well as their ability to receive recognition from larger, more established international ethical trade organisations. The activities of WIETA in improving perceived credibility are however limited by budgetary constraints, with their income primarily derived from member subscriptions, public sector grants and miscellaneous donations.

It can also be expected that specific outcomes will be viewed as negative by some stakeholders as there may be a short-term economic cost. Despite helping maintain access to international markets and improving compliance with legislation, WIETA is however seen by employer members (e.g. farmers and cellars) as lacking in credibility. This emanates from the perception that WIETA is in part a vehicle utilised by labour to gain advantageous working conditions under the guise of ethical requirements of international markets. As a result, WIETA is perceived as creating limited value for employer members, whilst imposing increased costs on them. Short term economic costs to producers and other affected bodies will have to be offset with comprehensive communication of the future and current benefits of ethical trade to all stakeholders.

Cooperation and collaboration between government and ethical trade organisations has scope for improvement and may become more prevalent as goals and objectives overlap.

Recommendations

Key design evaluation question	Finding
How should the WIETA code evolve?	<p>The content of the WIETA code is based on international standards and tailored to adapt to local requirements. Whilst some aspects of the code have been revised over the years, the underlying principles have largely remained the same. The content of the WIETA code is thus seen as appropriate for both the local and international contexts.</p> <p>It is however recognised that certain aspects of the code, particularly surrounding living wages and worker housing remain as areas of contention amongst local stakeholders. Such aspects tend to have significant implications on the financial status of WIETA members, as well as their ability to achieve accreditation/certification. These aspects of the code require meaningful engagement by all parties representing employers, labour and the industry at large in order to achieve and build consensus.</p>
How should audit fatigue be addressed?	<p>WIETA members indicated frustration with the number of compliance measures they need to adhere to (including WIETA, BSCI and Department of Labour).</p> <p>Engagement towards full equivalency recognition of the WIETA code by international standards such as BSCI are underway, although significant progress in this regard is unlikely to be realised in the short term.</p> <p>Similarly, engagement towards full recognition of WIETA certification in lieu of the Department of Labour inspections has been mooted by multiple stakeholders, on the basis that WIETA audits are largely based on South African labour legislation.</p> <p>The introduction of the WIETA risk matrix categorisation is thus seen as progress towards addressing audit fatigue as members categorised as low risk will be audited less frequently than members categorised as high risk.</p> <p>It is however recognised that in order for audit fatigue linked to frequent audits to be mitigated, complementary measures such as improved member training are required.</p>
How should the proliferation of ethical codes such as WIETA, SMETA, BSCI,	<p>The cost of compliance to the WIETA code was highlighted by survey respondents and stakeholders as a negative aspect of WIETA membership. This must be contextualised within an industry that has suffered from reducing profit margins due to various factors in the last decade.</p> <p>WIETA membership, accreditation and certification is however noted to be significantly lower than that associated with international codes and standards. This</p>

Key design evaluation question	Finding
<p>Fair Trade be addressed in the context of audit fatigue and costs ?</p>	<p>is in part due to subsidies extended to WIETA by funders (public, industry, and other).</p> <p>Recommendations to address these above issues include:</p> <ul style="list-style-type: none"> • Increased financial support from cellars towards suppliers (producers, labour providers, etc) to assist them with WIETA membership and audits. • Industry and public funders to continue providing financial support to WIETA activities, recognising the important role this subsidy plays in keeping audit and other costs low. • Improved communication by the industry to its members on the role of audits as part of the ‘cost of doing business’, specifically relating to market access. This may result in a change in perception of WIETA audits from being seen as a ‘grudge purchase’ with limited financial benefit.
<p>How should the balance between auditing and unlocking capital evolve?</p>	<p>Compliance with the WIETA code creates diffuse benefits and concentrated costs. This means that costs (financial, administrative, etc) are often disproportionately passed onto individual survivalist producers (and their labour suppliers), whilst the benefits apply on an industry-wide level.</p> <p>Continuation of these benefits however requires a critical mass of compliant members, with such compliance based on perceived legitimacy of the WIETA code as a means of perpetuating such benefits.</p> <p>In order to balance the concentrated costs (primarily associated with auditing) and diffuse benefits (capital unlocked by retaining and possibly expanding market access) it is recommended that:</p> <ul style="list-style-type: none"> • WIETA provide increased support be extended to higher-risk WIETA members or those with a limited ability to afford the costs associated with code compliance • Initiatives to increase WIETA membership by entities that do not sell to international markets (as a high-risk group in terms of market reputational risk) be supported by the industry