



Graduate School of Development Studies

A POLDER MODEL FOR ECONOMIC JUSTICE?

Oxfam Novib's CSR interventions in the Côte d'Ivoire Cocoa Value Chain

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Table of Contents

List of Figures	vi
List of Appendices	vi
List of Acronyms	vii
Abstract	viii
Chapter 1 Introduction	1
1.1 Methodology	2
1.2 Defining Key Concepts: Structuration	2
1.3 Defining Key Concepts: CSR, Private Governance	3
1.4 Defining Key Concepts: Civil Society	4
1.5 Civil Society and Conditions of Agency	5
Chapter 2 Globalization and Structural Change	7
2.1 The Neoliberal Ascendency	7
2.2 Hegemony vs. ‘A New Social Contract’	8
2.3 “De-Territorialisation” and Restructuring	10
2.4 Civil Society and Global Governance	11
Chapter 3 Private Governance: CSR and the ‘Shifting of Mores’?	13
3.1 Labor Governance Evolution	13
3.2 Counterhegemony or Co-option?	14
3.3 Towards a Normative Convergence	15
3.4 The Way Forward	17
Chapter 4 Oxfam Novib and the Cocoa Industry	18
4.1 Oxfam Novib’s Economic Justice Program Background	18
4.2 Background of Cocoa Industry in the Côte d’Ivoire	21
4.3 Oxfam Novib’s Ascertained Intervention Opportunities	24
Chapter 5 The Roundtable for a Sustainable Cocoa Economy (RSCE) and Utz “Good Inside” Cocoa Certification Programme	25
5.1 The RSCE	25
5.2 Oxfam’s Determinants to Join the RSCE	26
5.3 Utz Certified	28

5.4	Oxfam's Determinants to Join Utz	29
5.5	Case Study Analysis	30
	Chapter 6 Conclusion: Polder Possibilities	33
6.1	Final Thoughts	35
	References	37
	Appendices	44

List of Figures

Figure 1	<u>"The Power Cube"</u>	6
Figure 2	<u>"A New Social Contract?"</u>	9
Figure 3	<u>"CSR Learning Stages"</u>	16
Figure 4	<u>"Oxfam Novib: Sustainable Cocoa Interventions"</u>	20
Figure 5	<u>"From Claimed to Invited Space"</u>	27

List of Appendices

Appendix 1: Change Strategies in Value Chains	45
Appendix 2: RSCE Accra Agenda Elements	46
Appendix 3: RSCE Port of Spain Follow up to the Accra 'Key Elements' Chart	47
Appendix 4: Utz Certified Summary Code of Conduct Criteria:	48

List of Acronyms

ADM	Archer Daniel Midland
ANSA	Alternatives to Neoliberalism in South Africa
CSN	Certification Support Network
CSR	Corporate Social Responsibility
IPE	International Political Economy
IR	International Relations
ILO	International Labour Organization
IMF	International Monetary Fund
ICCO	International Cocoa Organization
MFA	Multi-Fibre Arrangement
MNC	Multi-National Corporation
MSI	Multi-Stakeholder Initiative
NGO	Non Governmental Organization
OECD	Organisation for Economic Cooperation and Development
RSCE	Roundtable for a Sustainable Cocoa Economy
RSPO	Roundtable for Sustainable Palm Oil
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
SME	Small and Medium Enterprise
TCC	Tropical Commodity Commission
TNC	Transnational Corporation
WTO	World Trade Organization

Abstract

This research aims to explore the nuances in Private Sector governance, and how despite neoliberal globalization's structural limitations, civil society actors are not powerless and their assertion of agency has and does impact the greater structure. This paper will aim to give a theoretical and historical backdrop for 21st century private governance; beginning with a discussion of the structural ramifications of neoliberal globalization, it shows the emergence of a 'new social contract' where civil society is increasingly responsible for development outcomes. This is then followed by a specific discussion of 'private governance' and the learning curve civil society has followed over the past two decades. Lastly, the case study of Oxfam Novib's CSR interventions in the Côte D'Ivoire cocoa value chain shows a practical example of a civil society organization which has chosen to engage with 'private governance' mechanisms. Private governance lies between the edges of statutory and self regulation and the parameters of how this can be shaped for the future must be set by the development community if we hope to include marginalized groups as part of the norm, as Gramsci aims us. Whether or not CSR is the best tool for this is debated but by combining it with more binding 'corporate accountability' obligations we can hope for a more just and inclusive converging private normative sphere.

Relevance to Development Studies

This paper hopes to contribute to the literature on Private Sector governance. Rather than a fully supportive or overly critical view of CSR and Corporate Accountability, this hopes to show how a nuanced approach to the private sector can be valuable for civil society learning and development opportunities.

Keywords

CSR, Civil Society, Private Governance, Corporate Accountability, Oxfam Novib, Côte D'Ivoire Cocoa Industry

Chapter 1

Introduction

In the ruptures of globalization, where markets have had unprecedented freedom and states have had unprecedented restrictions, a substantial gap in corporate governance has emerged. This gap is due to insufficient regulatory instruments reflective of a pre-globalized Westphalian era of national sovereignty and a weak international statutory regime. Whereas a new structure of transnational organization has emerged in the private sector and ‘third sector’ of civil society, the public sector has lagged due to neoliberal privatisation prescriptions, resulting in various emerging forms of corporate governance outside of the traditional nation/state relation. Axtmann describes the role of the state to have shifted from ‘nation-state’ to ‘market-state’ driven by neoliberal liberalization and privatization policies such as the Washington Consensus which has resulted in footloose capital and little ability for particularly developing states to regulate it (Axtmann, 2004). The emerging network of global governance is described by academic Jan Art Scholte to be multi-scalar, without a traditional hierarchical single ‘layer’ of governance as before (Scholte, 2000). Gereffi describes this gap as a ‘mismatch’ which has disrupted not only the national state identity, but also the balance between market and governance systems, and thus the new dynamic is not so much market/state but also an increasing responsibility of civil society actors to ‘encourage or constrain’ market actors (Gereffi, 2005). While there are still remnants of ‘hard’ state and international institutional agreements, there has also been a shift to ‘soft’ privatized self regulatory mechanisms such as corporate social responsibility. Within these privatization trends in both global and market governance, civil society, as a private non-state actor, has taken the lead to demand accountability from the business community and the last couple of decades has shown how its push for more developmental outcomes has been a learning process which requires them to assert their strategies in more eclectic and binding ways.

This paper will aim to shed some light on both the structures and spaces for agency within CSR and private governance, specifically the interplay of civil society with corporate actors on both theoretical and practical levels. A basic conceptual framework will begin the discussion, giving a framework for the meta-theory and concepts discussed throughout the paper, mainly structuration theory and civil society, CSR, and private governance. Chapter two will provide a historical backdrop for the greater global governance trends which put parameters on private governance, mainly neoliberalism, the shifting nature of ‘social contract’, and structural shifts which are of potential for civil society. Chapter three details how the previous chapters historical and theoretical trends plays out within private governance and CSR, and the learning process which civil society has gone through in relation to corporate self regulation, as well as some hopeful observations for future normative convergence in light of broader trends. Chapters four and five then put the previous theoretical discussion into a practical setting, Oxfam Novib and their CSR interventions in the Côte D’Ivoire value chain. Their practical ‘Polder Model’ strategy demonstrates how a well-established Dutch NGO with decades of international experience and reflection, pursue economic justice from a plethora of angles. Their decision to engage with market mechanisms was a carefully calculated move on various levels and serves as an example of how civil society organizations can approach and work to reform market

practices, both involved with market actors themselves but also vernacularized and inclusive of other local and global state and non-state actors.

Research Question: How do Oxfam Novib's Côte D'Ivoire's Cocoa Industry CSR interventions reflect the learning process and tensions found by civil society actors in 21st century private sector governance?

1.1 Methodology

The methodology behind this case study is primarily driven from a theoretical basis. Originally I sought to discuss the broad question of CSR and whether this market-driven tool can be useful for economic justice despite the totalizing criticisms that social science often confronts it with. As the starting point for this reflection, I surveyed a range of 21st century private sector governance secondary academic literature from the different perspectives of international political economy (IPE), international relations (IR) civil society, and corporate social responsibility. While these four schools examine this subject from very different perspectives, intersecting trends emerged, and the original question of CSR itself morphed into a deeper quandary about the nuances within private governance under neoliberal globalization and the potential possibilities for agency by civil society as a private actor. Thus to complement the secondary theoretical data, I was fortunate to be given permission by Oxfam Novib to examine some of their CSR interventions in the cocoa value chain in the Côte D'Ivoire. Upon meeting with Oxfam Colleague, Frank Mechielsen we agreed I would specifically examine two complimenting CSR initiatives that they support, the Utz Certified code of conduct as well as the RSCE, Roundtable for a Sustainable Cocoa Economy. The next couple of months were spent researching this case study through the systematic examination of many primary reports, strategy papers, memos, and the like, provided by Oxfam, other published secondary NGO, Public, and Private Sector reports on the broader political and economic considerations of the Cocoa Sector in the Côte D'Ivoire, and a series of discussions with Frank and his other Private Sector colleague, Rudolf Schaeffer. While it would have also been beneficial to compare these reports with primary information (impact studies, smallholder interviews, etc) from the Côte D'Ivoire itself, the feasibility of this study was limited to Oxfam's headquarters in the Hague and the primary and secondary data I gathered. Since this research was limited as such, the scope of this research is around how Oxfam Novib's present CSR interventions is a practical reflection of the broader theoretical trends in private sector governance.

1.2 Defining Key Concepts: Structuration

A number of key concepts and terms emerged from my research and are used in this paper. The following sections will provide shape for the underlying meta-theory conceptual framework. This research aims to explore the nuances in Private Sector governance, and how despite neoliberal globalization's structural limitations, civil society actors are not powerless and their assertion of agency has and does impact the greater structure. The theoretical position which underpins this approach is Giddens' 'structuration' theory, the belief that agents and the structures they act in are mutually constitutive, not one driving the other, as 'structuralists' on one side or 'individualism' on the other would hold (Scholte, 1993: 120). Lukes perpetuates this understanding when he states, "social life can only be properly understood as a dialectic of power and structure, a web of possibilities for agents, whose nature is both active and structured, to make choices and pursue strategies within

given limits, which in consequence expand and contract over time” (*ibid*: 129). This research hopes to unveil from an Gramscian IPE perspective, how the realization of 21st century private sector governance is a product of both the actors within and umbrella structures guiding it.

1.3 Defining Key Concepts: CSR, Private Governance

‘Private governance’ for the purposes of this paper will refer to private means of governing corporate behaviour. Following Gereffi’s articulation, the parameters for this sphere are beyond ‘government’ itself and ‘public governance’ mechanisms such as laws and regulations, but are rather “social mores that determine acceptable market behaviour, professional standards and codes of conduct, collective bargaining agreements that define the obligations of firms towards workers, and other non-governmental institutions”¹ (Gereffi, 2005: 3, Hassel, 2008). Corporate Social Responsibility or CSR is the specific private governance device which this research will focus on, and a principle area where these ‘social mores’ are being shaped. From a constructivist position Zadek describes CSR as, “the process by which the boundaries of accountability of the business community are renegotiated and realigned” (Zadek, 2005: 25). While broad, this definition implies that CSR is a ‘web of possibilities’ that can be moulded and shaped, both by external and internal actors, and not just an end in itself. This mechanism has been both notoriously lauded and harshly criticized with descriptions ranging between what Blowfield identifies as, “CSR is bad capitalism” versus “Weak CSR is bad development” (Blowfield, 2005). These views show from an orthodox business perspective, the futility of social responsibility in the corporation’s role of profit generation, and from a critical social science perspective, the futility of using the corporate ‘enemy’ in pursuing economic and social justice. This paper will go beyond this range, while the former perspective is for the most part at least rhetorically unacceptable now², the latter is worthy of discussion; whether CSR, weak or strong, is relevant for development. Skeptics such as Sayer hold that it certainly is not, “in an economic system dominated by market forces, growth and competition are inimitable of the creation of a system of equity and justice” (Sayer, 2007: 151). While the neoliberal system does in fact paint many limiting parameters around the ability of agents to shift the activity of corporations towards fairer behaviour, I will argue this contested arena is more nuanced than a simple structuralist argument would hold.

Is CSR just a tool that reinforces the neoliberal hegemonic order, or conversely, is there a possibility for the private sector to consent towards creating a more just and equitable order? This debate is twofold, firstly how is the existence of a growing private

¹ Since this paper is focusing specifically on civil society’s interactions to drive corporate behaviour within the private governance sphere, the topic of unions and collective bargaining agreements, which while important, and particularly promising when joined with other civil society actors towards the creation of an alternative order, will not be further discussed due to the constraints to the scope of this paper. See Cox, 1999 for a more lengthy discussion.

² The OECD confirmed this trend in a 2008 conference with the ILO stating, “A business vision focused solely on financial performance is now widely acknowledged as too narrow. The private sector can no longer seek to create long-term value without accounting for the social, economic and environmental impact of its activities, for it is the management of these impacts that will enable it to reduce costs and minimize risks” (OECD, 2008).

self-regulation a product of globalization and the neoliberal system, and secondly how, while reflecting the same concerns, does civil society's involvement represent an agential position that can work to push past the totalizing 'bad development' perspective of CSR? The historical development of Private Governance in the last couple decades, when combined with previously instated international and national statutory labor and corporate regulations, does indicate a greater converging normative sphere, and one in which civil society has played a key role. The agents at work in this non-public private sphere, or 'dialectic of power and structure' as Lukes frames it, are civil society and market actors, often transnational corporations themselves.

1.4 Defining Key Concepts: Civil Society

In a general sense, civil society is described as the, "social realm that is both shaper and shaped as its agents stabilize and reproduce the status quo but also can drive social relations" (Icaza, 2006: 488). Beyond its social function, it is also an externally and internally directed political space. Scholte defines it as, "a political arena where associations of citizens seek, from outside political parties, to shape the rules that govern one or the other aspect of social life", Cox alternatively states its dialectic internal function as, "a field of power relations; and the forces in civil society relate, in support or opposition, to powers of the state and market" (Scholte, 2007: 11, Cox, 1999: 25). Civil society is not just a static actor but a 'social realm', 'political arena', or 'field of power relations' that struggles within itself to define its boundaries, as well as the boundaries of greater governance with state and market actors. In the case of private governance, civil society is continuously battling towards either consent or coercion of market actors within the social realm of private governance and the 'mores' that shape and constrain corporate behaviour.

The notion of civil society is quite complex and a historical understanding of its role and placement in the world order is a necessary grounding for any discussion of its present function. Many would argue that this present phase of globalization is not the first, and in fact a 'first wave' occurred during the turn of the 19th century up until the crisis of capitalism of the great depression (Palacios, 2001, Cox, 1999). Various academics emerged from this period with valuable analysis for today's global concerns. Polanyi's 1944 '*Great Transformation*' discusses how in the context of the first wave of globalization in the beginning of the 20th century, a 'double movement' was occurring; how at one end, as the formerly socially 'embedded economy' was being increasingly 'disembedded' to a totalizing liberal market, at the other, society was at the same time counter-reacting with a movement to protect its own interests from the damages of a market driven capitalist system³ (Hart, 2008: 1137, Palacios, 2001:3, Gill, 1998:174, Icaza, 2006: 489). In regards to the same era, Gramsci similarly examined the nature of civil society itself, giving critical analysis to how it is not just a static a non-state and non-market actor as many present definitions hold it, but its very existence is a contested arena where dual forces are competing (Gill, 1998, Icaza, 2006, Cox, 1999).

³ Polanyi is a great thinker of this era and his analysis goes much beyond the 'double movement' itself, but it will not be discussed beyond just a characterization of how unregulated markets do promote social dissent. See his book 1944 '*Great Transformation*', or various commentaries such as (Palacios, 1999) or (Hart, 2008) for deeper analysis.

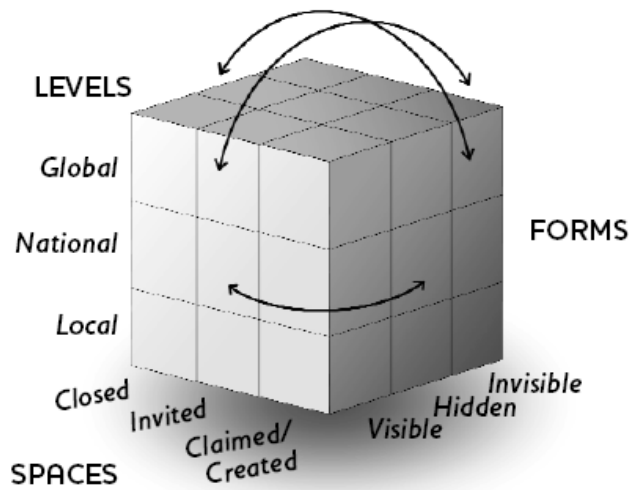
A dialectical understanding shows how civil society is both a ‘top-down’ reproduction and popular assent for the prevailing hegemonic order (neoliberalism) but also a ‘bottom-up’ process of how those marginalized and disenfranchised by this capitalist order conversely work to build a more equitable and just ‘counterhegemony’ to replace the present one (Cox, 1999: 3, Icaza, 2006). Icaza refers to hegemony as a form of ‘consent’ and cites Cox (1994) and Morton (2000) in describing hegemony as “an ‘indirect’ form of political economic domination which takes the form of ‘apparent acquiescence’ or a ‘common sense’ is seen as a characteristic of the whole the whole order) and not of the parts (agents)” (Icaza, 2006: 487). This is certainly true in 20th century governance as evidenced by mainstream Western discourses, such as Fukuyama’s declared “End of History”, the ‘triumph’ of liberal democracy and capitalism over other world systems after the fall of the Berlin Wall (Fukuyama, 1995: 29). These considerations are especially valid in the realm of CSR which at its very basis is a product of the neoliberal push towards autonomy and self-regulation, rather than state involvement.

1.5 Civil Society and Conditions of Agency

The ‘structure’ we are examining is the neoliberal order, the social and political ‘realm’ from which agents work to influence, or acquiesce is civil society. Gramsci lists a three stage process form which the counterhegemonic bloc could be created: ‘corporatism, consciousness, and lastly hegemonic consciousness’ (Cox 1999: 15). The first, ‘corporatism’ is the stage where a group or class of people did not change the status quo, but would only look out for their own ‘collective self-interest’ (*ibid.* 15). The second is of ‘consciousness’ or the stage where previous corporatist groupings would interact and form a ‘state’ or “political authority that would advance a concept of society based upon the leading fundamental class”; Cox states while this more unified than the first stage, there is a problem with ensuring that disadvantaged groups are represented and allowed to form in to a ‘counterhegemonic’ bloc (*ibid.* 15). Therefore, to truly build a counter-hegemonic resistance, civil society must reach the third stage of ‘hegemonic consciousness’ which building upon the previous two, also incorporates the “non-fundamental social groups into the vision of society” in a way that seems to be “the natural order of society” (*ibid.* 16).

While theoretical consideration of these ideas is essential, it is also important to see practical ways in which civil society can assert power. Gaventa provides an interesting analysis on the ways in which civil society can affect economic power structures, by desegregating their influence into the different levels, spaces, and forms that they manifest power. The specific levels he defines are ‘local’, ‘national’ and ‘global’, the spaces, ‘closed’, ‘invited’ and ‘created’, and the forms ‘invisible’, ‘visible,’ and ‘hidden.’ (Gaventa, 2006, 23).

Figure 1
"The Power Cube"



Gaventa, 2006: The 'Power Cube': The levels, spaces and forms of power

He is careful to say this tool isn't an end all or a formula that will help NGOs know how to align their efforts, but rather an analytical tool to reflect on the different dimensions of power relationships (*ibid*: 31). In regards to the levels, Gaventa mentions Pieterse (1997) as asserting the necessity to not just focus one level, but on vertical links, going in both levels; Pieterse states, "this involves a double movement, from local reform upward and global reform downward – each level of governance plays a contributing part" (Gaventa, 2006: 28). Civil society must be creative to discover and pressure the eclectic and strongly held sources of power present in the world system. In terms of private governance, this is especially valid as it is wider than just the interactions of corporations with civil society but complex power relationships on a range of spaces, levels, and forms.

Gramsci's process stages, and Gaventa's 'Power Cube' offer us in a broad and also more specific way civil society can aim to assert agency in the wider global governance arena. These in combination with previous civil society definitions are valuable and nuanced tools of analysis as we examine the nature of civil society in the present 21st century era and issues of both the neoliberal structure, and the nature of civil society agency. It is important, in light of Gramsci's dialectical form of analysis, to put Private Sector Governance in its historical political-economy setting, that is, what Neo-Gramscian's call the 'hegemony' of the dominant world structures of globalization, global governance, and its driver, neoliberalism.

Chapter 2

Globalization and Structural Change

This chapter will discuss the historical backdrop and broader issues of governance that are underpinning both the case study and structural framework from which civil society works to assert agency on the other actors. The neoliberal governance ascendancy since the 1970's has marked a fundamental shift in the capitalist world system that has not only driven deeper social and economic inequalities, but has also fundamentally restructured the way the state-market-society relation has been arranged. The phenomenon of Globalization has gone hand in hand with this, as markets and societies have increased global interactions, traditional nation-state level governance mechanisms have become insufficient in themselves. Along with the governance aspect, societies structure has also seen distinctive changes, the increased 'de-territorialisation' due to increased technology and global connectivity. This new aspect is something civil society can exploit as it seeks to find new ways to pressure governments and markets towards more just behaviour. Lastly, caution must be given for the role of civil society within global governance, as it is an imperfect, fragmented, and often not democratically accountable. Its increased role within the privatized shift is essential for social welfare but must also be seen with a critical lens as other actors are also responsible for accountability, and the mutual interaction of states, markets, and civil society is necessary to promote a fairer development.

2.1 The Neoliberal Ascendancy

The late 20th and early 21st century wave of political liberalism and neoliberal economics has fundamentally changed the way governance functions. Schmitz and Sell argue that globalization is a "disaggregated process of interactions between the local and the global, enlarging the sphere of democracy and market economies" (Grugel, 1999: 36). The following paragraphs will unpack these three main structural outcroppings of Grugel's notion of 'globalization' in terms of neoliberal economic prescriptions, globalization's disaggregations, and global governance new potentials. Much 'world order' literature points to the 1970's crisis of capitalism: various debt crises, the oil crisis, etc. as being a key turning point for the neoliberal ascension (O'Brien and Williams, 2004, Cox, 1999, Grugel, 1999, Gill, 2000). Beyond the well known 'Washington Consensus', Gill lists other Anglo-neoliberal prescriptions that have driven this economic and subsequent political restructuring, "austerity policies such as tight budgets, reductions in government expenditures and low inflation macroeconomic policies, as well as flexibility in labour and good markets, free capital mobility and strong protection for private property rights" (Gill, 2000). Bobbitt asserts that the 1990 Peace of Paris marked the shift to a new "epoch" in state-hood; that the nation-state in fact has been surpassed by the "Market-State", "a new constitutional order...that no longer aims to improve the wellbeing of the nation, but to 'make the world available' for the individual by creating new worlds of choice and protecting the autonomy of the person to choose" (Axtmann, 2002: 273-4). An uncritical view such as this leaves out the political question, as to who is driving this system and for what means? It is beyond the scope of this paper to flesh this out, but it is important to realize that any economic system also has very political drivers embedded within.

Critical views such as Polanyi's 'Double Movement', or Gill's 'New Constitutionalism' provide an explanation for why the state has not 'withered' under

globalization as some say, but rather restructured to be an agent of capital flows⁴. Gill's idea of 'New Constitutionalism' is the process by which the neo-liberal restructuring, "allows dominant economic forces to be increasingly insulated from democratic rule and popular accountability... not simply suppressing but attenuating, co-opting and channelling democratic forces so that they do not coalesce to create a political backlash against economic liberalism and build alternatives to this type of socio-economic order" (Gill, 1998: 174). More critical views such as Harvey's "New Imperialism", a tactical imposition where northern states have moved to an advanced stage of 'accumulation by dispossession' at the expense of the developing world, or Hardt and Negri's notion of capitalist "Empire" in that the neoliberal order is in fact a capitalist empire, or world order driven by the US hegemon (Harvey, 2005, Hardt and Negri, 2004). Whether or not one agrees fully with these views, it is very important to consider that the neoliberal policies are not a de-politicized economic system, they do have very specific values and norms which promotes the market above all else as the best distributor for not just goods and services but also social welfare. And while this has been empirically challenged on a number of fronts⁵, it is still far from abandoned as a system or practice.

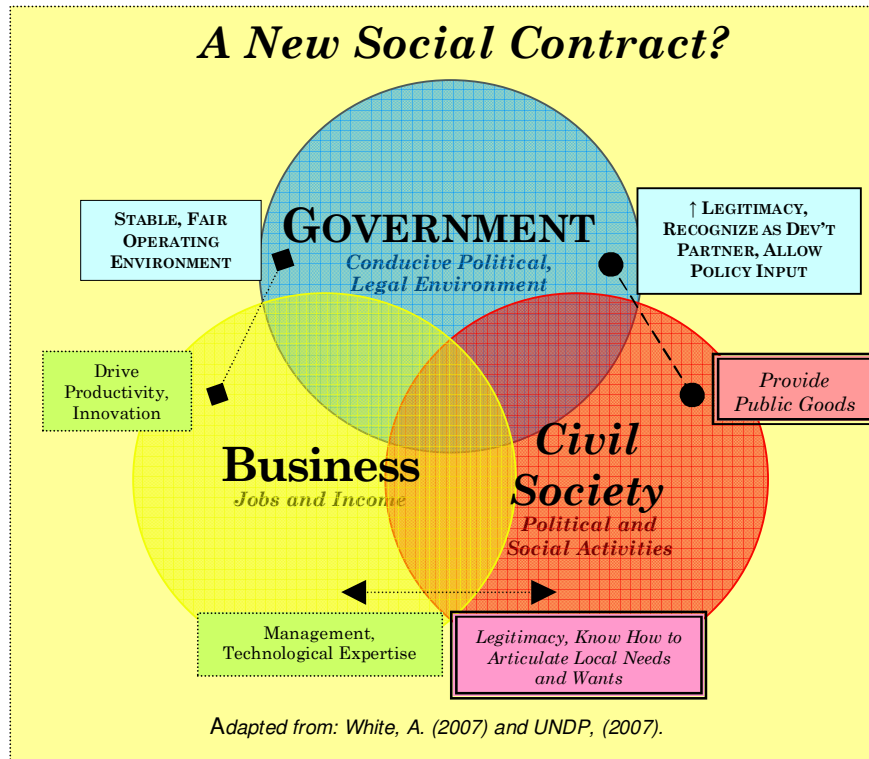
2.2 Hegemony vs. 'A New Social Contract'

As discussed in the previous section, the fundamental feature of this form of political and economic governance is the subservience of the state and social spheres to capital, the idea that not only do markets provide the best vehicle for economic growth and prosperity, but states' capacity should best be regulated to the provision of a stable and fair operating environment, as well as a conducive political and legal environment, particularly for the exchange of capital (White, 2007 and UNDP, 2007). Some go as far as to say this is a 'new social contract', which similar to Bobbitt's 'world of opportunity' views neoliberalism as a push from a collective state organization to a more autonomous organization where individuals are able to 'choose' how they wish to participate in the world market. This is problematic in many senses, beyond just the regulatory deficit but also how the nature of 'choice' is limited to a market logic and mechanism. The following chart taken from both CSR literature and an UN Development Program report shows the outplaying discourse of the previously mentioned Anglo-neoliberal model:

⁴ See previous chapter for a brief explanation of Polanyi's 'Double Movement'.

⁵ See the work of Ha Joon Chang or Dani Rodrick for an economic critique to the Neoliberal System.

Figure 2
"A New Social Contract?"



In an uncritical sense, this view approaches the global arena as a new collaborative effort where business, civil society, and governments can each use their strengths to promote a stable, efficient, and legitimate environment. A critical approach on the other hand is not so simple or conciliatory. While the market is privileged as the best allocator of ‘choice’ for the individual and in being so privileges it over other ways of conducting societies, it doesn’t manage for the protection of the most vulnerable or guarantee a fair distribution of both private and especially public goods. As evidenced in the introduction, the shifting of welfare provision from the public to private sphere is both a creation and is reinforced by the neoliberal construct of privatisation, which at the same time shifts the role of solving social problems from the state to the society, and justifies and reinforces minimal state interactions (Grugel, 1999, 142). Inclusionary governance implementations such as World Bank “participatory” budgeting programs reflect this shift as well as the potential for such groups to implicitly promote neoliberal hegemony in the process (Gill, 2000⁶, Cox, 1999). Gramsci’s concept of power in terms of ‘hegemony’ or the ‘hegemonic social order’ occurs when one social class takes power over another through a “political, intellectual, and moral

⁶ Gill, 2000: “the politics of neo-liberal globalization involves a dialectic between the strengthening/ disciplining of the state (through new constitutionalism) to intensify the power of capital whilst, at the same time, seeking to widen the social basis of support for the state through incorporation of opposition (for example adopting arguments from the feminist and post-modern discourses of empowerment and linking these to material concessions).”

kind of authority, leadership or consent” (Cox, 1999: 487). The inclusion of civil society actors such as NGOs with national or international development projects such as the previously mentioned, demonstrates that by placing them in the role of public good provider and director of social and political activities, in effect garnishes their consent and thus reduces the capacity for dissent. Taylor describes the dual nature of this process, “increasing the social power and capability of civil society demonstrates that it is a society and not the state which is best able to solve problems... thereby justify[ing] the presence of a minimal state and encourage[ing] citizens to search for solutions at the local level and among themselves”, which also in effect reproduces the neoliberal order (Grugel, 1999). While it is true the goods provided and the participatory approach is necessary for a healthy society, the top-down imposition hegemonically re-entrenches the values these organizations are promoting.

This dynamic is not too dissimilar to 19th century notions of ‘corporatism’, or how state leaders, to prevent classist conflict, consulted and collaborated with employers and workers organizations to both decrease dissent and increase support for state power (Cox, 1999). The unfortunate fallout of this was that those not in the co-opted class groups were left powerless and unaccounted for, and thus out of civil society’s consideration itself (*ibid*). This is where however I think a key difference is between the 19th century and today. Globalization has not just presented a totalizing economic and political agenda, mass increases in technology has also fundamentally shaped the way social relations are conducted from local to global levels. While before ‘civil society’ was previously co-opted to promote the state, leaving those not co-opted out of the picture, the total co-option of this now ‘third sector’ of society is much more complex. The restructuring or ‘disaggregation from local to global’ as Schmitz and Sell described it has in fact opened spaces for dialogue and interaction between citizens from local to global levels in ways never seen prior to this period.

2.3 “De-Territorialisation” and Restructuring

Momentarily stepping aside from the problematics created by the ‘market’ state, the phenomenon of globalization has also had profound effects on what Schmitz and Sells indicate, the ‘disaggregation of local and global interactions’. The new emerging global governance regime is characterized by more than just inter-national state relations, but transnational relationships. Actors go beyond structural governance institutions such as the UN, WTO, ILO, World Bank or IMF as well, to a much wider transnational constituency where the agency of private actors such as transnational corporations and civil society organizations. Recent revolutionary increases in communication technology and infrastructural interconnectedness has permitted for citizens, governments, corporations and organizations to conduct themselves in truly global ways, or as Harvey states, a “time-space compression” (Agnew, 2001). Furthermore due in part to neoliberalism and the market-based nature of conducting relations, as Bobbitt positively sees it, individuals and private entities are far more interconnected with varying levels of interaction and governance from local to global, or as Scholte calls, a “de-territorialisation” (Scholte, 2000). The notion of fundamental restructuring, not just of economic relations, but also institutional and social interactions is a fundamental aspect of globalization.

Therefore an attempt to rein these complex interactions in the same way as was characterized with 20th century hierarchical, modern, static, hard-law governance would be limited. Recognizing this, Jan Art Scholte describes 21st century global governance to be,

“distinctly multilayered and trans-scalar. Regulation occurs at and through interconnections among municipal, provincial, national, macro-regional, and global sites. No single ‘level’ reigns over the others, as supra state and sub-state institutions in territorialist circumstance” (Scholte, 2005: 186). Governance is not only conducted in far more complex relationships, Rosenau describes global governance as being in a state of flux characterized by mutable patterns of governance from local to societal to transnational that intersect and interact (Wilkenson, 2005: 7). Of course there still are national governments and international institutions such as the WTO or IMF which profoundly affect many of the fundamental conditions of how governance is conducted, but it is undeniable that today’s transcalar local and global disaggregation is a different animal than the national and international implementations hard law of the 20th century. This area can either be seen as fragmented and unable to ensure all needs are met, or also as bearing potential, for at the intersection of all these levels there can be a new dynamic for agency and voice to be asserted from previous stifled or silenced areas, like Gaventa’s power cube highlights.

2.4 Civil Society and Global Governance

Prompted by both their increased inherited responsibilities by the ‘market state’ as well as the emerging opportunities within the opening spaces from the ‘time-space’ restructuring as Harvey and Scholte’s ideas represent, in this new increasingly complex disaggregated global level civil society’s role has been undeniably asserted with more primacy in the providing of public goods and in the promotion of democratic behaviour; however assumptions as to its role also must also be questioned beyond just its contesting or reproducing the status quo. Not that NGOs or civil society organizations are incapable of producing public goods or promoting welfare, but issues of ‘atomization’, democratic accountability, legitimacy, etc. are contestations worthy of considering (Scholte, 2007). While it may at the level of discourse civil society pushes for a more just, moral agenda on both sides of the hegemony, can it appropriately deal with the problems arising from the increased informality, and less security for the provision of social services as was the case in a welfare state? As a very diverse and fragmented ‘contested space’ in itself, can it give the widespread convergence that is necessary for economic or social security on both national and global scales? These are questioned.

To be fair, most academics wouldn’t solely put these responsibilities in just the hands of civil society. As Scholte comments, contributions from other sectors such as “national and local governments, parliaments and political parties, the mass media, and business circles can also help to give firmer moral, legal, technical, democratic and/or charismatic qualities to global governance... [it] is not that civil society is the sole or even primary provider of legitimacy for global governance, but rather that civil society is a significant force whose potential fruits have thus far been inadequately nurtured” (Scholte, 2007: 9-10). It is clear that neoliberal globalization has mal-effects that are greater than what just one sector of governance can handle. It is necessary for all sectors, public, private, and civil society, to work together towards a greater converging ‘legitimacy’ in global governance, to ensure that those marginalized by the capitalist system receive justice. However since neoliberalism has shifted much of this ‘legitimization’ role towards civil society, it is in the precarious position where it must be cautious to avoid hegemonic co-optation while at the same time working within these structures to push for a counter-hegemonic, more fair globalization. Both sides of Gramsci’s dialectic are in a continuous, dynamic interplay within 21st century governance. With consideration for the former

discussions of neoliberalism and civil society's role in global governance, the subsequent chapter will move to the specific sphere of private governance.

Chapter 3

Private Governance: CSR and the ‘Shifting of Mores’?

While the primacy of market mechanisms and subsequent structural, social, and economic injustices is undeniable, with a structuration lens, in spite of these limitations, the ‘trans-scalar’ re-organization of globalization can be seen as hopeful complementarily to traditional hard-law structures of governance. Rather than simply dispossessing, which sharp inequalities and marginalization do indicate, we must consider other possible shades of nuance beyond this singular view. It is walking a tight line; CSR on its face value is hegemonic and supportive of a neoliberal order and legitimizing corporations themselves, the very perpetrators of so much global inequality and dispossessing neoliberal values. The danger of co-optation is blatantly present. However, the neoliberal market orientation has exceedingly legitimized this role for corporate regulation to these private actors as the state is being oriented more towards ensuring a stable, legal, and efferent flow of capital, what Gill describes as ‘new constitutionalism’ (White, 2007, UNDP, 2007, Gill, 2000, Utting, 2008). If this is the case, is it possible for Civil Society not be co-opted by the neoliberal hegemonic strategy, and to in fact manifest its other function to produce a counterhegemony inclusive of the disenfranchised? Is it possible to shift the boundaries of what is acceptable, hopefully towards a more binding future regime?

This chapter will show how private governance and CSR has come into play alongside the greater trends in global governance and the neoliberal shift. While 1990’s civil society backlashes to corporate mal-behaviour created an answerable demand for corporations to at least on the rhetorical level adopt better practices, the actual on-the-ground practical impact was less convincing. To say that these citizen movements were a failure is also not correct, since it prompted the business community to work towards including self regulatory mechanisms in their practices, and while few would agree it is enough in itself it is an important step towards more sustainable practices. The shift from CSR to ‘Corporate Accountability’ that Utting (2009) discusses shows that civil society is on a learning curve in regards to pressuring corporate behaviour, and that self-regulated CSR in and of itself is something important to be addressed, as well as more eclectic and binding accountability obligations. This shift is encouraging and it is hoped that all of these approaches and mechanisms can work together towards a greater normative convergence and just ‘social contract’ between businesses and other actors.

3.1 Labor Governance Evolution

A historical understanding of the development of private governance is useful to understanding this dynamic. Similar to shifts in broader global governance, the 1970’s labor rights governance was also statutory, international and binding. During this period states and international institutions such as the UN and ILO played key roles in the development of a more binding regime of corporate regulation. The global instruments of 1977 ILO Core Labor standards, 1976 OECD Guideline on MNC’s are two primary examples from this period that demonstrate a hard law push towards a binding governance of labor and environmental standards for Transnational Corporations. Both represent a normative framework and a set of agreed upon business practice standards that are legally binding with recourse for grievances, the ILO through national states secretariat, and the

OECD also through member and adherent states 'national contact points' (Singh, 2007). While these represented very positive steps in the implementation of a universal normative framework for the behaviour of MNC's, the hierarchical structure is reflective of 20th century hard law governance was challenged with the increasing transnational complexities of corporations in the 21st century. As the UN Research Institute for Social Development highlights in their report, *Corporate Codes of Conduct: Self Regulation in a Global Economy*, the 1970's push towards national regulations of MNC's, was undermined during the 1980's period of neoliberal policies and deregulation, and so the 1990's public pressure backlash to the abuses of corporations shifted companies to increase their levels of self regulation (Jenkins, 2001). Self-regulation and CSR was a major outcropping of the neoliberal governance rearrangement and at the international level the 2000 UN Global Compact represents this changing nature of regulation. This mechanism was created in 2000 based on 10 principles of decent work and human rights, labor, the environment and corruption (Knight, 2009). Yet this remains a voluntary initiative lacking an effective mechanism for complaints or to ensure compliance unlike the previous two, which while hierarchical were binding. Beyond the shift from statutory to self-regulation, what is also important to note here is the role in the 1990's. This was a time for a major shifting in corporate relations, massive consumer backlashes against sweatshops and global movements bringing light to various corporate abuses were defining characteristics of this era. Is this the 'emergence from below' Gramsci is talking about?

3.2 Counterhegemony or Co-option?

Author-Activist Naomi Klein focuses on the historical shift of civil society from attempting to pressure governments to directly addressing the market itself. She states, "As connections have formed across national lines, a different agenda has taken hold, one that embraces globalization but that seeks to wrest it from the grasp of multinationals... that demand.. to build a resistance, both high-tech and grassroots, both focused and fragmented- that is as global, and as capable of coordinated action, as the multinational corporations it seeks to subvert (Klein, 2000: 446). She demonstrates that civil society is just as capable as markets to exploit 'trans-national' global networks and that while it does work within the hegemony, it at the same time fights from below in creative, innovative ways to produce counterhegemony. Academic Stephen Gill argues in an article about the 'Battle in Seattle' that civil society behaviour such as that witnessed in the 1998 WTO citizen protests in Seattle, USA represent an emerging form of political agency where there is a new context of collective identity, ethical democratic institution and new practices which challenge the rules of capital (Gill, 2000). This political agency is key for stirring dissent and involving the public, to pressure corporations towards more just behaviour. And the immediate reaction on the part of many businesses was to adopt a rhetoric of CSR, of codes of conduct, to show to consumers they weren't one of the abusers. Yet, to a large degree this initial response while rhetorically promising, lacked substance in practicality. Like the 19th century corporatist state, these corporations also co-opted the ideals of development. Utting, referring to himself (2005) and Levy and Newell (2002) reflects the reality of this trend in the early 1990s, stating, "corporate elites excelled in a hegemonic strategy where they did not simply placate the opposition through co-option but exercised moral, intellectual, and cultural leadership, taking abroad certain concerns of the opposition" (Utting, 2008: 966). This did not go unnoticed by the development community, and the harsh criticisms of CSR expressed by many recognized that this tool

during the 1990's was not the panacea for world problems the business community made it out to be.

Traditional CSR policies such as, codes of conduct, certification and reporting, and corporate response to fair trade, regulation of globalization, partnership, and movements and campaigns, while rhetorically promising, must not be taken at face value for fear of hegemonic co-option (Alvo Pino, 2001). Plenty of criticisms of these corporate self regulation tools abound and to detail all is not in the scope of this paper. To give a picture however, sceptics such as Lund-Thompson list stylized CSR criticisms such as the false nature of the notion that CSR goes beyond legal compliance, as evidenced by the ever present reports of TNC social and environmental law violation, how code compliance in reality may actually worsen conditions, and that the code auditing techniques used are often problematic in developing countries, not just because they may be inaccurate, but also can act as substitutions for the authority of national governments themselves (O'Laughlin, 2009, Lund-Thomson, 2009). Seidmen also provide a stylized criticism. Upon viewing case studies of 3 different codes of conduct found that in order for this tool to be effective it would require the consumer to be willing to pay the increased costs of implementing a regulatory code, that the NGO's who are often involved in auditing at the local level are dependent on the corporation they are auditing for both costs and access to assess the conditions, and lastly while international labor campaigns such as in the 1990's, while good at mobilizing around big abuses, may not be as effective at mobilizing towards common labor abuses (O'Laughlin, 2009, Seidmen, 2009). Is there any hope then in spite of this very bleak view of CSR? Is it possible to emerge 'from below' and shape corporate 'mores' in a counter-hegemonic, inclusive way beyond just rhetoric? I argue that we must dare to hope so, and notwithstanding the serious limitations, civil society has realized that it actually does possess quite a powerful role, and one that they have claimed and acted upon in increasingly adaptive ways.

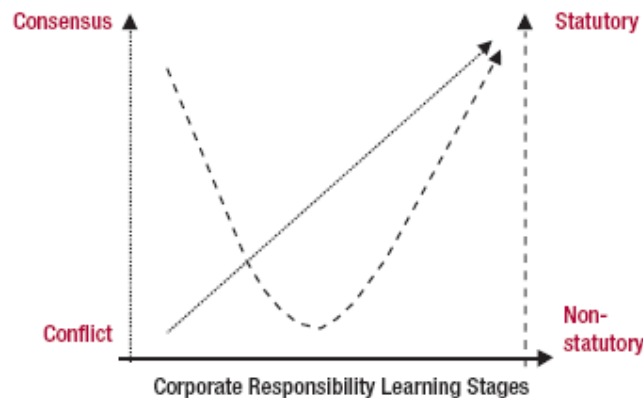
3.3 Towards a Normative Convergence

Private governance at face value does seem to offer a space and opportunity for civil society to shift corporate hegemony, and the 1990's citizen backlash at a discursive level seemed to be successful. However the difference between rhetoric and practice left some serious practical shortcomings. Nevertheless, despite its disappointing real outcomes, this era was helpful in the learning process. Particularly the importance of caution that the supposed 'shifting' of acceptable business practices does not also become co-opted into the greater hegemony they were fighting to overcome or at least reform in the first place. What has civil society learned from this process? Utting argues quite a bit. That there actually has been a shift from the initial idea of CSR, codes, etc. to a more nuanced approach, more aware and prepared to demand real accountability and better corporate practices. He states this emerging approach to be a new movement of 'corporate accountability', one that goes beyond voluntary mechanisms to also questions of "corporate obligations, the role of public policy and the law, the imposition of penalties in cases of non-compliance, and the right of victims to seek redress, and imbalances of power relations" (Utting, 2009: 965). Furthermore, in addition to traditional CSR devices, civil society has also shifted to more 'eclectic' forms of cooperative CSR; such as participatory stakeholder dialogues, 'naming and shaming' of violators, protests, inclusion of critical expert knowledge, participation with epistemic communities, multi-stakeholder initiatives, deep social auditing, increased international industrial relations agreements, service deliveries, and systems of rating (*ibid*). Stephanie Barrientos agrees with this viewpoint,

pointing out that the initial CSR instruments such as codes of conduct, “...were never going to be a panacea- but they could contribute to a process that seeks new channels that enable independent organization and provide an arena for action” (Barrientos, 2008: 987). She argues that although codes are valuable, they cannot be left by themselves, “A more effective regulatory approach would need to be pursued at multiple levels nationally and internationally, linking social and commercial dimensions of corporate accountability and sourcing” (*ibid*). It does seem that this is indeed happening, and the combination of a more eclectic and proactive civil society combining strategies at local and global levels, in combination with statutory instruments and critical research, and even business tools themselves such as auditing and systems of rating do present promise for a more just private governance.

Zadek provides an interesting model of collaborative governance where, he argues that CSR goes through a learning curve process, from initial basic statutory consensus, as was the case with 1970’s style states and government laws primacy, to secondly a period of conflict and non-statutory business regulatory instruments, such as the 1990’s backlash and subsequent voluntary CSR instruments, to lastly, what he hopes is a cooperative statutory consensus of corporate governance (Zadek, 2005). What is interesting in this model is that he believes corporations will come to the last stage with their own logic, that those businesses who have adopted good practices will actually push for statutory protections as to ensure other businesses don’t act as free riders, such as what Nike has done (*ibid*).

Figure 3
"CSR Learning Stages"



(Zadek, 2005).

To say CSR is hopeless ignores the potential good that could be gleaned from these tools, with a more nuanced and critical approach we can see that corporate self regulation is a step that can be moulded by the development community into the right direction, but by itself there is threat of hegemony. As Knorringa and Helmsing, 2009, state, “At present, CSR is a business tool... This will not change in itself, as firms have no interest in – and cannot be expected to develop – a focus on developmental impacts beyond what they need in terms of veritable information to satisfy their stakeholders. It is up to the development community to force this shift” (Knorringa and Helsing, 2009: 1059). CSR is between the edges of statutory and self regulation and the parameters of how this can be shaped for the

future must be set by the development community if we wish to push past ‘corporatist’ categories to also include marginalized groups as part of the norm, as Gramsci aims us. Whether or not CSR is the best tool for this, is clearly debated, but by combining it with more binding statutory obligations in public policy and law, with penalties for non-compliance, for the right of victims to seek redress and adjustment for the imbalances in power relations we can hope for a more just and inclusive corporate accountability (Utting, 2009).

3.4 The Way Forward

Both compliant business and civil society perspectives demonstrate a more nuanced approach to CSR than was its initial realization. In terms of actors within globalization’s structure, sociologist Escobar has noted a trend of “self organization, non-hierarchy, and complex adaptive behaviour on the part of agents” (Escobar, 2003: 353). This is true not just in globalization but as we just discussed, private governance in particular. As learned with the CSR- Corporate Accountability evolution, to act in this transnational, complex, and changing realm one must actively reassess and reform strategy in creative, eclectic ways. In this process, civil society must be always cautions for co-option and on-the-ground, stakeholder participatory and contextual, critical assessment is a necessity to prevent this. Furthermore from local to global levels, a macro concern should always be with trying to create a more comprehensive and binding normative convergence for social, labor, and environmental protections, especially in light of the neoliberal trend towards the opposite. A major critique against this of course is that any sort of attempt to refine the system is in fact ‘fine tuning’ it and as Newell states in regards to CSR as regulation, “If it is designed to facilitate and enable the smooth functioning of a model of economic development that produces poverty and environmental devastation in its wake, it is not a useful goal in and of itself” (Newell, 2008: 1076). Caution must always be present to fight the totalizing belief that ‘There is no alternative’ as Thatcher once said. While beyond the scope of this paper, it is important to always remember that there are counter-hegemonic forces ‘from below’, strategically and creatively advancing alternatives even beyond reform such as the Zapatistas Chiapas in Mexico or ANSA, the Alternatives to Neoliberalism in South Africa, who promote and demonstrate the emancipatory call that ‘there are many alternatives’⁷ (Icaza, 2006, ANSA, ca 2006). While CSR and Corporate accountability are not a radical post-capitalist counter-hegemonic force, civil society’s learning process and the push for more binding and statutory corporate accountability is a promising shift for reform within the system. Furthermore this learning process has shown that civil society can assert agency and work to modify the existing structures towards more just practices reflecting the structivist position this research paper has argued for since the beginning. While private governance is not an end in itself, it is important to not disregard the important role it does have in the present world.

⁷ See Transnational Institute www.tni.org, ATTAC, www.attac.org for ideas of such alternative initiatives.

Chapter 4

Oxfam Novib and the Cocoa Industry

The case study of Oxfam Novib represents a civil society organization which has adapted to both changes in broader neoliberal constructs as well as the specific private governance shifts. Its previously mentioned ‘Polder Model’ represents a strategy which explicitly aims to collaboratively engage with actors across the spectrum towards more just consensual agreements. While cautious to initially put it in either of Gramsci’s civil society’s ‘top down’ or ‘bottom up’ hegemonic or counterhegemonic categories, an examination of their complex placement and strategies do shed light on the development issues previously discussed in this paper: private governance, that is, civil society and CSR within the broader neoliberal structures they act to refine or coalesce. This NGO’s Cocoa Value Chain interventions in the Côte D’Ivoire represents an eclectic strategy towards economic justice, and their present cooperation with corporate actors in this field not only represent both a civil society stage and CSR learning stage, also reflects the mutual cooperation and consensus that the Dutch have historically been known for. It will focus specifically their industry level CSR interventions in the Cocoa Value Chain in the Côte d’Ivoire: the Roundtable for a Sustainable Cocoa Economy (RSCE) and the Utz Cocoa Industry Certification mechanism, and how these strategies fit into Oxfam’s broader private sector governance role. These policies highlight this NGO’s desire to engage the present system in an attempt to bring disadvantaged members to a better position and influence both state and capital to modify the rules. Rather than looking at impact studies or outcomes of these tools, which wasn’t feasible for the terms of this research, this case study will critically examine how Oxfam Novib wields its influence as an actor in the non-state, private sector governance regime in the Côte d’Ivoire Cocoa Industry, and why these particular mechanisms were chosen and to what effect they expect. This case study research is primarily thorough Oxfam strategy papers, reports, memos, employee interviews, as well as other NGO and Institutional reports on the Cocoa Value chain. Beyond a summary of Oxfam’s chosen strategies, this deliberation hopes to reflect the earlier discussed topics of civil society characteristics of its agency in Private sector governance within the neoliberal, globalized constructs.

4.1 Oxfam Novib’s Economic Justice Program Background

Oxfam International seeks “increased worldwide public understanding that economic and social justice is crucial to sustainable development” (Oxfam, 2006: 12). Oxfam Novib as an affiliate incorporates Oxfam International’s broader vision which holds that, “engagement with the private sector is driven by the knowledge that business plays a crucial role in driving development. Through its advocacy, campaigning, and programme work, Oxfam International seeks to influence companies to adopt policies and practices that ensure that their core business activities contribute to and do not undermine poor people’s ability to lift themselves out of poverty” (Clay, 2005: 25). Oxfam Novib itself directs significant resources and campaigning to influence the private sector for more just practices, however this is just a piece of their efforts to seek better collaboration and dialogue between private, public, and civil society players. In their value chain intervention strategies Oxfam Novib sees its role in the Netherlands, Europe, International partners, and Oxfam International to “critically” partner, target, or collaborate (or all of the above)

with global and local actors to “achieve high levels of sustainability in high volumes of the market. The final goal is that poor people, small holders and workers, will have income security and better labour and living conditions and external effects related to environment (land and water) are minimised, and communities’ rights on land are respected” (Mechielsen, 2009). While not necessarily working to change the system itself, Oxfam Novib hopes to push the actors in the present economic system to work towards a more inclusive, stable, and fair arrangement for those most marginalized by it.

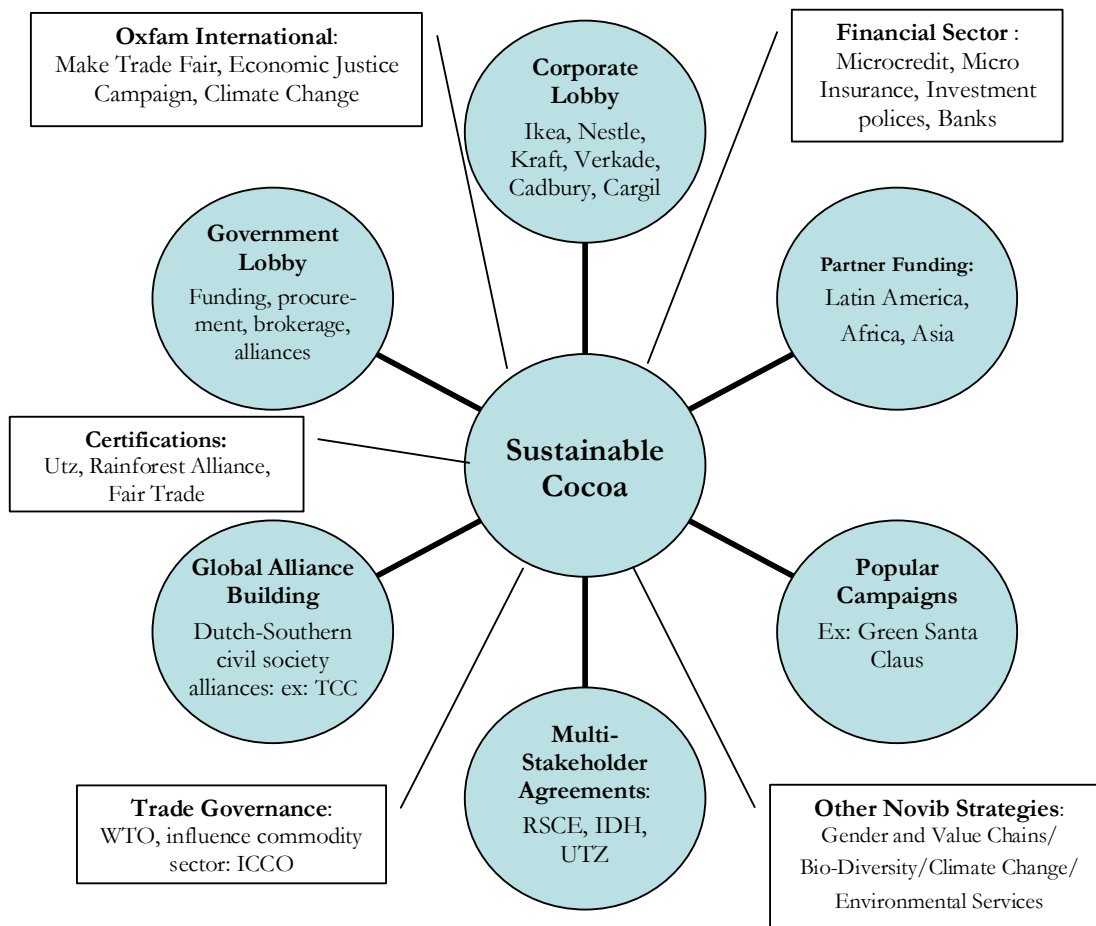
The notion of ‘Polder Model’ or mutual cooperation of divergent actors towards a common solution, is a defining strategy of the Dutch NGO Oxfam Novib. Like the NGO, the ‘polder’ strategy is a Dutch government invention, a ‘culture of consensus’ where governments, unions, employer organizations, finance, and advisory bodies met in an “environment of mutual trust and cooperation that was capable of effectively dealing with problems” (Butter and Mosch, 2001: 2, Miechelson, 2009). Oxfam Novib’s ‘polder’ strategy to work alongside corporate (and other) actors to push the Côte D’Ivoire cocoa value chain towards more economically just practices reflects this broader Dutch trend. Oxfam addresses these efforts through four specific Oxfam Novib departments, the Private Sector Programme, Lobby, Popular Campaigns, and Economic Justice programmes as well as specific country/regional level partnerships which are aimed at capacity building and collaboration with other complementary civil society, private sector, and government efforts (Mechielsen, 2009). The four broad strategies for change within value chains are Popular Campaigns and Communications to “challenge myths and change beliefs”, Private Sector Activity, for “critical partnership” endeavouring to ‘demand justice’, ‘work with and invest in communities’ and broadly “aim to influence companies to improve their policies and practices when they source their products in factories in poor countries”, Government Advocacy for “broad alliances, lobby, and policy development, and lastly to target-level Smallholders, Workers, and Community for “organized action” (*ibid* and Oxfam Novib Website, 2009)⁸. Reflective of their ‘polder’ strategy, Oxfam hopes to use their broad-reaching influence to pursue a fairer economic justice by engagement with governments, other civil society actors, businesses and communities in both supportive and critical stances.

Oxfam Novib’s interest in Cocoa value chain intervention roots back to 2004 when its Private Sector Programme team began to investigate opportunities for interventions in the Cocoa Value Chain (Zwart, 2008: 1). In 2005 they gained exposure and experience to this arena by beginning to support various cocoa smallholder initiatives in Nigeria, Latin America and the Netherlands (Oxfam, 2006: 5). By 2006 their strategy paper, *Sustainability Drivers for Change in Cocoa Chains* highlighted an intervention strategy for Oxfam to “contribute to the development, adaptation, and implementation criteria for sustainable cocoa throughout the cocoa supply chain” (Oxfam, 2006: 5). It determined Cocoa is “an interesting crop given its potential to improve the likelihood of small-scale producers in the cocoa sector” and that due to the disconnected nature of the various “scattered initiatives at different” levels a more determined and strategic approach would be warranted to better benefit particularly the most vulnerable cocoa smallholders (*ibid*). In light of Oxfam Novib’s previous interventions in the coffee, tea, wine, palm oil, and shrimp commodity chains, these experiences have revealed certain ‘drivers for change’ which result in

⁸ See Appendix 1 for a chart summarizing the change strategies in Value Chains

measurable impacts- these include: availability of frontrunners, best practices, transparency and traceability, public campaigns, and producers involvement (Oxfam, 2006: 5). From beginning with minimum social and environmental standards, it sees the potential to raise the livelihoods, environment and living and working conditions of the majority small scale producers in this sector; specifically through promoting: a positive impact of biodiversity through eco-buffering and intercropping, as well as income generation through an increased added value for produces and a redistribution of margins across the supply chain (*ibid*: 9-10). Drawing from the broader value chain change strategies, diagram (4) lists specific examples of how Oxfam has intervened in the worldwide cocoa value chain for more sustainable practices. It is based upon a diagram provided by Oxfam Novib Private Sector colleague, Frank Mechielsen.

Figure 4
"Oxfam Novib: Sustainable Cocoa Interventions"



Mechielsen, 2009.

Similar to the greater trends in civil society's broader relationship with private sector governance, Oxfam Novib has approached the cocoa sector from eclectic angles including

that of ‘insider’, ‘outsider’, and ‘partner’. From broad international considerations such as trade governance to partner NGO funding working on this issue, to awareness building with Oxfam International, their work for ‘sustainable cocoa’ is undertaken from a very broad range of strategies and actors. Oxfam recognizes the limitations with collaborative work with corporations, however also recognizes that due to broader neoliberal constraints, or the ‘new social contract’ as discussed previously, it is as necessary partnership. In regards to MSI’s the Oxfam Novib position is as follows:

“ON wants to structurally and cunningly contribute to voluntary market regulation that is socially inclusive. For this purpose ON wants to select the most strategic role(s) and to seek added value engaging these MSIs further from inside its structure or change to a more outsider perspective. At the same time, ON considers an MSI as ‘a temporary, second-best alternative for failing mandatory frameworks at national and international level’ (Strategic Plan, version February 18 of 2009, Annex 2). ON intervenes in MSIs because it assumes that ‘voluntary approaches create at least a first step and possibly a stepping stone that eventually will have a positive influence on establishing and enforcing national level mandatory regulations’ (ibid)” (Hospes, 2009).

Oxfam Novib is well aware of the bigger discourses regarding the limited nature of the MSI approach, but realizes that inaction is a greater evil than action. Their choice to become involved is strategic and hopeful that their eclectic mix of support can add to the push towards a stronger regulatory regime. To have an understanding for the motivations and agential limitations held by Oxfam Novib it is important to contextually place these interventions within the background on the cocoa industry itself, particularly in the Côte d’Ivoire. This environment is one wrought by many limitations by the greater neoliberal economic framework which has resulted in price instability and a monopsony style value chain disaffecting especially the most vulnerable producers, country-level political instabilities, and on-the-ground threats such as conflict, environmental and labor abuses. Much of the background to this research is from Oxfam and other partner or similar development NGOs themselves, as they have ascertained the situation and opportunities. It is crucial to understand the market conditions that constrain the ability of civil society actors to intervene.

4.2 Background of Cocoa Industry in the Côte d’Ivoire

The worldwide cocoa value chain is a relatively concentrated commodity industry. 90% of global cocoa production is maintained by 3 million smallholders in a labour intensive process of growing and harvesting (TCC, 2009). This is often done by families and represents the main source of family income especially in smallholder dominated production areas concentrated in Western Africa. This region, the Côte d’Ivoire, Ghana, Nigeria, and Cameroon represent 70% of the world’s cocoa bean production (*ibid*). The Côte d’Ivoire itself represents 40% of the world’s cocoa production with an export value of 1.5 million per year, representing 1/3 of the country’s export earnings (Oxfam, 2006). Other main worldwide producers are Indonesia, Brazil, and Malaysia which generally through public-private estate partnerships using large scale facilities (Asfaha, 2004). The advantage in this is that more well financed and supported farmers are better able to adapt to market conditions, shift production yields, however the downfall is the higher cost

because of the labor intensity required (UNCTAD, 2004). The worldwide demand for cocoa is targeted to increase even in spite of global recession. Particularly because of predicted increased consumption in China, India, and Russia, the demand is expected to raise 15% in 2012, compared to 2006, with an additional production of 600,000 tons needed to meet the supply/demand ration (Capelle and Demey, 2006, Oxfam, 2006, TCC, 2009).

The cocoa supply chain as characterized by the majority dominated West African suppliers consists of smallholder farmers and cooperatives who grow, harvest, ferment, and dry the cocoa beans in a labor intensive, timely process. The dried cocoa beans are then purchased by traders who either have their own grinding facilities, or sell to outside grinders that process the beans into a powder, liqueur, butter, or hulls for confection, food, cosmetics, or animal feed, respectively (Oxfam, 2006). This semi-processed good is then further processed or sold as is to retailers for consumers to purchase. The trade and processing of cocoa bean is dominated by three major players in the world market representing 40% of the grinding market: Cargill, Archer Daniel Midland (ADM), which are primarily traders and semi-processers, and Barry Callebaut which is a trader, grinder, and producer of industrial chocolate representing such brands as Nestlé, Cadbury, Mars, and Kraft (*ibid*). Traditionally the processing of chocolate has been concentrated outside of the producing countries, (in the United States, Netherlands, and Germany), however the Côte d'Ivoire also processes over 350,000 tonnes of cocoa per year, a similar quantity to other locations (TCC, 2009). It is predicted that more processing will shift to countries of origin, however at least in the Côte d'Ivoire, this processing is dominated by multi-nationals (Oxfam, 2006). The distinctive nature of each value chain is country dependent, for instance Ghana maintains a government legislated and regulated Cocoa Board, Cocobud, which determines price, quality control, transportation, and market research, where as due to World Bank and IMF pressures for liberalization, since 1999, the Côte d'Ivoire is fully liberalized with limited government intervention in minimum price guarantees and fiscal issues (Oxfam, 2008). In the case of Côte d'Ivoire, there is often a lack of transparency, with local traders often paying farmers in cash and little or no knowledge or concern for international price determination factors (*ibid*). Lastly, in the area of consumption, Europe and North America dominate this area, with worldwide demand representing 49% and 22% respectively; sadly only a very small percentage of producers actually get to taste the product their life labor creates (TCC, 2009). The cocoa value chain governance, macro economic factors, and social and environmental factors all represent key intersection points where detrimental and promising action could either benefit or harm those most dependent on this commodity process, the producers. The following paragraphs will outline some particular concerns and areas of influence which could bring more just practices to this commodity chain.

Some of the most influential but also difficult to influence limitations on the Cocoa industry are macroeconomic, occurring beyond the limits of smallholder village to the stock exchanges in the North, a highly complex and difficult to regulate system, especially without political or economic will. This section will briefly highlight some of the key issues. UNCTAD in its 2004 report, *Commodities Under Neoliberalism: The Case of Cocoa*, lists the daunting limits producers face, from dependence on village trader price quotes, uncertain local temporary finance sources, and often a monopsony style purchasing structure (Asfaha, 2004). The cocoa value chain represents a heavily buyer driven value chain governance. Due to the dominant presence of multi-national producers who are able to determine from who and where to purchase and process their raw materials, producers

have little say in how much they can sell and at what prices (*ibid*). This is clearly demonstrated in the Côte d'Ivoire where in its two primary ports, 73% of cocoa exports are from only eight buyers (Verburg, 2009). Within the heavily buyer-driven value chain within the grinding market the three MNC's Cargill, ADM, Barry Callebaut represent 40% of Côte D'Ivoire purchases (Oxfam, 2006). The lack of voice and ability of producers to assert agency or even gain finance to hedge their production is very limiting for these smallholder producers and an area where government investment or protection schemes could be beneficial such as in the case of Ghana.

Other very important but perhaps more difficult to effect macroeconomic considerations are rooted in the international pricing mechanisms and speculation. To affect price mechanisms and increase governmental regulation is a very delicate subject in the Ivory Coast, especially in light of its 1999 World Bank and IMF influenced liberalisation. Due to complex trade agreements, this is difficult to change, but is something that could benefit particularly the most vulnerable producers. Important considerations are price volatility, how stock levels impact cocoa prices, long term declining trends in cocoa prices, and market concentration (Asfaha, 2008). Furthermore, the abandonment of sector level commodity agreements under neoliberalism has dismantled much of the Southern governments' protection mechanisms while the North still manages to shelter their own agriculture (Haque, 2004: 7). UNCTAD further reports that there is a lack of firm evidence that cocoa farmers actually benefit from market liberalisation in that it seems to follow the pattern that in the first year of liberalisation private enterprises entered the market thus implementing temporary price increases, but after a period of consolidation and restructuring, the producers then become dependent on these external factors and find their price share decreasing (*ibid*). The detrimental effects of increased market power as discussed in the theoretical background of this paper are reflected in the Cocoa commodity chain as UNCTAD's 2004 report states: "with the disappearance of the state dominated marketing structures in cocoa producing countries, large transnational companies have, to a considerable extent, taken over the exporting functions in producing countries" (*ibid*, 12). Of course the state marketing boards were not perfect pricing mechanisms and space was often left for corrupt officials to unjustly manipulate producer's shares, however on the macro level the removal of such seems to be more detrimental than beneficial for especially the most vulnerable of cocoa producers. The Action Aid reports that as national commodity boards were abandoned with neoliberal policies, so went their very real, although at times imperfect stabilizing function (Asfaha, 2008).

Other threatening issues for cocoa producers are the obvious on-the-ground social and environmental conditions. In a monopsony environment it unfortunately can become a disadvantage to consider best practices as they desperately try to get the best possible price for their cocoa, which unfortunately is often far below the acceptable market prices. In fact a 2007 Global Witness Report lists that farmers should be receiving 70 cents (USD) a kilogram, yet in 2004 they only received between 35-56 cents per kilo (Global Witness, 2007). With the market concentration the increased profits brought in by large producers comes at the cost of suppliers and consumers. Furthermore, in the case of the Ivory Coast due to its recent civil conflict, there is little government regulation as varying cocoa regulating bodies assert scattered levies and taxes which buyers pass onto producers (*ibid*). Oxfam lists other negative realities of the cocoa production industry including the nature of its labor intensive production that requires a rigorous input over a space of many hectares (Oxfam, 2006). Equally concerning factors are poor health and safety measures, low

incomes, lack of credit access, child trafficking, serious child labor abuses, uncertain property rights, and the damaging use of pesticides and fertilizers (Oxfam, 2008).

4.3 Oxfam Novib's Ascertained Intervention Opportunities

Oxfam Novib determined in 2006 to develop, adapt, and implement criteria for a more sustainable cocoa chain, particularly for its opportunities to tangibly increase livelihoods of small scale producers, because of the disconnectedness of varied initiatives, and for the potential to positively effect the most vulnerable in the chain. The Côte d'Ivoire was chosen as a particular space for change due to its massive country dependence on Cocoa, the monopsony style buyer driven value chain governance, complex macro economic issues such as regulation deficits, price volatility and lack of transparency which particularly disadvantage the most vulnerable, as well as the human and environmental costs of the high labor intensity, poor health and safety conditions, low incomes, lack of credit, child labor and trafficking, uncertain property rights, and damaging use of pesticides and fertilizers. Oxfam Novib has positioned itself as a collaborative actor within the market governance arena, directing resources and expertise towards differently approached mechanisms aimed at promoting greater sustainability in the Cocoa Value Chain. Oxfam Novib's goals of sustainable environmental, social, and economic standards for especially the most disadvantaged reflect their reformist 'Polder' position are pursued through engagement, rather than rejecting or conforming, to the present system's states and capital. Recognizing the gaps in governance at the international level, mindful of its imperfect nature, it hopes that by engaging with CSR policies they can work in practical ways to close these gaps. The hope with these initiatives is to complement existing imperfect governance, to fill the sustainability gap, achieve economic justice for particularly the most poor, and more participative economic decision making. The two CSR mechanisms, Utz and the RSCE are an attempt to both push frontrunners and increase transparency and traceability, but also to work to be more inclusive of the producers in the strategic focus of these mechanisms.

Chapter 5

The Roundtable for a Sustainable Cocoa Economy (RSCE) and Utz “Good Inside” Cocoa Certification Programme

The Utz “Good Inside” Cocoa program is a two year pilot certification programme based in the Côte d’Ivoire partnering with big brand names such as Cargil, Mars, Nestlé, and others. This code certification program is industry driven with the aim to increase cocoa quality and thus social and environmental standards. The Utz certification mechanism has had a history of such programs with experience in the Coffee value chain sector. Oxfam Novib sees its role in this pilot program is to act as a catalyst to ensure that, in particular, social and environmental standards are included in the details of this code of conduct. Specifically, it sees its role as providing a ‘critical voice’ as well as space to ensure the voice of the marginalized are heard as it acts as an overseeing mechanism as well along with the Tropical Commodity Commission, Local Trade Unions, NGOs and other stakeholders. Although there is a fair amount of risk and criticism against industry based certifications, in recognition of such dangers, Oxfam has strategically chosen to support and shape this ‘quick, practical consumer label’, as a solid starting point for mainstream industry to adopt. They that this narrowly directed effort will compliment the much more collaborative and politically influential (but slow moving) multi-stakeholder initiative, the Roundtable for a Sustainable Cocoa Economy (RSCE).

The RSCE is a very slow-moving vast ranging collaborative multi-stakeholder imitative, especially compared with the faster moving industry driven Utz undertaking. Oxfam Novib anticipates complimentary between these two motives, the latter to assert much needed reforms in the shorter term, and the former for much deeper comprehensive, long-term focused sustainable action. Generally their involvement with MSI’s is driven by three factors- the first is the opportunity to regulate complex issues, and subsequent ability to fill governance gaps, make space for more “democratic”, inclusive, equitable economic decision making, and the ability to use either harmony, or conflict to negotiate agreements (*ibid*). The second factor is the potential systemic sector-wide changes offered, sought through in joint solution finding, well informed and more supported and sustainable policy and practices, and in the end deeper changes in attitudes and beliefs (*ibid*). Lastly is the alignment with Oxfam Novib’s mission, profile, strengths and values- expressly its “brand name, broad expertise base, sophistication in thinking, constructive approach, international network and presence, international and national links, etc” (*ibid*). It is hoped that engagement with the RSCE will achieve these strategies in the Cocoa sector.

5.1 The RSCE

Oxfam Novib’s involvement with the RSCE began early on with interventions in ICCO’s first Roundtable meeting on sustainable cocoa in 2007 in Accra, Ghana. With this roundtable, Oxfam hopes to be influentially involved with the shaping and proceedings of a credible cocoa sector multi-stakeholder imitative which aims to ‘develop widely accepted principles and standards which can be used worldwide to significantly reduce wrong practices in the sector... and ensure a sustainable cocoa economy’ (Zwart, 2008). The imitative was instigated by ICCO, the International Cocoa Organization. ICCO was founded in 1973 as the body aimed to enforce the UN International Agreement on Cocoa;

now the organization represents 85% of world cocoa production and 60% of consumption member countries and is responsible for pursuing a number of sustainability and reporting mechanisms at the global level including the RSCE and Consultative Board on the World Cocoa Economy (ICCO, 2009).

The RSCE aspires to “build a consensus on defining a concept or model of criteria, indicators and ways to achieve a sustainable world cocoa economy through a participatory and comprehensive approach” (*ibid*). This consensus endeavours to derive a plan of action for sustainable cocoa through the collaborative discussion of issues, defining of concepts and criteria and mutually agreed commitments on the part of the cocoa producing and consuming countries and other significant stakeholders (*ibid*). The initial conference was host to over 200 participants from both North and South representing a broad consortium from farmers and cooperatives to traders, exporters, manufacturers, wholesalers, as well as government and non-government organizations, financial institutions, and donor agencies (RSCE, 2007). The result of this collaboration was the “Accra Agenda”, a compilation of key areas and specific mechanisms to target for greater cocoa sustainability including the greater Institutional Framework, sustainable production, sustainable commercialization, sustainable processing and manufacturing, sustainable consumption, and international dimensions⁹.

This agreed upon agenda is just the first step for what hopes to be an ‘open and participatory’ progression towards sustainability. To maintain momentum, a follow up roundtable was agreed upon in Port of Spain, Trinidad for March, 2009. A similar time of stakeholder dialogue and collaboration occurred resulting in a number of ways forward including a listing of key elements to focus on from the Accra Agenda, feedback for a new International Cocoa Agreement, the potential creation of a Cocoa Sustainability Fund primarily for producers, as well as steps towards for the creation of national cocoa plans, and plans for a follow up Roundtable in the Netherlands (RSCE, 2009)¹⁰. Although many actors consider this latest initiative a further step, the Côte d’Ivoire government has been blocking progress to an extent, Oxfam attributes this to a ‘fear of transparency’ (RSCE2, 2009: 2). The exact future of this roundtable remains uncertain, although the following roundtable session is planned to be hosted in the Netherlands (*ibid*).

5.2 Oxfam’s Determinants to Join the RSCE

Beyond the general MSI goals mentioned above (regulation of complex issues, durable change, and match with mission and vision) Oxfam Novib endeavours to use its role in the RSCE to protect the rights and improve the livelihoods of the most vulnerable members of this sector, smallholder producers, rural, migrant, and child labourers (Zwart, 2008). Oxfam believes that although they strictly do not wish to represent these vulnerable groups themselves, they do hope to ‘make space for their presence’ within the initiative (*ibid*). The main role of Oxfam then is to ensure civil society and particularly southern NGOs and farmers’ participation in this multi-stakeholder dialogue, however they are extremely cautious to assert their role as an enabler, not sole voice for this area of the sector, as their Strategic Frameworks for Engaging MSI document states, “one of the principles of

⁹ See appendix 1 for a full summary of the Accra Agenda

¹⁰ See appendix 2 for a listing of indicators discussed in the Port of Spain Initiative

‘Southern campaigning’ is that Oxfam cannot speak on behalf of its partners, However, we expect to create spaces for consultation, participation, accountability, grievances and complaints, etc” (Verburg, 9). With such a broad range of actors, it is hoped consensus can be built to “aim for development of single international cocoa standard which incorporates food and income security alongside the usual social and environmental criteria, thus facilitating trade and protecting the right to a sustainable livelihood” (Zwart, 2008). Other advantages Oxfam hopes to gain from the RSCE is better access to influence major industry players, and more experience in a governmental driven MSI (*ibid*). The ultimate strategic aim beyond cocoa sustainability in Oxfam’s view is the empowerment of producer organizations and civil society from the South to have more influence on their own governments as well as companies; to ensure this Oxfam is developing an exit strategy so that within no more than 6 years civil society participation will shift to mainly smallholders, unions and local stakeholders rather than those of the North (*ibid*).

Similar to the immediate standards pressed with Utz, this MSI also pushes for greater corporate accountability for the social and environmental conditions of the most vulnerable producers. The following table summarizes the goals set in the RSCE1, where they “claimed” civil society space, as well as their noted achievements from the RSCE2, “Invited Space” where civil society had enacted the previously set goals, asserting pressure and influence over other private and public actors.

Figure 5
"From Claimed to Invited Space"

Oxfam Goal’s 2008 “Claimed Space”	Achievements 2009: “Invited Space”
Protect Rights, Improve Livelihoods of Most Vulnerable	Successful lobby and approval for sustainability fund
Make space for voice of South, not represent	February global civil society pre-conference in Abidjan with 25 NGOs farmers and unions, TCC facilitation
Better Access to influencing corporations	Strong lobby and participation
More experience with Governmental-Driven MSI	Oxfam International invited as Vice President of RSCE (influence information, and agenda of meetings)
More Southern NGO/Farmer influence on their own governments	National governments approached Ivory Coast and Ghana NGOs to discuss sustainability and setting up of national-level roundtables
Viable exit strategy	
<i>Zwart, 2008. Oxfam International Participation in Working Group for RTSC.</i>	<i>RSCE2: Impact Civil Society Involvement, 2009</i>

This chart reflects Gaventa’s power analysis- ‘claimed’ to ‘invited’ and shows how as the RSCE agenda setter, they are not just rhetorically calling for southern voice, but ensuring that southern voices and needs are accounted for in this MSI. Oxfam’s use and primacy of the RSCE reflects both its reformist and ‘Polder’ tendencies—furthermore the structure of this MSI reflects the non-hierarchical transnational tendencies of the private sector governance regime listed above.

5.3 Utz Certified

Utz Certified is an organization that works meet the needs of producers, buyers, and consumers through a Code of Conduct and independent monitoring of agricultural supply chains. Its original Code was developed in 1999 by Guatemalan coffee grower-exporters and based on the Eurepgap Protocol for Fruits and Vegetables with particular assurance for food safety, environmental and social assurances (Roos, 2008). The Côte d'Ivoire cocoa industry pilot cocoa Code of Conduct was initiated in 2008 in partnership with the CSN, the Certification Support Network, a Dutch NGO which acts as their on-the-ground certification partner (Utz Website, 2009). The CSN was jointly founded by Utz and Solidaridad in 2003 with the aim to “improve the social and environmental conditions of farmers and farm workers in developing countries by supporting the access to and benefits from the international mainstream markets for certified responsible products” (Utz and CSN, 2007). Where Utz aims to provide the certification, traceability, and market activities, CSN aims to provide origin producer support and capacity building (*ibid*). Their specific activities are: capacity building training, TA training, technical producer support, access to pre-financing, marketing support, pilot projects, stakeholder consultation, network development, data support for Utz, certification quality control, training and inspection tool development, and project management and funding (*ibid*).

The Utz certification code aims to incorporate an assurance of both national laws as well as ILO decent work conditions for freedoms from forced and child labor as well as freedom of association and collective bargaining¹¹. More specifically it aims to address “sustainability issues” such as having strict conditions regarding child labor, the health hazards of pesticide use, the hazards of deforestation particularly of rainforests and damaging uses of agrochemicals, and good agricultural practices such as soil fertility, shade management and pruning “good hygiene” (*ibid*). Its goals are to “implement a worldwide certification and traceability program for responsible agricultural commodity production and sourcing... to be practical and inclusive, reflecting minimum requirements for sustainable production” (*ibid*). Although it recognizes it reflects minimum standards, it expects that it could be a base for more comprehensive codes to be built upon. Overall the hope is that this initiative’s implementation will lead to more streamlined business practices resulting in both higher prices and better quality for the products, which they assume and hope will be transferred to the producer at the same time providing them with a better standard of living.

The aim by the end of 2009 is to have 10,000 producers certified with the final Code of Conduct. Although Utz as mentioned previously is an industry-level mainstream initiative, it does state its intent to partner across the spectrum with NGOs, unions, companies and other players. Presently the actors involved in the Côte d'Ivoire are: Ahold, Cargill, Heinz Benelux, Mars, Nestlé, ECOM, Chocolat Frey and Ludwig Schokolade and the civil society participants are: Solidaridad, Oxfam Novib and WWF (*ibid*). So far its main driver so far has been the ‘coalition of the willing’ the three major cocoa corporations of: Ahold, Cargill, and Heinz, and now Mars who see the benefits from ‘sustainable’ production and a transparent buying structure but hopes that in the medium term it can also include government actors as it spreads its influence further (Utz, 2007). This reflect

¹¹ Please see appendix 3 for a chart of the Utz Certified Summary Code of Conduct Criteria

the last stage of Zadek's CSR curve which indicates a re-convergence towards statutory standards, particularly driven by 'lead firms'. Whether or not these cocoa industry firms are in 'third phase' or not is a deeper question, but the fact that companies are pushing towards greater applicability and government involvement indicates the type of growing normative framework that is necessary to better ensure just corporate behaviour. The depth of impact of this code's implementation is another important question, while it has many high claims, whether or not these are being realized on-the-ground, and if they are enough to ensure labor and environmental rights.

Utz does recognize these concerns explicitly stating that while their stated main drivers for change are "credibility, transparency, creation of value for brands and economic return for producers", they also recognize that "mainstream certification is not a guarantee for survival or a minimum income for producers" and that "the main focus of a mainstream certification program in origin is not reducing poverty, preserving rainforests, or ruling out chemicals, although all of these topics are of great importance" (Utz, 2007: 18). Their market based approach is based upon the belief that as producers adopt these crucial business, environmental, and social standards and Utz responds with mechanisms for traceability and transparency, in the end buyers and consumers will reward better practices with a higher demand for Utz certified practices. There are a lot of assumptions in this model, and it is beyond the scope of this paper to evaluate these. However it is important to remember that from its most basic level this code isn't pretending to use any other means but market logic for its expected social and environmental benefits, which are dependent on willing consumers to 'reward' these better practices. Another more difficult to assess function is the effectiveness in this code in achieving the ILO decent work standards, minimum national and international legal standards, child labor, etc. Not just whether they have an independent auditor, which they do, the CSN, or Certification Support Network, but whether this auditor is fully independent and considerate of the complex on-the-ground realities of objective access to conditions, funding, etc (the sorts of limitations listed by Siedman and Lund-Thompson in chapter 3). To be fair, the CSN does provide a fair amount of 'capacity building' business support mechanisms, but their work is mainly limited to that, rather than perhaps delving into deeper issues of how to promote human rights or solidarity amongst the cocoa farmers.

5.4 Oxfam's Determinants to Join Utz

By 2007, after deliberative consideration of both Oxfam Novib's strategies and goals as well as Oxfam international's Private Sector Working Principles, the private sector department decided to partner with the Utz Initiative on a 2 year basis, with the expectation that of Cargill's Côte d'Ivoire business, 10,000/40,000 producers will be certified in 2009/2010 respectively, and that these producers will feel tangible results, certified through the (Verburg and Zwart, 2008). The Utz initiative reflects Oxfam's desire to influence key industry drivers, giving the organization, "an opportunity to work with some of the most important actors in the cocoa value chain and influence their core business" (*ibid*, 1). Oxfam sees its role to push for particularly social and environmental security within these codes, "embrace social and environmental stability in a meaningful, inclusive, credible, efficient, value added, and accepted mainstream way" (Zwarte, 2008). Furthermore, they believe that by including relevant stakeholders, developing a credible standard, and providing real benefits for small producers and families, this initiative will also respond to and increase consumer demand as to the: origins, production, conditions, responsibility and traceability of their cocoa products (*ibid*).

This initiative would in a relatively quick, on-the-ground way, address many of Oxfam Novib's drivers for change: some cocoa industry frontrunner companies, a system for transparency and traceability provided by Utz, producer involvement in the Commodity Support Network, and their involvement with the formation of the Code of Conduct that when followed should ensure key ILO, UN, and environmental and social concerns. Whether or not this role would be either of Gramsci's civil society's roles, it more difficult to say. While they are partnering with the 'hegemony', a business driven tool, to modify business itself, for business benefitting outcomes, assuming it will be helping producers in the process? At face level it does seem to be quite a delicate line to follow. However reflecting the 'nuanced' approach this took to examining CSR as a whole, the same must be given to this. To say it is entirely ineffectual at producing social and environmental justice would be just as untrue as saying it is the win-win answer for producers, consumers, and the entire value chain in-between. Reflecting the Dutch 'Polder Model', Oxfam's partnership with business actors under a business driven model of private governance reflects its consensual strategy. Another interesting point is that the Dutch government has also become a supporter of this initiative since Oxfam's joining in 2008, (Mechielsen, 2009: 3). This speaks not only to Oxfam's influence as a civil society actor, but a reverse of traditionally implemented governance, from states being a driver to supporter of a primarily business driven initiative. While the greater 'structure' in this case is not being addressed, perhaps the danger of 'anti-politics' is present. Newell defines this as, "denying and rendering invisible the importance and inevitability of conflict, it underestimates the importance of power and resistance in enable or preventing outcomes favourable to the poor, while at the same time requiring a set of conditions to be in place that are only achievable in advanced industrialized and democratic contexts (Newell, 2005:556). On the other hand, this initiative is actively engaging farmers now, at 10,000 received a certification in the end of 2009 (Utz, 2009). That is more of an on-the-ground impact than the RSCE which is still stuck in deliberations at the highest level. The ironic interplaying of these two different initiatives, like CSR, also requires a nuanced perspective.

5.5 Case Study Analysis

The nature of the private sector governance in the Côte D'Ivoire monopsony value chain is a product of both the greater neoliberal world economic structures, state level decisions, and market and civil society actors interventions. While the broader neoliberal structure paints some definitive direction on the ability of actors to affect this chain, there have been a number of tangible interventions by state, market, and civil society actors. Because of the decrease in state's influence, such as the abolishment on the Côte D'Ivoire's state marketing board under structural adjustment policies and the intense market concentration by a small number of multi-nationals, small-holders are left with little recourse for stability. This cannot be solely blamed on neoliberal policies, as recent internal conflict has also helped fuel the instable conditions in this country. However, since the state has failed to provide an adequate regulatory capacity, and multinational corporations have decisively controlled the Cocoa industry, with 73% of cocoa exports being purchased by 8 buyers¹², it is clear that for developmental outcomes to occur civil society needs to step in as a

¹² (Verburg, 2009).

middleman to work to refine or coalesce the conditions in favour of the producers. Cocoa is such an integral crop to the Côte D'Ivoire representing 1/3 of its export earnings, interventions in this sector can beneficially influence a large number of citizens. Because of global governance's broader shifts towards privatized governance, civil society has an urgent opportunity to work towards a normative convergence in favour of the smallholders at the bottom of this value chain since by themselves the state and market have left them vulnerable and precarious to unfair and unstable price levels and labor and environmental conditions.

Oxfam has played quite a substantial and wide-ranging role in the Cocoa Value Chain. Reflective of the broader shift from CSR to 'Corporate Accountability' they have targeted shifting policies beyond just the private sector governance in itself to also broader macroeconomic pressure on trade governance and various Oxfam International campaigns. Furthermore through alliances with southern NGO's such as the Tropical Commodity Commission and provision of financial support for southern NGO partners and smallholders through microfinance, and various government-level pressure and support of sustainable policies they work beyond just private sector governance mechanisms to push for a fairer value chain. Their eclectic but fragmented approach hopes to wield influence in tangible ways from both the bottom at the local producer level through support and partnership as well as most broad global trade governance level. In regards to private sector specific initiatives, the pursuit of a number of certifications mechanisms from Utz to also Fair Trade and Rainforest Alliance, to popular education campaigns to name and shame poor behaviour such as the green Santa Claus campaign, the corporate lobby with 6 key corporate players, and MSI involvement are all tactics specifically partnered with market mechanisms to promote a more sustainable cocoa¹³. While Oxfam is not limited to these approaches, they do recognize that the Cocoa Value Chain Governance is broader than just the private sector itself. Nevertheless, they also do see the value and usefulness of making partnerships with corporations themselves for the main purpose of ensuring inclusivity of smallholders marginalized in the broader value chain and to promote the sector towards more sustainable, human and environmental conditions. As the CSR to Corporate accountability shift highlights, most corporate actors at this point at least on the rhetorical level agree that we need sustainability, the key now for civil society to push within this that Southern needs are met. Oxfam recognizes that CSR is not the most perfect tool for this, but it is a step in the direction of a greater normative convergence. With a monopsony style value chain as well, and a lack of government regulation there is a pressing need to go for the most active actors in this chain, the frontrunners in the Cocoa industry themselves. Rather than ignoring the private sector as an 'enemy' it engages with the existing power holders, in an attempt to reform or at least ensure this effort aimed at justice and inclusion for the workers and marginalized is somewhat being pursued, albeit through a limited logic.

Oxfam Novib's engagement with both of these CSR mechanisms: Codes of Conduct and Multi-stakeholder Initiatives, reflect their broad ability to interact in different spaces to work for justice. The use of CSR mechanisms in general is academically critiqued, as highlighted in chapter 2- from being considered 'bad capitalism' to 'bad development' as Blowfield asserts, the use of such mechanisms is controversial, especially

¹³ See Diagram 4 for a visual format of Oxfam's 'Sustainable Cocoa Interventions'

in the development community. Typical criticisms such as the limitedness of the capitalist logic, the technocratic approach (vs qualitative) standards that are used, as well as the potential for co-optation, being a 'dangerous substitute' for hard law, or Blowfield's "anti-politics" (Blowfield, 2009). However a growing trend of authors are also willing to concede that it is impossible to ignore the private sector, if for nothing else the broad economic and political power they yield (Knorrigna and Helmsing, 2009). To not include them collaboratively is ignoring both the source of much injustice but also potential to effect much change from the process stage. The 'Polder strategy' requires them to not just critique market mechanisms but actually partner with them to develop a collaborative consent for better practices. If we examine Zadek's CSR stages, they are at different stages with different strategies, but partnership with statutory regulations is his 'highest form' and it seems that at least RSCE has potential for this, but still at its most ideational stages. In that light, it may be interesting to consider Utz as the more effective of the two models, as it is already actually affecting farmers in the present. Is this a short-term win but long term loss to the greater market forces? It depends on your view, but in real terms this is making a bigger on-the-ground difference at this point. It is interesting to see how Utz has also brought on Dutch government funding, if not for the influence Oxfam may have had in encouraging collaboratively, how the partnership state is supportive of such a private form of governance and implicitly is supportive. While even Oxfam recognizes that neither of these CSR mechanisms are perfect, they are working within the parameters of the neoliberal system under the existing market conditions of the Côte D'Ivoire to engage present actors and shift existing conditions to be more inclusive of the marginalized and sustainable for the environment and human rights and labor conditions.

Chapter 6

Conclusion: Polder Possibilities

It is widely recognized that business must be part of development solutions. However this is not the crux of the argument of this paper. Because of existing neoliberal structural constraints, the privatised nature of the ‘new social contract’ as some say or ‘new constitutionalism’ as others say, means that for developmental outcomes to occur within this system civil society engage and push state and market actors for more socially and environmentally inclusive actions and policies. This shift has been brought in by civil society pressure, in part by the 1990’s consumer outrages to now more binding nature of corporate governance the question has shifted not from ‘whether’ business should be involved as a development partner, but ‘how’ market governance can shift to a more fair position, to more definitive obligations on corporations with possibilities for statutory enforcement, penalties for non-compliance, rights for victims to seek redress, and addressing imbalances in power relations (Utting, 2009). The previous five chapters have aimed to give flesh to the original research question; how in a general sense civil society actors in 21st century private governance have encountered tensions, yet persist in a learning process, and how Oxfam specifically reflects this learning process and tension under the specific political and economic situation of the Côte D’Ivoire cocoa value chain. The level and extent of corporate involvement under the neoliberal ‘social contract’ is often determined and set by civil society and the development community, and it is up to them to force the shift for more just corporate behaviour as Knorringa and Helmsing remind us. Therefore, to do this, the following lists a number of ways that this shift can be better seen in light of the theory and practical case study highlighted in this paper:

-Convergence

A survey of private sector literature has shown us that CSR in the sense of voluntary self regulation hasn’t been enough in itself to produce the binding developmental outcomes needed for social and economic justice. However, the macro shift from CSR to ‘Corporate Accountability’ as Utting highlighted, is an encouraging trend. That even in spite of the privatizing nature of neoliberalism’s ‘new social contract’ or ‘new constitutionalism’, civil society’s has learned that statutory, binding, and channels for redress are possible and essential. It is up to them to pursue this on the business community. An encouraging aspect is that business literature as well, such as Zadek’s ‘learning curve’ show us that business as well will push for statutory compliance, whether it is to prevent defectors or out of a moral conscious is another question, but the fact that business is moving in a more sustainable direction is highly encouraging. Sustained, eclectic, more inclusive, and creative pressures on behalf of civil society is necessary to foster this trend towards a binding normative convergence.

Oxfam’s work in the cocoa value chain itself shows both aspects of this nuance, their aim towards a single cocoa standard fits into this broader trend and their learning process with the RSCE and Utz. The MSI’s slow moving nature, and blocking by the Côte D’Ivoire government are points of frustration, however the active inclusion of smallholders in the agenda setting and proceedings is very encouraging. Utz from a critical perspective is concerning in that it is a top-down implementation, and although the code has guarantees for ILO mandates of decent work and the like, there is a difference between

‘outcome standards’ and process rights’ or between negotiation and legal standards versus agency and the capacity to empower selves (Barrientos and Smith, 2007). Civil society needs to be concerned not just with the outcome standards, but process standards and employees own rights to organize (even though in the case of the Côte D’Ivoire the political situation is precarious with smallholders possessing few rights). It is important to avoid Newell’s “anti-politics”, the danger of co-option of possible different opinions, a good balance against this is by including ‘process standards’ and avenues for organization for workers within private governance mechanisms.

-Global Governance

This paper didn’t focus on the broader macro-economic governance issues and trends, however these are the root of much political power and are necessary to be addressed to achieve a more transparent and fair international trade governance structure. An important element is the ability for victims to seek redress; at present the WTO is faulty and non-transparent, and existing international ILO decent work conventions lack binding instruments to enforce them. The push for corporate accountability must be aligned with a greater systemic strategy redefining the rules of trade in more just ways. The fortunate side effect of the disaggregated nature of globalization is that the eclectic openings for governance also allow for new sorts of alliances and connections that can feed into a more strategic cooperation, support for south, alliance where idea and agency from the ‘bottom’ are able to interact with decision making at government and corporate levels.

-CSR

Even though frontrunners are adopting CSR principles, it should not be automatically assumed the rest of the market will follow, there must be continued pressure. It is also important to think about SME’s (Small and Medium Enterprises) who may lack the budgeting feasibility of larger companies and thus the implementation of CSR policies could be more difficult. The RSCE’s idea of a cocoa sustainability fund, and UTZ’s short term financing can help with this. There is also a continued need for impact studies to evaluate the effectiveness of these models. Furthermore, it is imperative to consider contexts, cultures, governance structures that might be better run in creative governance structures outside of the neoliberal model and leave room for these alternatives.

-Civil Society

Northern NGO’s and civil society actors in particular must be cautious, when promoting representing Southern needs, how to remain vernacularized and a channel for empowerment, not an unwanted imposition. Caution must also be given to not intrinsically consider ‘civil society’ as a moral authority or intrinsically the ‘best’ guarantor of human, environmental or labor rights, however it does nevertheless represent a key counterweight in the Polder of market governance. Organizations like Oxfam Novib must also be subject to the same evaluations states and markets do; caution against ‘intrinsic virtue’ and ‘perceived credibility’ that often they get from other actors... (Grugel, 1999, 141). Civil society movements to keep a grasp on whose rights they are fighting for to remain representative and the key democratic accountability mechanism that is so needed within global governance.

6.1 Final Thoughts

While in the realm of private governance, it is easy to identify elements of what on the face level seem to be both 'top down' hegemonic reproduction, as well as bottom up grassroots built resistance. The structuralist view, like Sayer's would essentialize it is all hegemonic, or a pure corporate win-win view of CSR, such as the OECD's (see ³) would hold the opposite. Civil society theorists such as activist Naomi Klein would see a third vision, and that is the grassroots radical action that is pressuring corporations to modify behaviour¹⁴. Whether these actions translate into a counter-hegemonic private governance framework, is another contested issue. The neoliberal structure at the theoretical level is daunting and pervasive, and it seems difficult to believe that organic change is possible from within. In spite of globalization's hegemonic promotion of the neoliberal system, the area of CSR and civil society's learning curve process illustrates that actors are not powerless within this structure. While civil society is a complex dialectic in itself, it is learning through trial and error ways to adjust for the systems limitations and take advantage of structural shifts in eclectic and creative ways to use these spaces to push for a more fair structure; the shift from CSR to 'corporate accountability' shows this.

Oxfam's dual strategy with an industry level code and macro-level multi-stakeholder initiative shows an awareness of the necessity to pursue a private governance framework from eclectic levels in hopes of increased normative and ultimately statutory convergence. It is also important to keep in mind that these two motions are a small part of Oxfam Novib's greater strategy which is inclusive of much broader fronts or "spaces" which Gaventa calls them at visible, political levels, hidden, agenda-setting level, and invisible, more deeper ideological levels. Whether or not an eclectic model could be more effective if more concentrated isn't for this research to determine, but in any case it does seem to be reflective of the greater eclectic approaches civil society is using to affect private governance. We can hope whether we use the logic of Zadek's CSR learning stages, or at a deeper level Gramsci's counter-hegemony, as civil society galvanizes it will continuously exploit globalization's 'time-space' compression in more organic, intelligent, creative ways to convince the prevailing hegemony that it is in fact part of the natural order to ensure a decent way of life for even those most marginalized in capitalism's inequitable distribution.

¹⁴ See Klein, 2000. No Logo.

Notes

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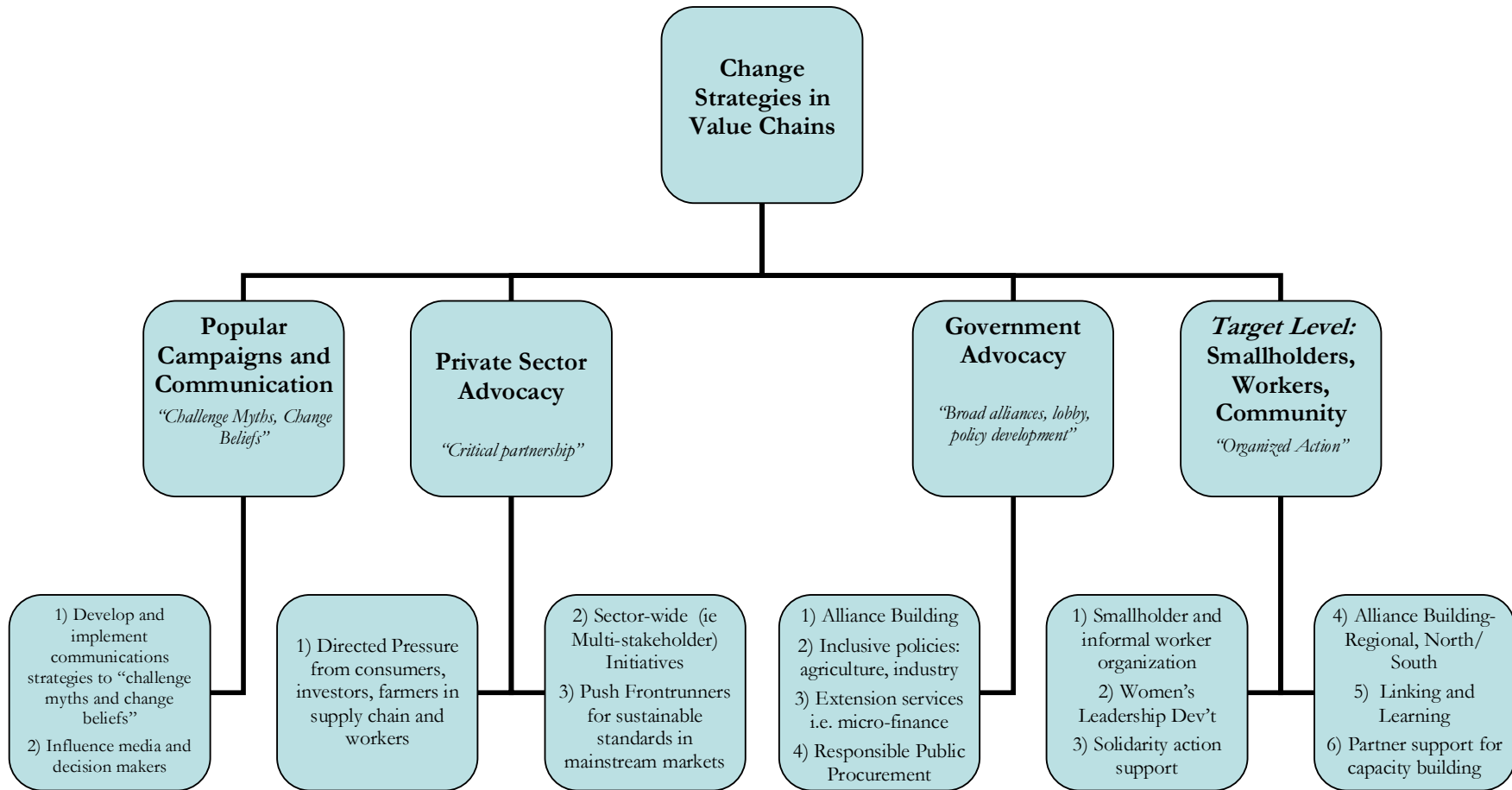
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Appendices

Appendix 1: Change Strategies in Value Chains



Source: Adapted from: Mechielsen, Frank, 2009. *Oxfam Novib: Agricultural Chains and Poverty Alleviation: Value Chains for 2015*. Oxfam Novib, Den Haag, Netherlands. 2009

Appendix 2: RSCE Accra Agenda Elements

ACCRA AGENDA	
Institutional Framework	Adequate laws and norms, National cocoa development plans, Inventory of sustainably initiatives, Improved access to markets, Affordable financial services, Investment in research and knowledge transfer, Training for farmers, Income diversification, Gender issues, Efficient market information system
Sustainable Production	Remunerative prices, Establish/strengthen labor organization, Biodiversity, Good agricultural practices, Adequate infrastructure, Diversification of income, Integrated pest management, Local services, Mechanized farm operations, Methodology to compensate farmers for greenhouse gas reductions (i.e. carbon trading, etc), Involvement of young adults to meet need of aging farmers
Sustainable Commercialization	Efficient supply chain, Enhanced cocoa quality through marketing systems, Improved traceability, Reduced price volatility through appropriate mechanisms
Sustainable Processing and Manufacturing	Innovations in cocoa products, origin processing and manufacturing, reduced carbon footprint, energy efficient technology
Sustainable Consumption	Consumer demand strategies, consumer education on cocoa producers' concerns, increased worldwide mainstream consumption, expand niche markets, more research into the nutritional, health, environment and social benefits of cocoa
International Dimension	Compliance of international regulations, coordinated national and international actions, increased financing initiatives for sustainability, transparency in international cooperation
<i>Table 4 (RSCE, 2007). The "Accra Agenda" Towards a Sustainable World Cocoa Economy.</i>	

Appendix 3: RSCE Port of Spain Follow up to the Accra 'Key Elements' Chart

Port of Spain Accra Agenda 'Key Elements' Follow-Up, 2009.
1. Transparency
2. Compliance with Applicable Laws and Regulations
3. Remuneration for Quality Cocoa. Productivity, and improved farmers' income
4. Access to credit and rural development services, and diversification
5. Market access and market information
6. Decent working conditions
7. Support for farmers' and workers' organizations
8. Clear land use planning and proper infrastructure
9. Rational natural resource management
10. Conservation and wise-use of biodiversity

Source: Adapted from the Report on the Second Roundtable For a Sustainable Cocoa Economy (RSCE2). Roundtable for a Sustainable Cocoa Economy. Port of Spain, Trinidad and Tobago. 24-26 March, 2009.

Appendix 4: Utz Certified Summary Code of Conduct Criteria:

Good Agricultural and Business Practice	Social Criteria	Environmental Criteria
<ul style="list-style-type: none"> • monitoring business processes • record keeping of fertilizers & agro chemicals • good housekeeping practices • workers trained properly • implementation of accident and emergency procedures • implementation of hygiene rules and practices • traceability of coffee • annual internal inspections 	<ul style="list-style-type: none"> • workers are protected by national laws and ILO conventions regarding wage, working hours, • safe and healthy working conditions • no forced labor or child labor • freedom of association and collective bargaining • workers receive training in their own language about safe handling of chemicals • workers receive protective clothing for the use of chemicals • respectful treatment of workers • access to health care for the workers and their families • access to education for children • access to decent housing • access to clean drinking water • freedom of cultural expression 	<ul style="list-style-type: none"> • reduce and prevent soil erosion • responsible and minimal use of agrochemicals • implementation of Integrated Pest Management • minimize water usage and environmental pollution • minimize energy use • optimize use of sustainable energy sources • treatment of contaminated water • protecting water sources • no deforestation of primary forests • use of native tree species as coffee shade trees • protecting endangered species

Table Adapted from Utz: *Summary of the Code*: <http://www.utzcertified.org/index.php?pageID=114>