

Practices to Reduce the Use of Child or Forced Labor

Keck Center of National Academies

11, 12 May 2009

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Outline

- **Background on child labor issue in West African Cocoa Production**
- **Brief description of the four elements of the cocoa industry certification program**
- **Comparison of the industry program to the draft NAS / ILAB criteria**
- **Comments on the draft criteria based on industry experience in the cocoa sector**

Labor Issues in Cocoa Production

- **Public reports of labor issues on cocoa farms in West Africa surfaced in 2000 (UK) and 2001 (US)**
- **US Industry collaborated with offices of Harkin, Engel and Kohl in July 2001 to address issue and avoid sanction (labeling)**
- **Harkin / Engel Protocol signed in September 2001**
- **US and European Cocoa Industry pursuing consolidated effort to address child and adult labor issues in cocoa sectors of Ghana and Côte d'Ivoire (> 60% of global cocoa production)**
- **Protocol called for implementation of Standards of “Public Certification” in cocoa sectors**
 - **Required creation of a certification model having applicability within a unique agricultural production sector**

Certification of Cocoa

- **Building Toward Credible Standards –**
 - *... industry in partnership with other major stakeholders will develop and implement credible ... standards of public certification ... that cocoa beans and their derivative products are grown ... without any of the worst forms of child labor.*
 - » Initially - by 1 July 05
 - **2008 Milestone:**
 - Implement within region of Ghana and Côte d'Ivoire producing 50% of cocoa by July 2008
 - Industry will dedicate more than \$ 5 Million annually to this effort
 - NOTE: industry contribution for '05 to '08 estimated as > \$38 Million
 - **By end of 2010:**
 - Independent Verification of Sector-wide reports from Côte d'Ivoire and Ghana

Cocoa Industry Participants

The Global Issues Group (GIG)

Retail Manufacturing Members

Cadbury
Ferrero
The Hershey Company
Kraft Foods
Mars Incorporated
Nestlé

Cocoa Processing Members

ADM Cocoa
Barry Callebaut
Cargill

Affiliated Organizations

**Association of the Chocolate,
Biscuit, and Confectionery Industries
of the EU (CAOBISCO)**

**Confectionery Manufacturers of
Australasia (CMA)**

**Confectionery Manufacturers
Association of Canada (CMAC)**

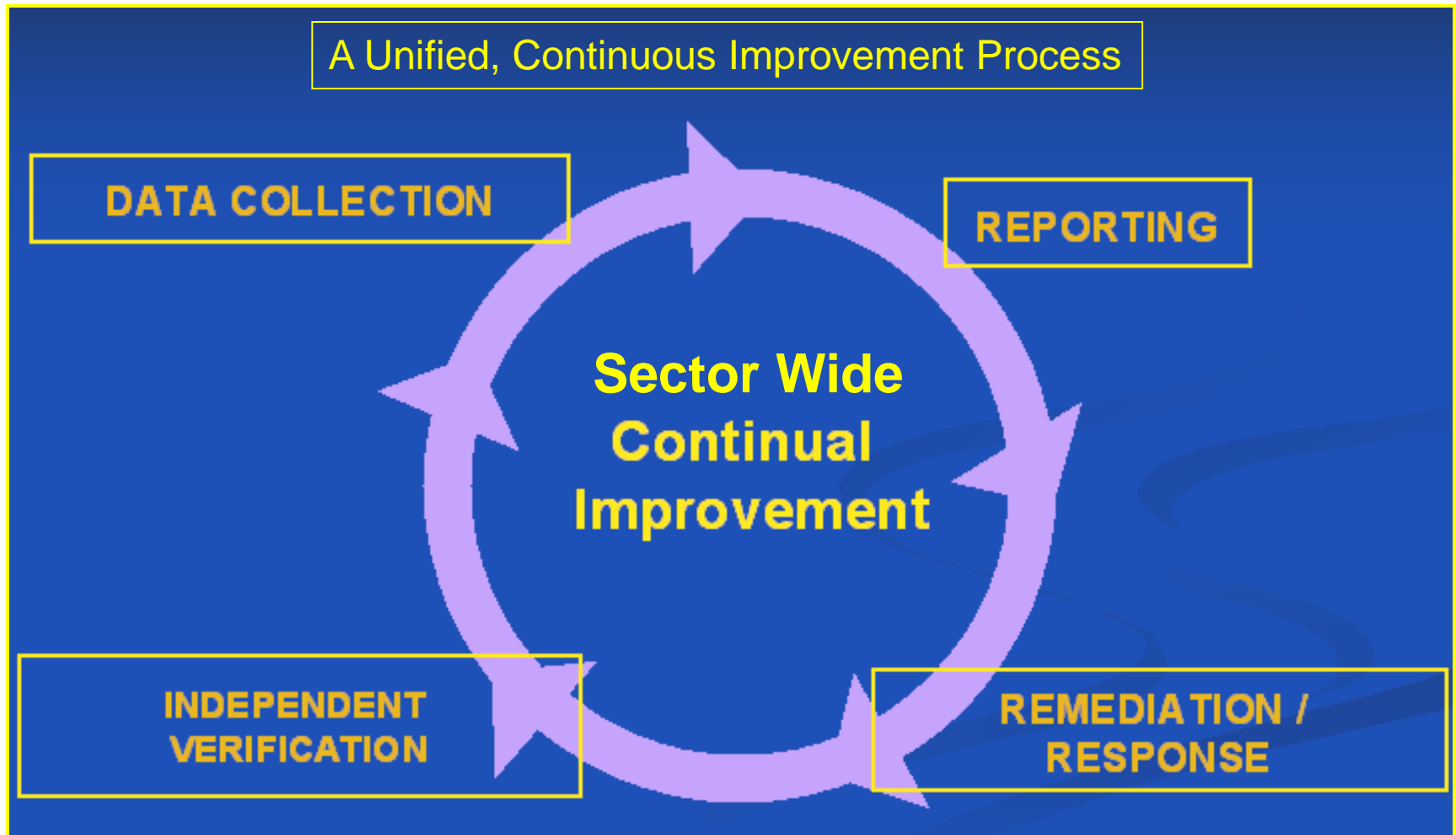
European Cocoa Association (ECA)

**Federation of Cocoa Commerce
(FCC)**

**National Confectioners Association
of the US (NCA)**

World Cocoa Foundation (WCF)

Sector Wide, Country Certification Model



Implemented In Conjunction with National Government Programs

Elements of Sector Wide Certification

- Data Collection

- Collection of credible data that describes child and adult labor practices in the region - together with information relating to the incidence of WFCL, FAL and trafficking in the region

- Public Reporting

- Public reporting of the above information on a regular basis by the producer country governments

- Remediation

- The implementation of a range of activities designed to address the issues found to occur in the cocoa sector that are impacting the incidence of WFCL and FAL and trafficking

- Verification

- The resulting data and its collection process will be verified by an independent third party (data quality assurance)

Status of Certification Process

- **Data Collection:** pilot and larger surveys completed
 - Expert Panel meeting in Accra (w/o May 18th) to determine steps forward re frequency and methods for data collection
- **Public reporting:** reports detailing incidence of child and adult labor as well as trafficking have taken place
 - Ghana and Côte d'Ivoire have posted on websites
 - Experts will discuss how best to report issue on an ongoing basis
- **Remediation:** a portfolio of efforts is underway in the region to address issues described by surveys
 - Improved Coordination of activities is being developed
- **Verification:** activity has taken place – reported in December 2008 with additional Public Dissemination in West Africa, the EU and US
- *NOTE: “Oversight” by Tulane University has reported similar results on incidence of labor practices in separate surveys*

Draft Criteria re Child and Adult Labor

- **Impact**
 - Did the program reduce child or forced labor?
 - Did it benefit child or forced laborers?
 - How was impact measured?
 - Direct, indirect, and unintended consequences?
- **Program and/or practice effectiveness**
 - Did the program achieve its goals?
- **Replicability**
 - Could the practice be implemented with modest adaptation in other settings?
 - What factors limit/encourage replicability?
- **Sustainability**
 - Is the practice likely to continue (as needed)?
 - Is the benefit likely to continue effectively?
 - Is the institutional capacity necessary to sustain benefits or practices?
 - Local ownership
- **Cost effectiveness**
 - Were the benefits adequate in relation to likely benefits from comparable investments?
 - How is cost effectiveness measured?
- **Relevance**
 - Is there a set of assumptions about how activities will lead to outcomes? (Do you understand why the program works?)
 - Is there a logical connection between the inputs, activities and outcomes?

Comments re Criteria (1)

- **Criteria appears focused on Remediation Efforts (programs) only**
 - Does not consider other elements that enable, define and / or guide the necessary programs
- **Criteria lacks context of the environment in which the labor issue occurs**
 - What are the key issues faced by those who seek to address the problem?
 - Overall recognition, commitment and capacity to address the issue
 - What laws and regulations are in place and enforced in the area where issues are occurring?
 - Legal, regulatory and judicial framework
 - What is the stability of the government and the government structures in the region where the issue takes place?
 - Is the Government supportive of a plan to address the issue?
- **Scoring / Weighting**
 - How is the complex set of elements scored / judged?
 - What determines being placed on the DOL list or removed from the list?

Comments re Criteria (2)

- **Criteria is narrow in scope and may be based on erroneous assumptions regarding the scope and root causes of the problem**
 - “Hired” labor vs family labor
 - Agriculture vs manufacturing
 - Subsistence vs commercial agriculture
 - Economic status of families in the sector
 - Status of infrastructure – schools, roads, health centers, education, communication capabilities, etc.
- **Definitions – must be very clearly defined and understood among key stakeholders**
 - “reduce” child or forced laborer
 - “benefit” child or adult laborer
 - Withdrawal, remove, rescue
 - Trafficking definition – with or without movement?
- **Sustainability – effort may be more than a single industry can assure**
 - Requires capacity building within country, sustainable sources of funding and a long-term commitment

Supply Chain Characteristics

- **Widely dispersed, independent, smallholder cocoa farms**
 - 2.0 Million family farms in rural West Africa
 - Children are living on and working with families on farms
- **No industry ownership of or contractual arrangements with farms**
 - Industry does not purchase beans at farm gate
 - Cocoa sold by farmer to various collectors – non-industry
- **Government highly engaged in cocoa sector**
 - Grants cocoa purchasing licenses
 - Tax and fee systems that impact price
- **Extensive, complex and disconnected supply chain**
 - Limited agricultural infrastructure and support
 - Few farms belong to coops
- **Audit of every farm / identification of each bag of beans not possible**
 - Number and dispersal of farms; year round growing cycle
 - Co-mingling of beans at earliest points in supply chain

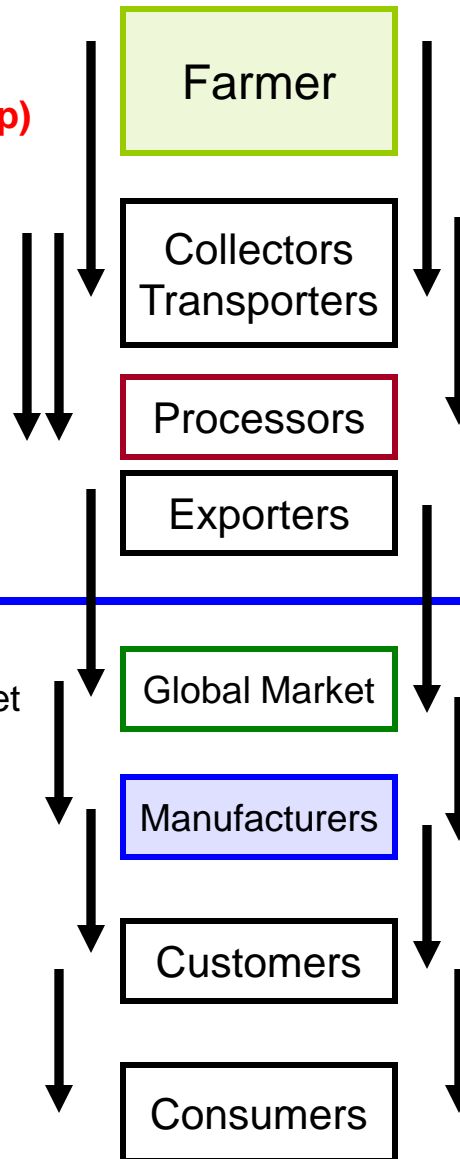
Cocoa Supply Chains

Côte d'Ivoire

- Small, Family farms (> 750,000)
- Independent operation
- Few Cooperatives (< 20% of Crop)

- Privately Funded operators
- Pisteurs, Traitants
- Fewer Quality linkages

- Various Participants, Including International Companies
- Includes Semi-Finished Goods



- Beans, SF products into Global Market
- Further Manufacturing of Products
- Retail Outlets, Restaurants, small businesses
- Final Consumer

Ghana

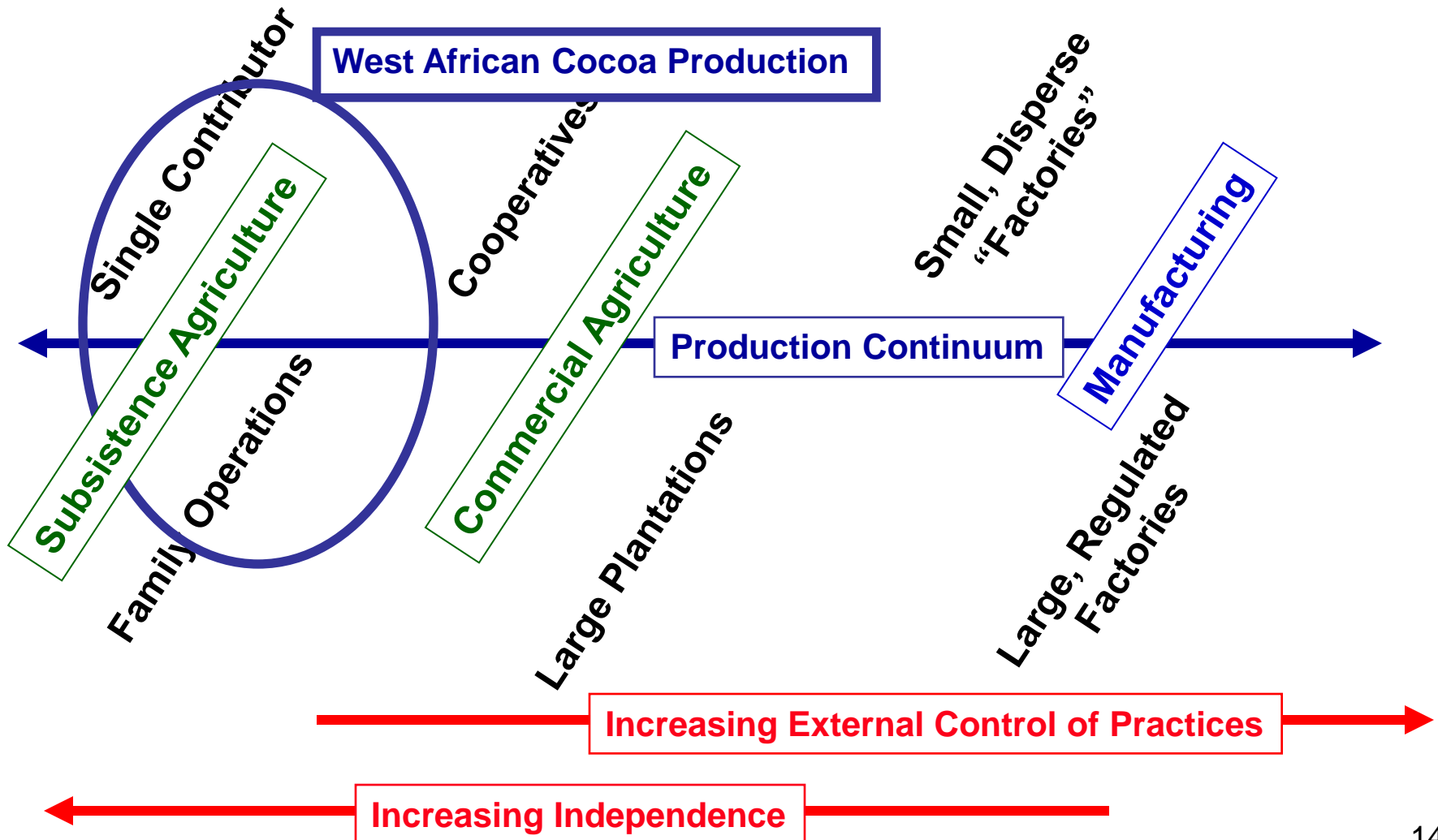
- Small, Family farms (> 600,000)
- Independent operation
- Few Cooperatives (< 10% of Crop)

- Initial Purchase by Licensed Buyers (LBC's)
- Ghana Cocoa Board (COCOBOD) and affiliated organizations.
- Quality requirements linked to sales

- Various participants, including COCOBOD and international Companies (not necessarily linked)
- Includes Semi-Finished Goods

- Beans, SF products into Global Market
- Further Manufacturing of Products
- Retail Outlets, Restaurants, small businesses
- Final Consumer

Defining the Challenge / Context



Suggestions for Criteria

- **To be an effective assessment of an effort, need to further define items in following areas**
 - **Government support for labor regulations and enforcement in the sector**
 - **Government capacity to deal with labor issue in the sector**
 - **Size and scope of the sector**
 - **Clear description of the size and makeup of the sector**
 - **Agriculture vs Manufacturing and type of Ag**
 - **Role, Engagement and connectivity of Industry in the sector**
 - **Role of families and communities in the sector**

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