How does Fairtrade mitigate human rights violations in global supply chains?
This publication was commissioned by Fairtrade’s Human Rights Due Diligence Centre of Excellence.

PUBLISHED: April 2021
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This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of Fairtrade International and do not necessarily reflect the views of the European Union.

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HOW DOES FAIRTRADE MITIGATE HUMAN RIGHTS VIOLATIONS IN GLOBAL SUPPLY CHAINS?

Human rights begin in small places, said Eleanor Roosevelt. At home, at school, at the factory and farm.

As the first Chairperson of the United Nations Commission on Human Rights, Roosevelt was involved in drafting the Universal Declaration of Human Rights. She emphasized how local such concepts as equal opportunity and dignity are. “Unless these rights have meaning there, they have little meaning anywhere,” she said.

When the United Nations Guiding Principles on Business and Human Rights (UNGPs) were published in 2011, they articulated companies’ roles and responsibilities – even in those small places.

They are the same places Fairtrade has been focused on since the 1980s, when coffee farmers in Mexico and a Dutch NGO launched Fairtrade, for farmers to gain negotiating power in the international marketplace.

Since then, Fairtrade has grown into a global network made up of several organisations with staff in more than 100 countries. It brings together millions of smallholder farmers, workers, traders, manufacturers, retailers and consumers in an effort to improve living and working conditions for those at the beginning of our supply chains.

Yet the struggle to claim one’s rights continues. And that was before the COVID-19 pandemic that, according to World Bank estimates, has already thrust at least 119 million more people into extreme poverty – raising global poverty for the first time in 20 years.

In September 2020, Fairtrade published both a Human Rights Commitment, and a call for binding Human Rights and Environmental Due Diligence (HREDD) regulations that bring the voices, knowledge and experiences of farmers and workers to the discussion in a meaningful way.

“We see development as a process of social empowerment and redistribution of power – not as a technical exercise,” says Mary Kinyua, Board Chair of Fairtrade Africa, adding, “Mandatory Due Diligence can be a real turning point in addressing human rights and environmental violations in global supply chains.”

Fairtrade commits to aligning its own policies and processes with the UNGPs. The network is currently preparing for a new type of Fairtrade-wide and UNGP-aligned Human Rights Impact Assessment, among other activities.

This publication discusses Fairtrade’s work in the context of the UNGPs. It is by no means an exhaustive account of Fairtrade’s work or impact, positive or negative. It is, however, a reaffirmation of Fairtrade’s commitment to people in those small places that Eleanor Roosevelt emphasized more than 60 years ago.

THE “NOT FIT FOR PURPOSE” report by the Institute for Multi-Stakeholder Initiative (MSI) Integrity, released in 2020, concluded that MSIs should not be relied upon to protect human rights.

Fairtrade agrees with the key take-away of the report–private standards are no substitute for public regulation. HREDD needs to become mandatory for companies and it must integrate rights holder perspectives.

The report nevertheless finds that MSIs can build knowledge and trust, engage corporations, and possibly promote norms and policy reforms. MSI Integrity sees Fairtrade as one of the strongest MSIs in explicitly requiring compliance with international human rights or international labour standards (p. 102), recognizing the need for responsible purchasing practices (p. 104), advancing living wages (p. 93), and making affected rights holders aware of grievance mechanisms (p. 168–169).

One aspect where Fairtrade needs and seeks to achieve big improvements is assessing and showing evidence of our impact. The 2020 report by MSI Integrity notes that, “few MSIs are as committed as Fairtrade International to assessing and responding to research on their impacts.” Still, we also often highlight the number of farmers engaged and the premiums gained through Fairtrade, looking at scale rather than impact.

Fairtrade sees many areas to improve, but also believes that MSIs with strong rights holder involvement can play an important role in pushing for change.
FAIRTRADE AND HUMAN RIGHTS AND ENVIRONMENTAL DUE DILIGENCE

Legislation is needed – voluntary initiatives like certifications are not sufficient to solve human rights violations in global supply chains. But ambitious certifications like Fairtrade can offer invaluable support for HREDD work by companies, workers and farmers.

1. FAIRTRADE’S HUMAN RIGHTS COMMITMENT

WE COMMIT TO aligning Fairtrade’s policies and processes with the UNGPs. Our Human Rights Commitment was approved by the Board of Fairtrade International in June 2020, laying out Fairtrade’s HREDD process.

OUR SALIENT HUMAN RIGHTS ISSUES

Fair trade mainly works with agricultural supply chains and the textile industry. Our leverage is greatest in the supply chains of coffee, cocoa, bananas and flowers. The salient human rights issues, which our efforts to mitigate, prevent, cease and remediate chiefly focus on, include:

- living wages and living incomes
- child labour, forced labour and gender-based violence
- discrimination based on gender, ethnic origin or other status
- freedom of association and unionization
- conditions of work
- environmental rights

2. FAIRTRADE’S KEY RECOMMENDATIONS FOR HREDD LAWS

TO HAVE A POSITIVE impact on farmers, workers and artisans in the Global South, HREDD legislation should ensure real shifts in business practices. Fairtrade calls for HREDD legislation that:

- Covers whole supply chains.
- Requires companies to address the most serious human rights and environmental issues rather than abandon or avoid high risk sourcing areas.
- Requires companies to engage in dialogue with workers, farmers and other rights holders.
- Mandates companies to assess and change trading and purchasing practices that contribute to harms in supply chains.
- Recognizes living wages and living incomes as indispensable steps in human rights and environmental protection.

Read more about Fairtrade’s key recommendations, including support for recommendations by wider CSO coalitions, and vision for HREDD regulation.
PEOPLE WHO ARE MARGINALIZED AND DISADVANTAGED BY CONVENTIONAL TRADING STRUCTURES CAN DEVELOP THE CAPACITY TO TAKE MORE CONTROL OVER THEIR WORK AND THEIR LIVES IF THEY ARE BETTER ORGANIZED, RESOURCED AND SUPPORTED.

— THE CONSTITUTION OF FAIRTRADE

3. FAIRTRADE CAN SUPPORT EACH STEP OF ITS PARTNERS’ HREDD WORK

FAIRTRADE OFFERS:

1. Understanding of human rights and HREDD, commodity and location-specific challenges, and their root causes.
2. Data, analysis, examples and pictures about the results.
3. Information and opportunities for dialogue among farmers, workers and other supply chain actors.
5. Support, guidance and requirements for farms and supply chain actors to prevent and mitigate adverse human rights and environmental impacts.
6. Follow-up of corrective measures; data from ongoing research and farmer questionnaires; aggregated audit data.

OECD Due Diligence Guidance: The HRDD process
WHAT FAIRTRADE?

Fairtrade is a global network that connects farmers and workers from developing countries with consumers and businesses across the world to change trade for the better.

FAIRTRADE’S TOOLS FOR CONTINUOUS DEVELOPMENT

THE UNGPS CALL FOR COLLABORATION
and continuous development to mitigate human rights problems related to business. These are fundamental building blocks of the Fairtrade system.

- **PRICE AND PREMIUM:** Buyers pay the Fairtrade Premium and the Fairtrade Minimum Price, ensuring they co-invest in human rights and environmental work at farms and local communities.
- **STANDARDS:** Designed to deepen the respect for human rights and the environment among producers and other supply chain actors. They are revised regularly, through inclusive processes, to raise their effectiveness.
- **AUDITING:** Fairtrade’s independent auditing partner, FLOCERT, does regular on-the-ground visits to review farms’ social and environmental conditions.
- **TRAINING AND SUPPORT:** Fairtrade offers farmers and workers training and advice on their rights and agricultural practices. Staff in Africa, Asia and Latin America can also assist farmers with corrective action plans.
- **ADVOCACY:** The Fairtrade network advocates at the global, regional and national levels for fairer laws and business practices, putting pressure on states and businesses to fulfill their human rights and environmental duties.
- **GLOBAL EDUCATION:** Staff in Europe, North America and Asia-Pacific aim to increase consumer awareness and encourage more responsible choices. These activities are funded through contributions from companies that use Fairtrade standards and auditing as well as public funding for specific development projects.
**IMPACT OF CERTIFICATION DEPENDS ALSO ON SALES**

**FAIRTRADE IS BUILT ON** the idea of strengthening farmers’ and workers’ say and livelihoods in global supply chains. Independent research shows that Fairtrade does indeed advance these goals.

According to a systematic review of 151 academic articles and other quantitative and qualitative studies of Fairtrade’s outputs, outcomes and impact, research shows that Fairtrade:

- strengthens smallholder farmers’ cooperatives - their organisational capacity and, in particular, representation and democracy
- improves farmers’ income, wellbeing and resilience
- improves workers’ health and safety, payment terms and job satisfaction
- enhances women’s representation and participation and, especially at plantations, equality of pay
- raises consumers’ awareness, commitment and willingness to pay for fair and sustainable consumption

The impact is, however, not equal in all commodities, environments or producer organisations. One key reason is that Fairtrade certified production exceeds demand. So, farmers that follow the Fairtrade criteria typically get Fairtrade Minimum Prices and Premiums for part of their yields only and need to sell the rest on conventional markets.

For example, certified coffee farms sell, on average, almost three-quarters of their produce on conventional markets. The same goes for two-fifths of bananas, almost two-thirds of cocoa and sugar, and over nine-tenths of tea.

It’s natural to have some difference between output, contract and Fairtrade sales levels. Producers may choose to sell their best quality produce on niche markets. Some produce may be sold locally, to generate quick income, because quality is not high enough for international markets or for a number of other reasons. Nevertheless, the gaps are large.

**REFERENCES**


BUILDING SUPPLY CHAIN COLLABORATION TO STRIVE TOWARDS LIVING INCOMES
A clear enough goal. But we all know that progress towards it has been very slow. Case in point: the 2016–2017 collapse in world cocoa prices. Despite years of talk about improving farmers’ livelihoods, cocoa prices dropped about 40 percent over one season. The dramatic drop devastated farmers in Côte d’Ivoire and Ghana who produce more than 60 percent of the world’s cocoa. Already before the collapse, Ivorian cocoa farmers and their family members each lived, on average, on less than one euro per day, when the living income was 2.5 euros a day.

“The cocoa sector has to ask itself whether the sustainability efforts made in the past decade have led to actual impact,” implored the 2018 Cocoa Barometer report in response to the price collapse.

Fairtrade seeks lasting changes by supporting farmers and addressing disparities of economic power in supply chains. The network works on multiple fronts that include:

• Strengthening farmer cooperatives,
• Developing data-supported Living Income References Prices,
• Increasing cocoa traders’ accountability and
• Advocating for living income as a human right.

FOCUS ON PRODUCER POWER

Like trade unions and associations, strong farmer cooperatives and organisations support their members in multiple ways. They offer farmers training and advice. They bring economies of scale, where farm inputs and services are jointly acquired for all members. They also strengthen members’ power by speaking with a louder, collective voice – to buyers and government, and within Fairtrade as well.

Fairtrade Standards guide and require coops to operate in a democratic, non-discriminatory and transparent fashion. The development of farmer organisations is also assisted by local Fairtrade staff and financially supported by Fairtrade Premium.

Further, several Fairtrade programmes, like the West Africa Cocoa Programme (WACP) in Côte d’Ivoire and Ghana, aim to strengthen farmer coops to better serve their members – and make progress toward living incomes.

Implemented by Fairtrade Africa, the WACP programme gathered more than 34,000 training attendances in 2019. Training topics included financial tracking and bookkeeping, women’s leadership, income diversification, crop productivity, combatting child labour, and other topical issues.

This all seems worthwhile. Compared to other farmer organisations, those with more training had higher audit scores in social compliance, child rights’ awareness, and avoiding damage to conservation lands.

Nevertheless, poverty persists. In 2016, just 7 percent of Fairtrade’s Ivorian cocoa farmers were making a living, and progress is slow.
And what is meant by a “living income?”

It’s an income that covers the costs of basic but humane housing, clothing, food, healthcare, education, transport and insurance for a farmer and her or his family. The exact level depends on local prices and conditions, but also the typical number of breadwinners and other household members.

So, living income varies by country and region, often with notable differences between rural and urban areas.

Fairtrade started a process in 2017 to estimate Living Income Benchmarks – and then prices that could provide such incomes to farmers.

“Living wages and incomes sound great. But without detailed calculations of what they mean in practice for product prices, this is barely more than a philanthropic catchphrase,” said Birgitta Tazelaar, Deputy Director-General for International Cooperation at the Netherlands Ministry of Foreign Affairs at “The Only Way is Up,” a living wage and living income conference co-hosted by Fairtrade in 2019.

“Living wages and incomes are a human right – and this means they have to be quantified,” she added.

The quantification is a research-intensive process. Once the local level of living is known, Fairtrade calculates the Living Income Reference Prices on the basis of local productivity, other household income and viable farm size.

Fairtrade has so far published such prices for cocoa in Côte d’Ivoire and Ghana, and vanilla in Uganda and Madagascar. Research has also started for coffee in several regions.

Living income defined.
Fairtrade does work with traders and brands – the intermediaries between farmers and retailers. Traders that deal with Fairtrade certified commodities must abide by several clear requirements and, for example, maintain timely payments, transparent contract terms, adequate record-keeping, and clear pre-financing terms.

These basic practices are important as part of traders’ contribution to living incomes. Adherence is monitored through independent FLOCERT audits, and corrective action expected when violations are uncovered. Violations indeed are frequently uncovered. Among Fairtrade certified cocoa traders in Côte d’Ivoire, just 26 percent had no major non-compliances with the Fairtrade standard in 2018 – down from 57 percent in 2017. 90 percent of these violations were nevertheless corrected within two months from the audit.

Fairtrade Standards also encourage long-term business relationships, to help farmers plan and invest in increasingly responsible and sustainable production. But progress isn’t fast.

“It’s hard work, finding corporate partners who recognize that while farmers build productivity and product quality, fair pricing and stable business relationships are also needed” says Carla Veldhuyzen van Zanten, Fairtrade’s Senior Advisor focused on the living income strategy.

“ar a farmer is required to change most of his/her business practices to be able to sell their product, why shouldn’t the same be asked from large multinational corporations?” asks the 2020 Cocoa Barometer.

Armed with these numbers, as a first step, Fairtrade raised the minimum cocoa price in 2019 and started raising awareness around the idea of Living Income Reference Prices. Since then, the governments of Ghana and Côte d’Ivoire have established a Living Income Differential. It’s an additional sum that buyers must pay for each ton of cocoa beans. Even the basics of responsible purchasing practices still get ignored.

Nevertheless, the minimum farmgate prices still don’t meet a living income, and the coronavirus pandemic has created a new level of uncertainty for farmers, who have reported difficulties selling their cocoa at the set price.

Downstream Accountability

International cocoa trade and processing is controlled by a handful of large multinational corporations. Their purchasing power and influence on prices is strong.

“If a farmer is required to change most of his/her business practices to be able to sell their product, why shouldn’t the same be asked from large multinational corporations?” asks the 2020 Cocoa Barometer.

Fairtrade calls for an explicit reference to living incomes in HREDD regulation.

A large body of research confirms that Fairtrade improves farmer income, wellbeing and resilience. – Tracing Fairtrade’s Impact: a review of recent evidence (2021)
LIVING INCOME AS A HUMAN RIGHT

Still, target prices remain just targets. Companies and governments are very seldom held to account for living income violations. Commodity price volatility continues.

The Universal Declaration of Human Rights addresses the right to earn a living wage in Article 23 and the right to a decent standard of living in Article 25.

Yet this is clearly insufficient. Living income should be explicitly recognized as a human right. It is crucial for a decent standard of living in countries where social security is very weak. In addition, lack of living income fuels several other human rights breaches like poor nutrition, poor health, child labour and environmental degradation.

Fairtrade calls for regulation on Human Rights and Environmental Due Diligence to make an explicit reference to living incomes, and to make companies responsible for operationalizing responsible purchasing practices that address poverty pricing.

“[T]he basic benefits of decent incomes and sustainable communities must not be seen as additional cost, only for those who care about farmers’ rights, but rather as the normal cost of business,” reminds Jon Walker, Fairtrade’s Senior Advisor for Cocoa.

COCOA IN CÔTE D’IVOIRE BY THE NUMBERS

Living income – the foundation for many human rights and Sustainable Development Goals. Modified from a graph by Shift.

| **7** | Percent of farmers earning a living income* |
| **< 40** | Percent of Fairtrade cocoa sold on Fairtrade terms* |
| **$343** | Annual wages of hired farmworkers** |
| **$1,919** | Farmer household income per year** |
| **251,720** | Fairtrade Cocoa Farmers* |
| **252** | Number of Fairtrade cocoa farmer organisations* |
| **8** | Number of people living on a farm** |
| **$2,276** | Extreme poverty line** |
| **$7,271** | Living income for a household** |

* data is from 2019
** median figures come from the 2018 True Cost report, and are from 2016.
LIVING INCOME IN THE HUMAN RIGHTS DECLARATION

THE UNIVERSAL Declaration of Human Rights clearly states individuals’ rights to a decent standard of living and just remuneration for work.

ARTICLE 23

(3) Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

ARTICLE 25

(1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

"While farmers build productivity and product quality, reaching living incomes also requires fair pricing and stable business relationships."

REFERENCES


THE VITAL ROLE OF TRADE UNIONS

The Vital Role of Trade Unions

Nathalie Bertrams
The Vital Role of Trade Unions

The human right to Freedom of Association isn’t just important on its own. It’s also critical for workers to join voices in trade unions and collectively negotiate about wages and other rights.

During the global COVID-19 pandemic, many orders have been cancelled, transport annulled and workplaces shut down with little or no advance notice.

Trade unions have shown their value, raising awareness and drawing attention to workers’ unpaid wages. Unions have also been on the front line, fighting for and providing personal protective equipment (PPE), trainings and even food.

Still some companies see trade unions as a costly threat.

At Fairtrade, trade unions have both decision making and advisory power, and continuously help improve Fairtrade’s interventions on workers’ rights.

Trade unions have long been represented on the Boards of several National Fairtrade Organisations in individual countries.

In 2010, Fairtrade established the Workers’ Rights Advisory Committee. Made up of trade unionists and advocates, it weighs in on strategies, standards and programmes.

Further, a seat has been designated for a workers’ representative on the Fairtrade’s Standards Committee, the eight-member body that debates and approves all Fairtrade standards.

“Trade unions are the legitimate voice of workers in workplaces across the world where Fairtrade products are produced,” says Wilbert Flinterman, Fairtrade’s Senior Advisor for Workers’ Rights and Trade Union Relations.

“We actively engage them for guidance on how to prioritize different labour issues and best reach our mission to improve workers’ lives,” he adds.

STANDARDS AND BEYOND

Fairtrade seeks to advance workers’ rights and Freedom of Association through a variety of ways. Fairtrade Standards have several related requirements.

For instance, the standard requires plantations to sign a Right to Unionise Guarantee and display it in local languages in the workplace. A trade union or an independent, democratically elected workers’ organisation must exist and management must meet with its representatives at least once every three months. Where a collective bargaining agreement exists, plantations must adhere to it.

Plantations must also allow any union that operates in the sector or region to meet with workers on company premises – even where some workers already belong to a different union. This seeks to address the woe of “yellow” unions – company-controlled unions that provide no meaningful representation to workers.

Research shows that Fairtrade enhances equality of pay and improves workers’ health and safety, payment terms and job satisfaction.

— Tracing Fairtrade’s Impact: A Review of Recent Evidence (2021)
Beyond certification, Fairtrade has been running multiple projects that offer workers’ rights training, promote social dialogue and collective bargaining at workplaces and at the sector level, and that help trade unions and employers to resolve disputes in a collaborative fashion.

**SUPPORTING COLLECTIVE BARGAINING**

Trade unions negotiate and oversee the implementation of collective bargaining agreements at the sectoral and workplace level so that workers receive their negotiated entitlements – a role at the heart of Fairtrade’s work on Living Wages.

“We do not want workers to be dependent on certification contracts between their employer and private standard setters,” Flinterman says. “Living Wages should be negotiated and embedded in such collective bargaining agreements.”

Yet it’s clear that much work remains. While Fairtrade can’t force workers to join trade unions, it’s important to encourage unionization: Unlike formal unions, worker committees usually can’t make collective bargaining agreements.

Further, while smallholder farms are, by definition, predominantly reliant on family labour, collectively they employ huge numbers of seasonal and permanent workers. Often, both these farmers’ and their workers’ earnings are very low. Fairtrade works hard to find effective ways to strengthen workers’ rights in such informal settings.
THOUGH FAR FROM OVER, the COVID-19 global pandemic’s impact on farming communities around the world cannot be overstated. Fallout from cancelled orders, halted cargo links, delayed payments and increased costs of production, as well as increased burdens on health care facilities and children’s wellbeing, have already affected poor, rural communities harshly. The stresses are increasing extreme poverty and raising the risks of child labour, forced labour and other serious violations of human rights.

To offer relief and help farmers build their resilience, Fairtrade has raised and started distributing 15 million Euros to communities. It has also published guidance for traders, farming communities, businesses and governments, and allowed a flexible use of Fairtrade Premiums.

On plantations, trade unions and worker committees have been distributing food, supplies and protective equipment and ensuring that health and safety guidelines protect workers. Farmer cooperatives and organisations are playing similar roles with smallholder farms and communities.

COVID 19 has also brought changes in auditing. On-site audits have been interrupted for many months. FLOCERT has adapted their ways of working and adopted remote auditing methods where needed. Still, this means that in-person observations and worker and farmer interviews are not happening consistently. This makes it more difficult to track and follow up on human rights impacts.

Hopefully this dark cloud will also have a silver lining in the long term.

“We have an opportunity to hit the ‘reset’ button. To take a look at business practices and policies, re-examine related thinking and intents and chart a new way towards more resilient and sustainable business and societies” urges Peter Kettler, Fairtrade’s Senior Coffee Manager.

“The question is, will we take that opportunity?”

HUNDREDS OF MILLIONS of people around the world work hard but can’t make ends meet. Most of them are in rural areas. About 65 percent of poor working adults and 80 percent of the world’s poor are involved in agriculture, according to the World Bank.

This means that just about any company that sources agricultural materials is linked to breaches of farmers and workers right to living income/wage and decent standard of living. Companies need to treat the right to a living income/wage as a salient human rights issue and take actions to address it.

Adequate mitigation and remediation are a long way off for most working poor – which underscores the urgency for businesses to implement living income strategies as part of their human rights due diligence work.
REMEDIATING CHILD LABOUR: LESSONS LEARNT FROM BELIZEAN SUGAR CANE PRODUCERS
A WORLDWIDE PROBLEM

Despite decades of company codes of conduct, zero tolerance policies and prohibitions of child labour, the ILO estimates about 114 million children are involved in agricultural work that is harmful or interferes with schooling.

The causes are many, the solutions complex. There are no quick fixes for the plethora of challenges facing smallholder farmers and workers, which include inequality, discrimination, poverty, limited opportunities for education, few options for decent work, extreme market pressures and weak government support and oversight.

Then add the fear of losing business if child labour is uncovered, and supply chain transparency can seem like a liability instead of an opportunity.

Sugar cane specifically is one of the largest and most complex agricultural supply chains. It supports an estimated 100 million people worldwide. Children are often unpaid helpers, even doing tasks classified as hazardous like applying chemicals or manual harvesting.

REMEDIATING CHILD LABOUR: LESSONS LEARNT FROM BELIZEAN SUGAR CANE PRODUCERS

In 2014, a social audit at the Fairtrade-certified Belize Sugar Cane Farmers Association (BSCFA) found two children working on farms and not attending school.

The violations crossed a line: Fairtrade standards prohibit work that interferes with schooling for those under 15 and consider it child labour, even when a country’s law permits it.1

The findings triggered a six-month suspension from Fairtrade for BSCFA, limiting how much sugar the association could sell to Fairtrade buyers while implementing corrective action – a potentially huge blow for about 5,000 of its farmers, their families, and the region’s economy.

At first, farmers pushed back. Even though Belizean sugar had been on the United States Department of Labour’s List of Goods Produced by Child Labour or Forced Labour for years, the farmers didn’t relate those findings to what was happening in their own farming communities. After all, they hadn’t broken Belizean child labour law, which permits 14 year olds to be employed.

Following intensive and targeted training by Fairtrade International and UNICEF, the BSCFA farmers understood both the business risk and the risks to their communities if they did nothing.

In response, the BSCFA went big. They decided to use Fairtrade premiums to implement two types of child labour monitoring systems: One for farm operations (member-based), the other for entire communities (area based). They also insisted that their governments, miller and local NGOs come together to receive or deliver training and work in collaboration.

“We didn’t just want to do the minimum required to get our certificate back,” said Leonardo Cano, former Chairman of BSCFA, adding, “we wanted to promote the rights of children and young people.”

While this rights-based approach remains a work in progress, it appears to be paying off. An independent evaluation shows that communities and several other stakeholders in Belize share a deeper understanding and commitment to addressing child labour risks.

BSCFA’s approach also conforms with expectations laid out in the UN Guiding Principles on Business and Human Rights: Where violations occur, companies work to fix the situation and reduce the chances of it happening again.

A WORLDWIDE PROBLEM

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1 The International Labour Organization’s Minimum Age Convention specifies a minimum work age of 15, but allows some low-income countries to initially set a minimum age of 14. Fairtrade, like many other certification schemes, uses the higher standard.
TOWARD RIGHTS-BASED DUE DILIGENCE

That’s why Fairtrade has developed approaches that go far beyond tick-the-box requirements and auditing.

For instance, the Latin American and Caribbean Producer Network (CLAC) works with smallholder farmers through a five-step due diligence process that starts with awareness raising and targeted risk assessments and ends with adopting a child protection policy and detailed monitoring protocols.

This entails, for example, awareness raising workshops where farmers define what tasks can be hazardous for children and participatory assemblies where children draw out and talk through their own perspectives.

“CLAC strongly believes that children’s rights and wellbeing are a shared responsibility between families, communities, producer organisations, companies and governmental actors,” tells Marike de Peña, a member of CLAC’s social compliance committee. “Therefore, we welcome all multi-stakeholder partnerships that aim to join efforts towards the eradication of child labour,” she adds.

Since 2011, the Fairtrade standard for smallholder farmer organisations has encouraged those with identified child labour risks to develop and implement an “Internal Control System” that helps these organisations oversee and monitor working conditions themselves.

In addition, Fairtrade International’s signature Youth Inclusive Community-Based Monitoring and Remediation (YICBMR) system has been piloted in a number of high-risk production areas involving cocoa, vanilla, flowers, gold and coffee. First developed in 2012, it is a rights-based approach that producer groups choose to use, to find, fix and prevent child labour, forced labour and/or gender-based violence.

SUCCESSES IN BELIZE…

Belizean Fairtrade sugar cane producer organisations continue in their fight against child labour. The BSCFA has partnered with a local NGO, an agricultural college, UNICEF and national and district level governments.

Their YICBMR programme enjoys widespread support from the association’s farmers and youth. A 2019 independent evaluation of the BSCFA programme showed an increased awareness of child labor indicators across generations.

“[T]he engagement is instant, older people, young people,” said one respondent. “You do not have to explain so much, just the community mapping activities will get them engaged. You get a lot of feedback.”

Through YICBMR, the BSCFA has:

- developed and published a commitment and policy on child labour and child protection;
- mapped community risk hotspots;
- hired local youth monitors and trained them on conducting awareness raising, risk assessment and monitoring through household surveys and community outreach;
- supported access to remedies in individual cases of child labour; and
- lobbied the government and the Belize Chamber of Commerce & Industry to prioritize a legally binding national child labour monitoring and remediation system.
“The use of youth monitors minimizes the unequal power relations between adult researchers and the young participants in data collection and outreach,” says Anita Sheth, Fairtrade’s Senior Advisor on Social Compliance and Development.

Further, the BSCFA has raised awareness nationally and abroad, meeting with government representatives in Belize and Mexico, the United States, and international groups like the ILO and UNICEF.

Their work has spurred the Government of Belize to draw a list of tasks that are hazardous for children and the Labour Ministry to set up four committees — steps that will hopefully spur further government action to protect child rights.

Encouraged by the sugar industry, all three Fairtrade sugar cane producer organisations in Belize also partnered with their government on an EU funded project in 2018, to research child labour in the northern areas, using the YICBMR system. Findings from this study are influencing government action.

…AND CHALLENGES

The YICBMR approach has helped raise awareness regarding child labour and the most severe violations are referred to authorities for remediation. If called upon, the producer organisations then support the government in remediation.

Nevertheless, some BSCFA members have felt their government is not doing its part to follow up on cases the community identifies, despite the extensive engagement between the BSCFA and the government.

RESEARCH SHOWS THAT FAIRTRADE STRENGTHENS SMALLHOLDER FARMERS’ COOPERATIVES — THEIR ORGANISATIONAL CAPACITY AND, IN PARTICULAR, REPRESENTATION AND DEMOCRACY.

— TRACING FAIRTRADE’S IMPACT: A REVIEW OF RECENT EVIDENCE (2021)

“This creates a sense of disillusion in the community, because they get the impression that nothing is done,” according to one respondent in the 2019 evaluation. The exact number of referrals, remediation steps and outcomes aren’t public, partially because the producers fear those figures would be used against them.

But there’s no denying that child labour is vexingly difficult to remediate.

Victims may badly need income and wish to continue working, particularly if remediation programmes focus on long-term skill building and not on a family’s immediate needs. At BSCFA, local efforts have not been
successful in helping affected youth find alternative ways of earning money, the 2019 evaluation states.

And then there’s the cost. Although BSCFA gained some initial funding from Fairtrade International, it has footed a large chunk of the bill. In 2018, it spent 45 percent of its BZ$3.5 million premium on the programme – and even more in previous years. That’s not sustainable.

BSCFA would like other supply chain actors to support the ongoing work. This is consistent with the UNGPs that see remediation as a shared responsibility of supply chain actors and governments.

“The industry, local communities and governments all need to play their part,” says Dr. Nyagoy Nyong’o, Fairtrade Global CEO (interim). “We will continue to work together with all these decision makers to remediate and prevent child labour and advance child rights.”

Fairtrade has commissioned an independent evaluation of producer organisations’ various approaches to monitor and respond to child labour. Results are expected to be published at the end of 2021 and will inform the further strengthening of Fairtrade’s work.

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**PUSH AND PULL FACTORS FOR CHILD LABOUR IN SUGAR CANE (ILO 2017)**

**PUSH FACTORS**

- Rural poverty
- Low availability and poor quality of education
- Lack of decent work opportunities for young people
- Lack of social protection, discrimination, vulnerability related to migration, and other socio-economic factors

**RISK OF CHILD LABOUR**

- Labour-cost efficiency
- Prevalence of informal and seasonal work
- Weak regulatory and enforcement framework

**PULL FACTORS**

- Demand for unskilled labour
- Lack of social-dialogue structures
- Unpaid family and community work

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REFERENCES


**Empowering people to voice grievances**

Support to democratic farmer organisations, worker committees and their development plans.

Human rights training to producer organisations, farmers and workers.

Traders required to support producers via Fairtrade Minimum Price and Premium.

**Lessons learnt**

Trader contributions insufficient.

Trade union and NGO collaboration.

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**Grievance mechanisms**

Fairtrade tools:

- Global allegations process, 100+ allegations in 2019.
- Plantations required to set up grievance mechanisms.
- Support to community based monitoring of child and forced labour.

**Lessons learnt**

The setting up of a human rights-based mechanism requires awareness raising.

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**Remediation**

Fairtrade tools:

- Community-based monitoring and remediation system related to child labour, forced labour or gender-based violence piloted in 13 countries.

**Lessons learnt**

Government systems are often weak.

How to remediate systemic violations?

Contributions from traders, manufacturers and retailers are essential.

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**International traders, brands and retailers must contribute — not sever business relationships — when farmers reveal their human rights and environmental challenges.**
BREAKING NEWS: FARMERS DON’T CONTROL THE WEATHER
BREAKING NEWS: FARMERS DON’T CONTROL THE WEATHER

Every aspect of an agricultural community is affected by climate change.

There’s the "unpredictable," like record-bending heatwaves, extended cold snaps, forest fires, prolonged dry seasons, and more frequent, more violent hurricanes and monsoons. Then there’s the long-term average changes in temperature and rainfall.

It’s difficult to see how organisations like Fairtrade can adequately address what is perhaps the defining human rights challenge of our time.

Sure, Fairtrade’s farmer standards include an increasing number of requirements around responsible land and water use, pesticide use and handling, and a variety of other regulations addressing environmental stewardship. They make up at least 25 percent of Fairtrade’s standards, and incrementally become more stringent the longer farms and farmer organisations are certified.

Fairtrade farmer organisations also can and often do choose to spend their Fairtrade Premiums on environmental projects and are encouraged to implement sustainable agricultural practices.

Further, Fairtrade’s trader standards are designed with the intention that farmers get fair remuneration for their crops and can afford to improve their methods.

But climate change is in another class. Greenhouse gas emissions disproportionately come from industrial activities in the Global North – not subsistence farmers in Central America.

This crisis demands partnerships and the sharing of responsibility between different supply chain actors, governments and consumers. And it must be done with input from under-represented members of farming communities.

Fairtrade is increasingly leveraging its network to spearhead these types of partnerships.

COFFEE RUST

Back to Central America.

For more than a century, aromatic Arabica coffee bushes have thrived in the region’s shady, temperate highlands no more than 23.5 degrees from the Equator. It’s a huge economic driver for El Salvador, Guatemala, Nicaragua and Honduras, making up as much as 40 percent of agricultural exports for some countries.

Still, every decade or so starting in the 1970s, the fungus known as La Roya, or Coffee Rust, would surface. Farmers mostly managed it by spraying plants with extra fungicide. Fairtrade has also worked with farmers to adopt practices like shade management, pruning and other disease management methods.

But 2012 was the start – or at least the realization – of a coffee rust breakout that could not be contained by conventional methods. Weather patterns had shifted. Extreme, unpredictable heat and rain had become the norm, not the exception.

Telltale yellow and brown spots multiplied on the tops of withered leaves. The bottom sides of the leaves were covered with a fine orange dust.
Farmers pruned their plants, they sprayed them, then removed and destroyed them. But the disease continued to surface and spread throughout Central America and south to Peru. It also crept up, to higher and higher altitudes.

In large swaths of Guatemala, El Salvador, Honduras and Nicaragua, up to 70 percent of the coffee plants were affected, according to the Sustainable Coffee Challenge.

This was a devastating blow for the smallholder farmers and communities whose livelihoods—and by extension their health and well-being—depend on the fruit. More than 300,000 smallholder farming households and their workers were affected.

The rust caused more than $3 billion in damage over five years. An estimated 2 million rural Central Americans left their farms in that time. Many were youth seeking a more secure future.

**PLANTING SEEDS OF RESILIENCE**

Climate change had clearly become a human rights challenge, requiring all of Fairtrade’s tools. The network launched an integrated effort to support farmers who wanted to rebuild their farms.

It was built around introducing two million new rust-resistant coffee seedlings. But simply giving away a bunch of plants doesn’t alter power dynamics between farming communities and buyers.

Fairtrade sought input from rights holders, experts, and trade partners to better understand what farmers and their organisations needed and how to provide it.

“We found that a high number of small farmers struggled because of lack of planning,” says Javier Aliaga, CLAC’s Climate Change Program Coordinator. “Our members needed tools and resources to withstand disasters, so we started offering tools and trainings, a bit similar to how business incubators nurture new entrepreneurs.”

The resulting four-year programme focused on building the organisational and community capabilities to help farmer organisations share and train on best practices, develop strategic plans, build project management skills and increase the participation of youth, women and other under-represented community members.

The programme was implemented by smallholder farmers’ organisations in Guatemala, Honduras and Nicaragua, supported by the Latin American and Caribbean Network of Small Fairtrade Producers (CLAC), Fairtrade International, Fairtrade Finland and the Ministry of Foreign Affairs of Finland.

In the end, the programme directly benefited close to 18,000 people in 45 smallholder organisations:

- Numerous coffee nurseries and demonstration plots were established to revitalize affected farms, many run by women
- Women and youth launched three organic fertilizer centres
- Fruit trees were planted to provide both shade and sustenance for farmers’ families
- Farmers invested in income diversification like honey production and animal husbandry
- All farmer organisations developed strategic plans
- The vast majority of smallholder farmer organisations developed best-practice manuals, training materials and quality-control systems in operation
- Exchange visits allowed farmers and their organisations to share best practices
- Coffee production more than doubled, and more of it was exported
- Policy advocacy with Central American governments improved

“Project has reached the heart of many producers,” said Isela Vásquez, from the COAQUIL cooperative in Honduras. “We focus more on young people and women so that they can have a stake in the organisation.”

**SHARED RESPONSIBILITY**

Wonderful progress—but what about all the talk of “shared responsibility”? Climate crises continue, with 2020 one of the hottest years on record and two major hurricanes hitting Central America.

Are governments and supply chain actors in consumer countries doing their fair share? Are they changing the purchasing practices and public policies that shape the dysfunctional supply chains that harm people and planet?

To address this fundamental issue, Fairtrade’s advocacy efforts towards governments and companies have continued to grow since the coffee rust programme. In policy advocacy, Fairtrade pushes for mandatory HREDD, stronger curbs on unfair trading practices, sustainable public procurement practices and smallholder-inclusive climate change adaptation support.

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**CLIMATE CHANGE IS INTRINSICALLY LINKED TO PUBLIC HEALTH, FOOD AND WATER SECURITY, MIGRATION, PEACE, AND SECURITY. IT IS AN ISSUE OF SOCIAL JUSTICE, HUMAN RIGHTS AND FUNDAMENTAL ETHICS.**

— United Nations Secretary-General Ban Ki-Moon
In Central America, CLAC supports farmer organisations’ efforts in proposing solutions to local and national governments on issues related to agriculture and climate change. CLAC offers advocacy and leadership training and, in particular, encourages young leaders to speak up.

Globally, Fairtrade is engaging with coffee companies to encourage concrete commitments and partnerships on living incomes. This has led, for instance, to the Coffee Rust programme being extended with funding from German retailer ALDI SÜD, focusing on badly affected smallholder farms in Honduras.

In the consumer markets, awareness raising campaigns highlight the plight of smallholder farmers and workers, encouraging people to call for responsible business conduct and regulation.

While La Roya has receded for now, it was a major wake-up call. It invited producer organisations and Fairtrade to build farmers’ resilience to pests, diseases and climate change.

“We feel the importance of reconciling ourselves with nature,” explains Juan Pablo Solis, Fairtrade International’s Senior Advisor on Climate and Environment. “To thrive, we must consciously search for a balance between economic, social and environmental aspects of life.”

**BY THE NUMBERS: FAIRTRADE COFFEE IN CENTRAL AMERICA (2019)**

Around one quarter of the coffee produced by Fairtrade certified farms was sold on Fairtrade terms in 2019².

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Farmers</th>
<th>Number of Farmer Organisations</th>
<th>Volume of Coffee Sold as Fairtrade</th>
<th>Ranking Among Fairtrade Coffee Producing Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honduras</td>
<td>11,510</td>
<td>60</td>
<td>36,665 Metric Tons</td>
<td>3rd largest</td>
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<tr>
<td>Guatemala</td>
<td>13,880</td>
<td>19</td>
<td>8,519 Metric Tons</td>
<td>7th largest</td>
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<tr>
<td>Nicaragua</td>
<td>15,022</td>
<td>33</td>
<td>7,027 Metric Tons</td>
<td>8th largest</td>
</tr>
</tbody>
</table>

²Sources: Fairtrace 2019 for sales, CODImpact monitoring data set 2019 for production.
FAIRTRADE DOESN’T EXPECT ITS CORPORATE PARTNERS TO BE PERFECT. BUT THE STRIVE FOR CONTINUOUS IMPROVEMENT IS CRUCIAL.

“The UNGPs envision a continuous process to understand and address human rights impacts,” reminds Tytti Nahi, Fairtrade’s Lead on Business and Human Rights. “Similarly, Fairtrade doesn’t expect its corporate partners to be perfect. But the strive for continuous improvement is crucial.”

“Ideally, Fairtrade partnerships would yield understanding and commitment that fosters responsible business conduct on every product – including those without certification label,” Nahi continues.

RESEARCH SHOWS THAT FAIRTRADE RAISES CONSUMERS’ AWARENESS, COMMITMENT AND WILLINGNESS TO PAY FOR FAIR AND SUSTAINABLE CONSUMPTION.

— TRACING FAIRTRADE’S IMPACT: A REVIEW OF RECENT EVIDENCE (2021)
Glossary of Fairtrade Terms and Acronyms

CLAC: The network for Latin American and Caribbean Fairtrade producers. In Spanish, called Coordinadora Latinoamericana y del Caribe de Pequeños Productores de Comercio Justo.

FTA: Fairtrade Africa is the Producer Network for Africa, representing more than 1 million producers across 33 countries.

Fairtrade Standards: The established criteria for smallholder farmer organisation, plantations and other supply chain actors to participate in Fairtrade, made up of social, economic and environmental requirements. About two dozen separate standards also exist for different commodities.

Fairtrade International (FI): Fairtrade’s umbrella organisation in Bonn, Germany, where standards and strategic direction are set for the Fairtrade system, among other things. The NGO owns the FAIRTRADE mark, with a Board of Directors and General Assembly comprising all three Producer Networks (PNs), National Fairtrade Organisations (NFOs) and independent representatives.

Fairtrade Network: A general term for all Fairtrade-affiliated organisations, including Producer Networks (PNs), National Fairtrade Organisations (NFOs), Fairtrade International (Fi), FLOCERT and the Fair Trade Advocacy Office.

FLOCERT: The independent Fairtrade certification body that audits and certifies operations against Fairtrade Standards.

Hired Labour Organisation: A company that relies on hired workers, such as a farm, plantation, factory, manufacturing facility. These organisations are subject to the Hired Labour Standard. This report often uses the term plantation when referring to these organisations.

HRED: Human Rights and Environmental Due Diligence, a process of identifying, addressing, tracking and communicating adverse adverse human rights and environmental impacts.

NFO: National Fairtrade Organisation. A full member of Fairtrade International responsible for marketing, licensing and raising awareness on some market area. Most NFOs are located in Europe.

NGO: A Non-Governmental Organisation is a non-profit organisation that operates independent of any government, typically to address a social or political issue. The Fairtrade Network is made up of several dozen NGOs that come together under Fairtrade International, another NGO.

PN: Producer Network. A regional network of producers and/or regional associations who work together for their common interest. The three Producer Networks are CLAC, FTA and NAPP.

Small-scale Producer Organisation: Groups like cooperatives or farmers’ associations whose members are primarily small-scale producers.

Trader: Companies that buy and sell Fairtrade products and/or handle the Fairtrade price and premium. Traders are subject to the Fairtrade Trader Standard.

UNGP: United Nations Guiding Principles on Business and Human Rights, established in 2011, is a framework consisting of expectations for businesses and states to “Protect, Respect and Remedy” human rights.

YICBMR: Fairtrade’s Youth Inclusive Community Based Monitoring and Remediation System involves youth and communities to monitor and facilitate the remediation of child labour, forced labour or gender-based violence, depending on local needs.

Small-scale Producer: A producer that is not structurally dependent on permanent hired labour and that manages production mainly with a family workforce, where most working time is spent on agricultural/artisanal activities on their own farms or homes, and where revenue from such activities is the major part of their total income.
FOR MORE INFORMATION, please visit: https://www.fairtrade.net/issue/human-rights