

# CHILD LABOUR IN THE COCOA SECTOR

Perspectives and Approaches

June 2024

#### **Key Messages**

Today, child labour persists as a pressing issue across the globe and remains a major concern in the cocoa supply chain. The problem of child labor in the cocoa sector stems from the multifaceted poverty of cocoa farmers. As a result, a holistic approach is required to tackle the systemic issues that cause the poverty in the first place. This requires all actors involved in the cocoa supply chain and other involved stakeholders to take respective actions and collaborate in doing so.

New legislation both at the national and European level will introduce new human rights due diligence obligations for companies along the cocoa supply chain. Through Private-Public Partnerships (PPPs), companies can support governments in cocoa-producing countries enhance public services and social protection systems.

PPPs can also increase the coverage and effectiveness of Child Labour Monitoring and Remediation Systems (CLMRS) as well as community development approaches that are central in identifying and remediate cases of child labour. Effective coordination and avoidance of duplication of efforts are key in these areas.

All members of the Swiss Platform for Sustainable Cocoa (SWISSCO) engaged in cocoa-producing countries with a high rate of child labor have pledged to address child labor and enhance perspectives for young people by 2025, as detailed in the Roadmap 2030. With the recent regulations that have been introduced in the EU and Switzerland, the Cocoa Platform is committed to helping its members implement comprehensive plans to solve labour-related issues in cocoa-producing countries.

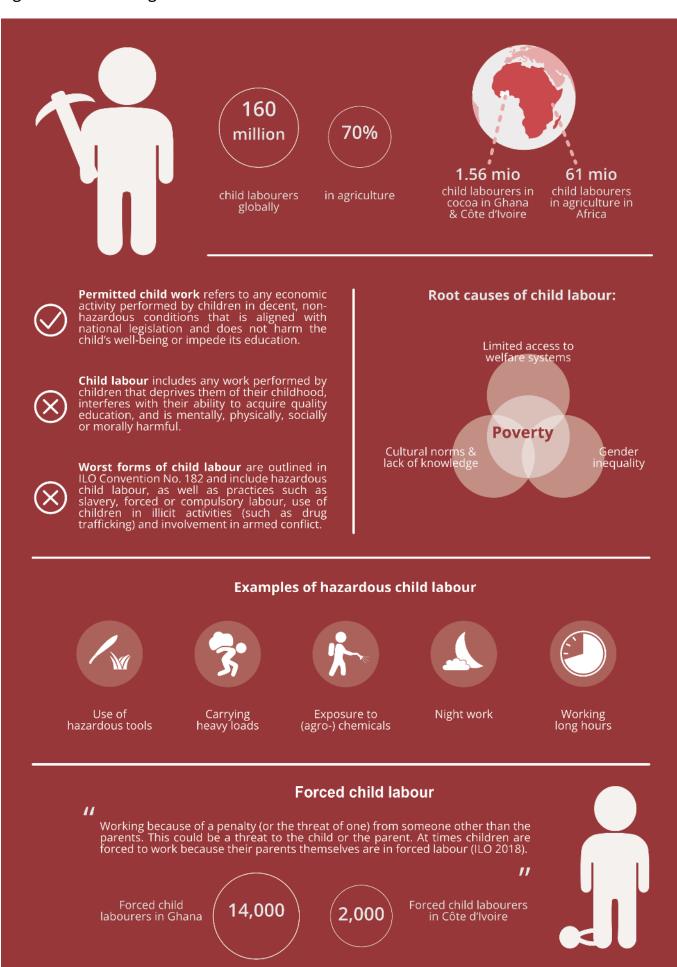
Child labour is recognised as the predominant and most severe form of human rights violation in the cocoa supply chain. Children as rightsholders should receive special attention and are often impacted differently and more severely by everyday harms, as these might have lifelong consequences affecting their health, education and/ or development. Despite extensive efforts on the part of governments, cocoa-producing communities as well as stakeholders along the cocoa supply chain, previ-

ously reported progress has regressed, attributed partly to the impact of the COVID-19 pandemic on economies and schooling.<sup>1</sup>

As outlined in our Roadmap 2030, all members of the Swiss Platform for Sustainable Cocoa (SWISSCO) active in cocoa-producing countries with an incidence of child labour have committed to contributing to tackling child labour and improving the perspectives of youth by 2025.

<sup>1</sup> International Labour Organisation & UNICEF, 2021: Child Labour - <u>Global Estimates 2020, Trends and The</u> Road Forward. International Labour Office and United Nations Children's Fund Child Labour.

Figure 1: Facts and Figures on Child Labour in the Cocoa Sector



In particular in light of the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO, 2022) and the recently adopted EU Forced Labour Regulation and Corporate Sustainability Due Diligence Directive (EU CSDDD), the Cocoa Platform is dedicated to supporting its members in taking comprehensive measures to address labour-related challenges in cocoa-producing countries.

While multiple factors contribute to child labour, multidimensional poverty among cocoa-farming families has been identified as the principal cause of child labour. This includes income-related factors as well as access to social protection and other welfare-related services such as education, health care and safety nets. Additionally, persisting gender inequality and entrenched cultural norms further contribute to the prevalence of child labour.

### Child Labour: The Regulatory Framework

Not all work done by children is considered child labour. Light and non-hazardous work that children above the minimum working age<sup>2</sup> do for a limited period and without interfering with their schooling is internationally accepted.<sup>3</sup> Such work can even help children learn valuable skills and contribute to their family's welfare. However, the UN Convention on the Rights of the Child (Article 32) recognises every child's right to "be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education" or that is likely to harm the child's health or "physical, mental, spiritual, moral or social development".<sup>4</sup>

While the international community has agreed on common definitions of child labour in the ILO Conventions 138 (Minimum Age) and 182 (Worst forms of child labour), it is important to bear in mind that national legislation<sup>5</sup> are implemented by every country who determines the effective and legally binding framework conditions. These frameworks stipulate important parameters such as the maximum permit-

ted working hours for different age groups and tasks considered hazardous.

In 2001, cocoa and chocolate industry representatives from all over the world signed a voluntary agreement, known as the Harkin-Engel Protocol, which aimed to eliminate the worst forms of child labour by 2005. Initially introduced by Member of US Congress Eliot Engel as a legislative amendment to an agriculture bill to fund the development of a "no child slavery" label, this voluntary agreement has failed its goal of reducing child labour by 70% by (2020), despite several deadline extensions, a reduction of the targeted cocoa-producing countries and a Framework of Action (2010) to enhance implementation.

The eradication of child and forced labour, modern slavery and human trafficking has also been addressed in the 2030 UN Agenda for Sustainable Development, initiated in 2015 and included in SDG target 8.7. Alliance 8.7, a global multi-stakeholder partnership supports national governments in reaching this goal by providing a platform to share information, lessons learned and demonstrate progress. Despite these international efforts, combined with national regulations and action plans in cocoa-producing countries, challenges persist in addressing the root causes of child labour.

In Switzerland, the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour introduces new obligations on Swiss companies including human rights due diligence and reporting obligations specifically related to child labour. While the Swiss legislation exempts Small and Medium-sized companies (SMEs) below a certain threshold<sup>6</sup> from due diligence obligations, it is expected that the cocoa sector falls under the risk sectors for child labour, which cancels out any exemption based on company size.

At the EU level, the EU Forced Labour Regulation and the EU Directive on Corporate Sustainability Due Diligence (CSDDD) were approved in the spring of 2024. Under the Forced Labour Regulation all products manufactured using forced labour or child

According to the International Labour Convention 138, the minimum age shall be specified by each country's own legislation but shall not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years.

<sup>3</sup> ILO, 1973: C138 - Minimum Age Convention, 1973 (No. 138).

<sup>4</sup> United Nations (UN), Convention on the Rights of the Child, 1989

Find here ICI's comparative analysis of child labour decrees (including a list of hazardous activities) in Cameroon, Côte d'Ivoire and Ghana.

Total assets of CHF 20 million; Sales of CHF 40 million; and an annual average of 250 full-time employees

labour will be banned from being exported to the EU or made available on the EU market. Meanwhile, the directive mandates companies above a certain size threshold<sup>7</sup> to conduct human rights and environmental due diligence.

As these legislations are relatively recent and still in early stages of being implemented, not much is known about potential repercussions of non-compliance. It can be expected, however, that legal consequences such as market bans and penalties will be applied to companies falling short.

### Human Rights Due Diligence (HRDD) - Sources & starting points for companies

Any company that is committed to addressing human rights risks such as child labour in their operations and supply chain, need to conduct ongoing and risk-based human rights due diligence.

Human Rights Due Diligence (HRDD) is a management system that allows companies to proactively assess and manage the actual and potential human

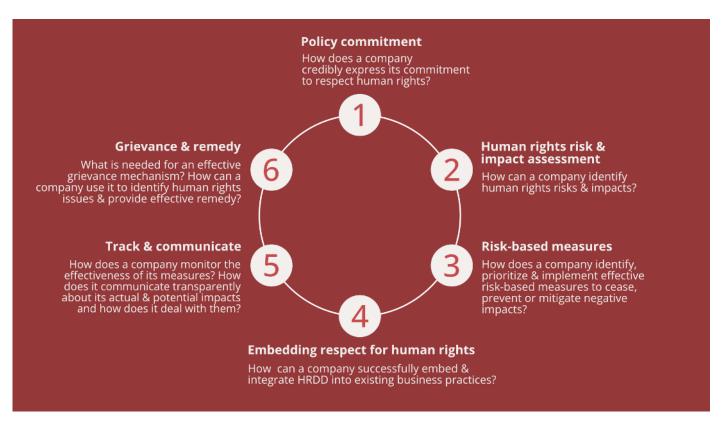
rights risks and impacts along their supply chain and take appropriate measures to address them.

While HRDD takes into consideration many different aspects of human rights, child labour is a major, if not the main human rights concern in the supply chain of most companies in the cocoa sector.

As the legislative framework for mandatory Human Rights Due Diligence is rapidly evolving, companies need to follow these developments closely. The "Regulatory Developments" World map by Swiss consultancy focusright and the Business & Human Rights Resource Centre's Mandatory Human Rights Due Diligence Portal. can help companies keep updated with the latest regulatory developments.

These regulations generally align with international due diligence standards such as the <u>UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.</u> These guidelines set out six key elements of any HRDD process.

Figure 2: Key Elements of Human Rights Due Dilligence



Source: Adapted from focusright

<sup>7</sup> EU companies and parent companies with 1000+ employees and global turnover exceeding €450 million; Non-EU companies and parent companies generating turnover exceeding €450 million in the Union; Franchises with a turnover of more than €80 million, with at least €22.5 million generated by royalties.

An important first step in the implementation of HRDD is a company's public commitment to respect internationally recognised human rights in its supply chain. It is crucial that this commitment is endorsed at the highest possible level within a given company and is embedded and implemented throughout the enterprise, its business values and culture.

At the risk identification stage, an important first step for companies is to consult secondary data, such as country-level reports provided by the ILO or the US Department of Labour. The CSR Risk Check tool of the Swiss State Secretariat for Economic Affairs (SECO) can support companies in conducting risk assessments for countries and products linked to their supply chain. This step is particularly important for companies that source their cocoa from various countries with differing risks of child labour, to help them prioritise and concentrate their efforts and resources where most urgent, before addressing areas with lower risks.

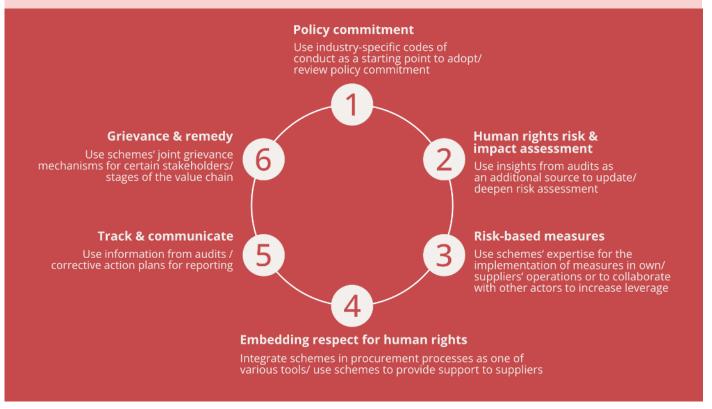
After such an initial assessment, companies need to identify the children (at risk of) being in child labour in the respective cocoa growing areas. Here, collaboration with, or the establishment of a Child Labour Monitoring and Remediation System (CLMRS, see Figures 4 and 5) via its community facilitator can provide an up-to-date, local assessment. An assessment of related costs, local resources and capacities, as well as experience is important for companies who are considering establishing a CLMRS. It might be worthwhile to commission a specialist organisation to set up a CLMRS as a first step before transitioning to an in-house model, as capacities develop.

Before implementing any measures, it is crucial that companies thoroughly understand their supply chain and the actors involved at all stages. This allows for an assessment of what specific measures and programmes may already be in place as well as their efficacy, identify potential linkages and synergies (with other companies, Civil Society Organ-

### The role of certification and standards in due diligence compliance

Certifications and the adherence to standards can support companies in implementing their due diligence obligations, but they do not replace the duty of care to implement corporate due diligence as stipulated by the law. See Figure 3 below to see how sustainability schemes can contribute to the due diligence process at each of its key steps:

Figure 3: Examples of contributions of certifications and schemes to HRDD



Source: Adapted from focusright

isations (CSOs) or local authorities), and can even help save scarce local resources at the earlier risk assessment stage.

Several organisations have developed valuable, practical guides for the implementation of HRDD, some with a specific focus on the cocoa sector.

The OECD and ICI have jointly developed a <u>Business</u> Handbook on <u>Due Diligence in the Cocoa Sector</u>, which can be seen as a practical handbook for companies to help identify, prevent and address risks related to human rights in the cocoa sector, with a focus on child labour and forced labour risks.

On behalf of the SECO and the Federal Department of Foreign Affairs FDFA, focusright published a practical guide that helps both SMEs and large companies to develop and implement pragmatic and effective human rights due diligence processes in line with the UN Guiding Principles and the OECD Guidelines.

The International Labour Organization (ILO) Child Labour Platform (CLP) is a business-led initiative that helps companies eradicate child labor in their supply chains by providing knowledge sharing, practical tools, training, and fostering multi-stakeholder collaboration. By participating, companies can enhance their reputation, mitigate risks, ensure compliance with international labor standards, and contribute to sustainable and ethical supply chains.

### Approaches to prevent and address child labour

Effectively preventing and addressing child labour requires a comprehensive approach that considers the root causes and consequences, involving both the private and public sectors. Companies bear the responsibility to use their leverage and impact along the supply chain to effect change and to collaborate and engage with governments.

Supply chain and HRDD mechanisms should be viewed as integral components within a broader range of interventions that encompass community and national frameworks. Such a systemic approach has the added benefit of achieving multiple rights and well-being goals for all children beyond the elimination of child labour, including their rights to social security, health, education, and an adequate standard of living.

Following collaborative approaches, stakeholders can address the root causes of child labour by improving farmers' resilience through income diversification, improving access to quality education and healthcare, awareness raising of children's rights, monitoring child labour situations, and fostering policy environments that are child-sensitive and uphold human rights.

Figure 4: Common approaches to tackle child labour



### The role of social protection programmes

Social protection systems play an important role in eliminating child labour by reducing risks of family poverty and vulnerability, supporting livelihoods and school enrolment. Social protection policies and programmes must be carefully designed and implemented, taking into consideration factors such as legislation and enforcement capacity, social norms, local markets and infrastructure, as well as schooling access and quality.<sup>8</sup>

However, while social protection can be a powerful tool to address child labour, its ability to reduce child labour is not guaranteed. Cash benefits, for instance, can reduce demand for child labour but may also lead to investments (e.g. increased production) that, at least in the short term, increase demand for child labour. Household economic activities can draw children into hazardous labour, especially without access to labour-saving technologies.

Design features of social protection programmes, like payment amounts and duration, affect their impact on child labour.

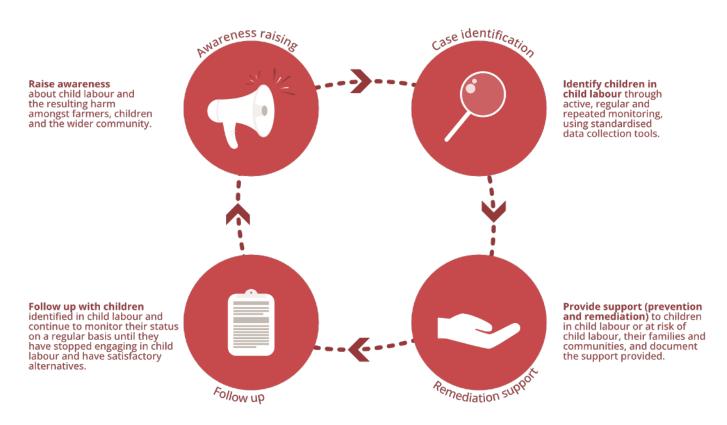
## Child Labour Monitoring and Remediation Systems (CLMRS) and Comprehensive Community Development

Two common approaches exist to assess and address child labour in the cocoa sector: Child Labour Monitoring and Remediation Systems (CLMRS) and Comprehensive Community Development approaches.

### Child Labour Monitoring and Remediation Systems (CLMRS)

CLMRS is an effective approach developed by the ILO that aims to identify children in child labour, provide remedial support, and follow up with children to monitor their progress (see Figure 5).

Figure 5: Child Labour Monitoring and Remediation System



<sup>8</sup> ILO & UNICEF, 2022: The role of social protection in the elimination of child labour. Evidence review and policy implications. International Labour Organization and UNICEF Office of Research – Innocenti.

It is being implemented today by all large chocolate and cocoa companies to fulfil their HRDD obligations. It is important that companies who seek to implement a CLMRS approach as part of their due diligence approach collaborate closely with local authorities to avoid duplication of efforts.

The four key steps of a CLMRS, recently identified in a benchmarking analysis, are closely aligned with the key steps of HRDD (see Figure 2) as stipulated in international standards and reflected in the Swiss and EU legislation.

Underscoring the importance of women's empowerment in cocoa-growing areas, a study found that female CLMRS agents<sup>9</sup> were more successful at identifying cases of child labour. Yet, women are still significantly underrepresented among CLMRS agents.<sup>10</sup>

Further findings show how an increased share of women in the role of CLMRS agents appears to have multiple benefits, both in terms of the skills women bring to the job and in gender-transformative effects in cocoa communities.<sup>11</sup> More information on CLMRS can be found here on our website.

#### Community development approaches

Another common approach is the so-called community development approach. Following a participatory model, community development approaches bring communities together and allow them to play an active role in implementing child-centred development. They can be implemented independently or in conjunction with a CLMRS.

Beginning with a needs assessment, community members work together to develop a community action plan to improve the situation in their community, aiming to build a more protective environment for children. A so-called Community Child Protection Committee is an important part of the protective environment and central to effective communication between communities and local authorities.

#### **Child Labour Prediction Models**

Predicting the risk of child labour through data-driven models can help target interventions more efficiently. They can guide the prioritisation of high-risk households for child labour monitoring and inform the distribution of preventive support. However, the reliability of these models relies on the accuracy and actuality of their data on targeted farm households. Training and support for producers and suppliers is needed to collect and manage accurate and upto-date data from farming families.

<sup>9</sup> CLMRS Agents (also known as Community Facilitators or Field Officers) are the first point of contact that co-coa-producing households have with the Child Labour Monitoring and Remediation System and are key to its success. They are responsible for explaining the CLMRS and its objectives, raising awareness on harm caused by child labour, and conducting interviews with farming families to identify children who need support. Source: Spotlight on Child Labour Monitoring and Remediation System (CLMRS) agents | ICI Cocoa

<sup>10</sup> ICI, 2021: Effectiveness review of Child Labour Monitoring and Remediation Systems in West African cocoa sector. International Cocoa Initiative.

<sup>11</sup> ICI, 2023: Gender dimensions in the role of CLMRS agent. International Cocoa Initiative.

### Measures to prevent and remediate child labour

Both approaches described above - CLMRS and community development – can be used to deliver different forms of support to prevent and remediate cases of child labour and address the root causes. These include:



**Promote & implement activities to increase and diversify the income of co-coa farmers.** Poverty, often a result of the farm gate prices being too low to ensure a living income, is a priority when addressing child labour. Expanding adult workload through income-generating activities may inadvertently increase child labour. <sup>12</sup> However, different strategies such as engaging in secure, long-term partnerships with farmers or implementing other forms of sustainable procurement practices, can be effective measures for companies to take (read more on this here).



**Ensuring accessible and affordable quality education** is vital in combatting child labour. School-based interventions, coupled with community mobilization, have proven effective. Initiatives like teacher training, school construction, and feeding programs can enhance school attendance rates. However, the complexity extends beyond access to schools; issues like education quality and financial constraints hinder attendance. Even among children attending school, child labour remains prevalent, suggesting the need for targeted interventions addressing local dynamics and family needs.<sup>13</sup>



**Promoting gender equality** involves empowering women through education, and economic opportunities. We can also achieve more equality by promoting women, to leadership roles, while also sensitising men on gender equality and its manifold benefits. Gender-transformative approaches challenge deeply rooted inequalities and can help protect girls and boys from exploitative labour, as they address and seek to remediate poverty as one of the root causes of child labour.



**Support adolescent skills development** initiatives that help young people beyond the mandatory school age acquire essential skills for decent work and income and advance their life prospects and human rights. Such programmes can provide vocational training and practical knowledge, facilitating successful workforce transition. This not only benefits individual adolescents but also promotes broader economic growth and community development.



**Equip and train Community Service Groups (CSGs)**: Many households face challenges accessing affordable adult labour to work on the farm. CSGs can offer services such as pruning, pollinating or weeding at an affordable rate, helping provide an alternative to the use of children to assist with these tasks.



**Improving infrastructure** enhances living conditions and fosters an environment that is supportive of children's well-being. By easing burdens like water fetching, access to education can be facilitated. Projects such as road construction increase connectivity, reducing travel time to schools. Adequate sanitation facilities, especially beneficial for girls, reduce barriers and improve safety, encouraging their school attendance.



**Facilitating birth registration** can help establish an official record of a child's existence, which is essential for accessing education and social services, ultimately reducing the vulnerability to child labour.

Read more on how household income and farm productivity are related to child labour prevalence here.

NORC Report, 2020: Assessing Progress in Reducing Child Labor in Cocoa Production in Cocoa Growing Areas of Côte d'Ivoire and Ghana

### **Towards Eradicating Child Labour: The Way Forward**

Child labour, often rooted in multidimensional poverty among cocoa-farming families, requires a multifaceted approach. Supply chain actors and other stakeholders, including governments and civil society, need to understand interlinkages between approaches to address child labour and assume their respective responsibilities and accountability.

### Increase the coverage and effectiveness of approaches to prevent and address child labour:

To prevent and address child labour, implementing Child Labour Monitoring and Remediation Systems (CLMRS) or community development approaches improves transparency, data availability, and fosters a protective environment for children's rights. However, only a fraction of households and communities with children in or at risk of child labour are covered by these systems. Enhancing compatibility and cooperation among public-private monitoring systems and prevention/remediation measures is crucial to strengthen their effectiveness.

**Enhance public services and social protection systems:** Despite improvements in social protection coverage, funding gaps persist, which require sustained investment and comprehensive, child-sensitive services in cocoa-producing countries. This includes interventions such as cash transfers, healthcare support, and access to education through scholarships and school feeding programs. Tackling deficits in social spending by national gov-

ernments is vital, with official development aid and strengthened public finance management being key to increasing the efficiency and transparency of limited resources.

**Promote economic development:** With multidimensional poverty being at the core of the issue of child labour in the cocoa sector, promoting local economic development in farming communities should be a priority for all involved stakeholders. Whether through direct action taken by companies to address factors contributing to poverty in their supply chain or through leveraging public-private partnerships (PPPs) that support economic development, all involved stakeholders have a shared responsibility to lift cocoa-farming families out of poverty.

#### Improve coordination among stakeholders:

Any activities and engagement must be well coordinated to avoid wasting already scarce resources and avoid duplication of efforts. A clear allocation of roles and facilitating the exchange of information can create synergies and maximise impact. In this light, landscape approaches show promise in strengthening collaboration across sectors, preventing child labour from shifting to other industries like gold mining, while ensuring efficient resource utilisation. However, ongoing landscape projects need to mature before assessing their impact on child protection, and clarity is needed on their role in implementing HRDD requirements fo companies.

Figure 6: A holistic approach to tackling child labour

