

# **A TALE OF TWO SUPPLY CHAINS:**

## **Child Labor in the Vanilla Sector in Madagascar**

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**FAIR LABOR**  
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# I. EXECUTIVE SUMMARY

## **The Fair Labor Association (FLA)**

conducted a mapping assessment of two vanilla supply chains in the SAVA region in Madagascar. We mapped the supply chain structure, existing labor conditions at a vanilla plantation, and the smallholder supply chain with a focus on child labor and developed recommendations for stakeholders based on the findings.

*Among the findings:*

### **Child labor is prevalent in the informal small-holder supply chain, and awareness of child labor standards is low.**

Interviews with 80 children, ages 9 years to 15 years, confirmed that nearly all children help their parents in vanilla or rice fields outside of school hours and that some attend to household chores. Examples of hazardous work, such as transporting vanilla beans (heavy load) and using sharp tools (knives and machetes), were documented among boys ages 12 to 15. It is common for children ages 10 to 11 to be involved in farm activities for a significant number of hours (33) per week when 14 hours per week is the recognized maximum for light work. Children often earn “pocket money” for their work, a rate which is half that paid to hired adult workers.

### **The public education infrastructure is not conducive to teaching or learning.**

Teachers face overcrowded classrooms and do not receive the required training. Students lack the materials and equipment (desks, benches, blackboards,

*The purpose of this report is to add to the existing body of knowledge on child labor in the vanilla sector and urge the government of Madagascar, international vanilla buyers, and local vanilla suppliers to take concrete steps toward resolving child labor issues in the vanilla supply chain.*

## REPORT KEY TAKEAWAYS

- ▶ **Child labor is prevalent in the informal, small-holder supply chain**
- ▶ **The public education infrastructure is not conducive to teaching or learning**
- ▶ **High prices for vanilla lead to undesired outcomes for producers and the community**
- ▶ **Different types of non-compliance identified on a plantation versus smallholder farms**
- ▶ **Gaps exist in supply chain management systems**
- ▶ **Existing sustainability initiatives fall short of meeting the overall goal to reduce child labor**





Primary school built in a vanilla producing community with support from a food and beverage company and Supplier A

books) essential to their education. For example, school kits, a state responsibility, often reach students too late in the year or not at all. This leaves parents to purchase materials if they can afford them.

**High prices for vanilla lead to undesired outcomes for producers and the community.** The high price paid for harvested vanilla leads to high inflation, early harvests (leading to lower quality product), and theft from the fields. Meanwhile, in spite of high prices, vanilla does not ensure a steady income during the year because harvests are sold seasonally. While the income from vanilla alone is not sufficient to survive for 12 months, producers chasing high vanilla prices lack the motivation to diversify. Only 16 percent of producers interviewed reported a source of agriculture income other than vanilla.

**A tale of two non-compliances.** The assessment identified different types of non-compliance on plantation versus smallholder farms. Issues identified at the plantation include a lack of consent for working overtime hours during peak season, lack of one day off in seven days, limited use of personal protective equipment, no collective bargaining agreement, and the need for contracts written in workers' native languages. The most common concerns on smallholder farms include the presence of family-based child labor, lack of understanding about permissible family work and light work for children, and no case management to ensure the removal and rehabilitation of child laborers.

**Gaps exist in supply chain management systems.** While several international buyers alongside their local suppliers maintain



programs and have invested in community-based interventions in Madagascar, these “social” projects are not a substitute for a systems-based approach to protecting workers. There is a need to develop a workplace standards management program, perhaps modeled off other commodities in the FLA agriculture program, to ensure that labor standards components are embedded throughout the vanilla supply chain.

**Existing sustainability initiatives fall short of meeting the overall goal to reduce child labor.** Multiple sustainability projects with objectives to reduce child labor

## II. INTRODUCTION

**The Fair Labor Association (FLA)** is a nonprofit organization with a mandate to improve conditions for workers across supply chains. FLA started its activities in the agriculture sector in 2004. Currently, FLA’s work in agriculture spans 25 commodities in 32 countries. FLA research examines labor abuses in diverse sectors, publishes reports, and holds affiliated companies responsible for addressing labor abuses in their upstream supply chains. FLA’s existing work covers agricultural commodities including hazelnuts<sup>1</sup>, cotton<sup>2</sup>, sultanas, apricots, cumin<sup>3</sup>, cotton<sup>4</sup>, cocoa<sup>5</sup>, hybrid seeds (vegetables, corn, rice, soy etc.)<sup>6</sup>, palm oil<sup>7</sup>, and rubber<sup>8</sup>.

The mapping of the vanilla supply chain in Madagascar presents the working conditions at a vanilla plantation and in a smallholder farmer supply chain. The assessment covered supply chains for buying companies that are based in Europe with sourcing relations

or improve working conditions have not yet been able to achieve their objectives, according to stakeholder interviews. Among the challenges, company-led programs are used to gain the loyalty of vanilla growers, making them competitive when collaboration is needed. Government-run initiatives lack the resources and the means to go to scale. Poor infrastructure in remote regions make it difficult to foster programs in the communities that need them the most.

This report includes a series of recommendations based on the findings from this assessment.

with a local processor/exporter based in Madagascar. FLA staff conducted the field visits in the SAVA<sup>9</sup> region in the communities of Vohémar, Sambava, and Antalaha, and collected primary data from 284 persons during November and December 2019 (See Annex 1 for methodology).

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1 <https://www.fairlabor.org/global-issues/hazelnut-project-in-turkey>  
<https://www.fairlabor.org/report/lessons-learned-during-flas-pilot-project-turkey>

2 [https://www.fairlabor.org/sites/default/files/documents/turkishcottonreport\\_final.pdf](https://www.fairlabor.org/sites/default/files/documents/turkishcottonreport_final.pdf)

3 <https://www.fairlabor.org/our-work/special-projects/project-harvesting-future>

4 [https://www.fairlabor.org/sites/default/files/documents/reports/cottonseed\\_farms\\_india\\_0.pdf](https://www.fairlabor.org/sites/default/files/documents/reports/cottonseed_farms_india_0.pdf)

5 <http://www.fairlabor.org/search/node/cocoa>

6 <https://www.fairlabor.org/affiliate/syngenta>

7 [https://www.fairlabor.org/sites/default/files/documents/palm\\_oil\\_report\\_fla-cgf\\_final.pdf](https://www.fairlabor.org/sites/default/files/documents/palm_oil_report_fla-cgf_final.pdf)

<https://www.fairlabor.org/sites/default/files/protecting-palm-oil-workers-malaysia.pdf>

8 [https://www.fairlabor.org/sites/default/files/rubber\\_mapping\\_project\\_information\\_sheet\\_0.pdf](https://www.fairlabor.org/sites/default/files/rubber_mapping_project_information_sheet_0.pdf)

9 SAVA is an acronym of four communities (Sambava, Antalaha, Vohémar, Andapa) <https://www.econstor.eu/bitstream/10419/183584/1/1032725907.pdf>

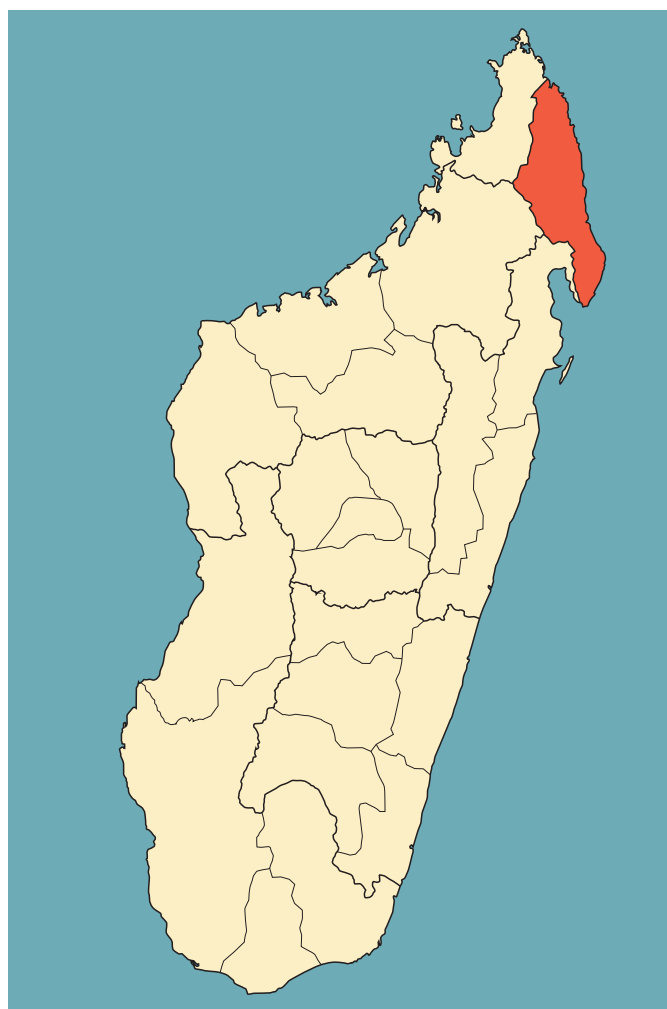
# III. COUNTRY CONTEXT

## I. VANILLA PRODUCTION

**Madagascar is the world's leading producer of vanilla**, representing about 80 percent of the global supply<sup>10</sup> and is the top commodity exported from the country<sup>11</sup>. It is mostly produced by about 80,000 smallholder farmers who own small plots where they cultivate vanilla pods. The plots average 0.5 to 2 hectares in size. The growers usually handle all manual work with the help of family and community members<sup>12</sup>.

Interviews with local stakeholders indicate that in the vanilla value chain, in addition to the vanilla producers, there are about 6,000 *preparators* (person responsible for the vanilla curing process), and 33 processors and exporters in Madagascar. A few suppliers operate their own plantations in addition to sourcing from smallholder farmers. The SAVA region located in the north of Madagascar is the main vanilla producing area with 70,000 producers. The largest cities in SAVA are Sambava, Antalaha, Vohémar, and Andapa.

Vanilla production is time and labor intensive and demands patience, expertise, and strenuous work. Once vanilla is planted, it takes three to four years before a plant produces beans (green vanilla). Since there are not a lot of bees in Madagascar, manual labor is required to pollinate vanilla orchids, a task which normally occurs between September and December. The vanilla flower blooms only once and typically opens for just a few hours in the early morning<sup>13</sup>. It then takes seven to nine months from the time of pollination until the vanilla bean matures and is ready to be harvested.



**Map 1: SAVA Region**

There are several maintenance tasks during the year. Plots are cleaned up to three times a year and new vanilla tendrils (reaching 10 meters in length) are placed around the tutor trees. The longer the vanilla bean is allowed to mature on the plant, the more concentrated

10 <https://www.ft.com/content/02042190-65bc-11e8-90c2-9563a0613e56>

11 <https://oec.world/en/profile/country/mdg/>

12 <https://time.com/5308143/vanilla-price-climate-change-madagascar/>

13 <https://old.danwatch.dk/en/undersogelseskapitel/hver-eneste-vaniljeorkide-skal-haandbestoeves/>



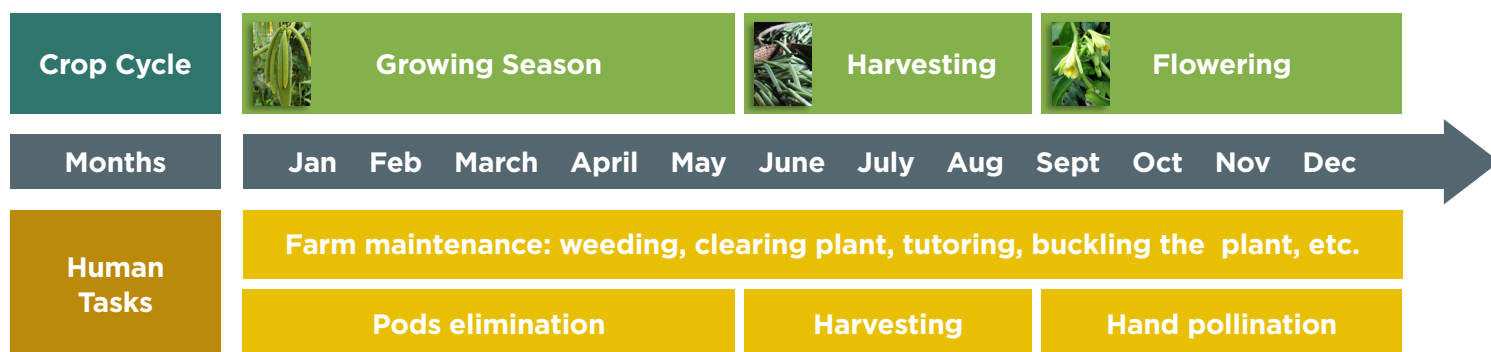


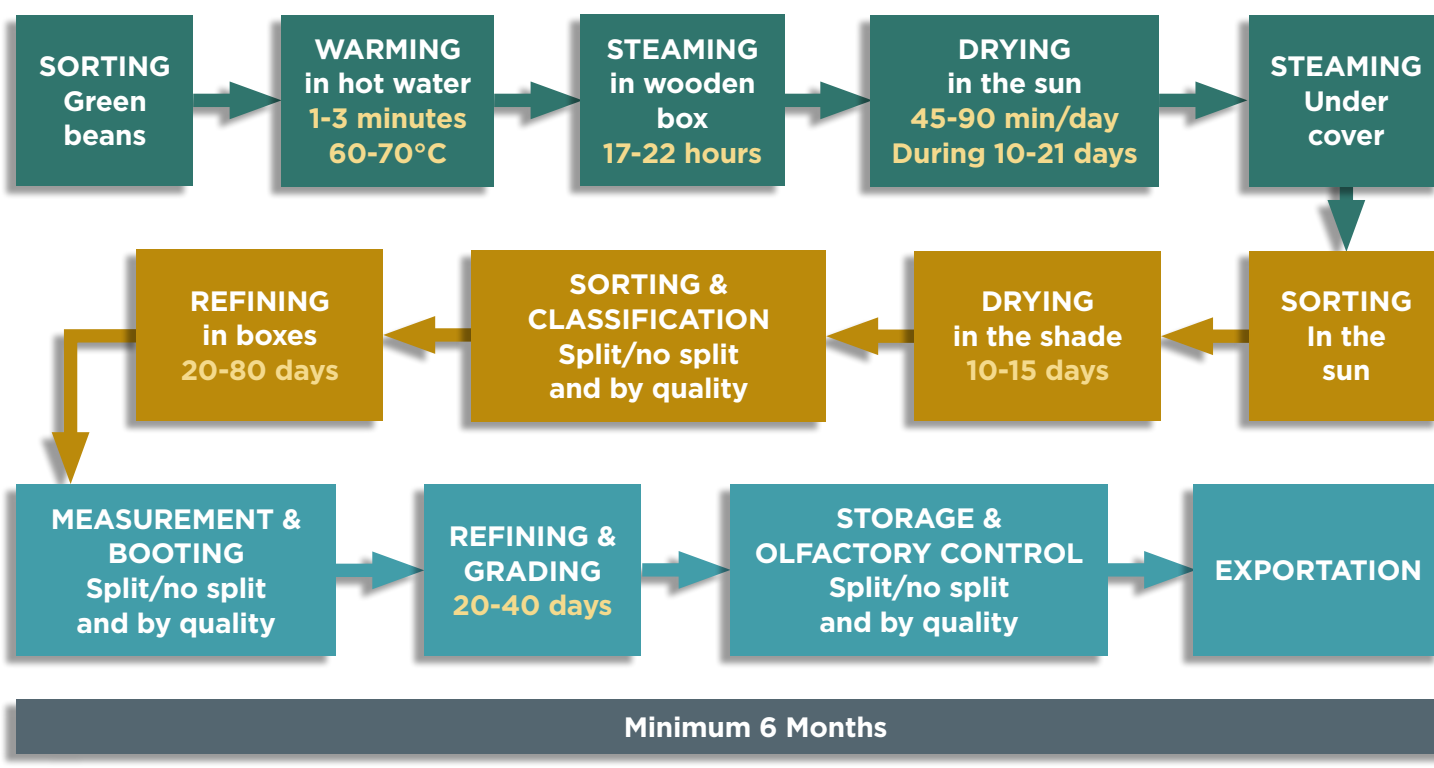
Figure 1. Vanilla crop cycle and related production tasks

the flavor of the bean. The quality of vanilla is determined by the concentration of the aroma compound vanillin, which impacts its price. Figure 1 summarizes the vanilla crop cycle and highlights the manual labor needed to produce green beans.

Post-harvest, the green vanilla beans go through a long and complex curing (preparation) process (Figure 2). During this

process the aroma and flavor develops, which determines its quality and price. The vanilla bean acquires its dark color during this process. In Madagascar, most vanilla is prepared in a traditional way either by the producers (partially) and/or by professional “*preparators*”. Black vanilla is then exported to various companies to be used in flavorings, fragrances, food and beverage, cosmetics, etc.

Figure 2. Vanilla curing process



## II. CHILDREN’S RIGHTS AND ACCESS TO EDUCATION

A 2012 study by the International Labour Organization (ILO) reported about 20,000 children aged 12 to 17 working in vanilla production in Madagascar, accounting for more than 30 percent of the sector’s workforce. Children are involved in all types of tasks, and exposed to hazardous conditions, such as high temperatures and toxic substances, transportation of heavy loads, and working long hours.<sup>14</sup>

Other organizations<sup>15</sup> regularly report on the need for buyers to take action to address issues in the vanilla sector in Madagascar,<sup>16</sup> highlighting untraced supply chains, unscrupulous middlemen, debt spiral, poverty,

and child labor. Madagascar has one of the highest rates of childhood stunting in the world<sup>17</sup> because of the lack of access to varied and nutritious food<sup>18</sup>. Vanilla from Madagascar is included on the United States Department of Labor’s list of goods produced with child labor<sup>19</sup> and the U.S. Department of State’s *2020 Trafficking in Persons Report*<sup>20</sup>.

14 <https://www.dol.gov/agencies/ilab/projects/madagascar-vanilla>

15 <https://stopchildlabor.org/?p=2072>

16 <https://old.danwatch.dk/en/undersogelse/thehiddencostofvanilla/>

17 <https://www.worldbank.org/en/programs/sief-trust-fund/brief/addressing-chronic-malnutrition-in-madagascar>

18 <https://www.unicef.org/madagascar/en/programme/nutrition>

19 <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/madagascar>

20 <https://www.state.gov/reports/2020-trafficking-in-persons-report/madagascar/>



Interview with two teachers from a public primary school



During interviews with stakeholders, teachers, parents, and children, the FLA noted that access to education and the conditions for teachers and schools is not conducive to teaching or learning. Schools and children lack classrooms<sup>21</sup>, educational material, equipment (desks, benches, blackboards, books, school kits) and qualified and motivated teachers. School supplies often don't reach the villages or reach them too late in the year. Parents are often left to buy the school kits, if they can afford them.

In the two public schools visited as part of the assessment, most of the teachers (with or without subsidies, but no *titularies*)<sup>22</sup> received less than the legal minimum wage. For example, one teacher without a governmental subsidy reported making 80,000 ariary (US\$22) per month through parents' contributions (40 percent below the legal minimum wage). The local legal minimum

wage (revised in May 2019) is 200,000 ariary per month (US\$54). In reality, many teachers survive because of the revenue from vanilla plots.

Eighty percent of the children interviewed for this research reported not wanting to attend school sometimes due to abbreviated class hours<sup>23</sup> and sometimes due to the punishment techniques used by teachers.

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21 Classrooms were reported to be often overcrowded and there are different grade levels in one classroom. It is not unusual for a class to have 30 to 50 children and one teacher.

22 In Madagascar, the public education has three types of teachers 1. class teachers (*titularies*), 2. teachers with subsidy, and 3. teachers without subsidy. Several teachers reported the difficult conditions and lack of proper guidance on curriculum, training, supervision, motivation, or timely payment of salaries. Teachers mentioned that it is not possible to live only with their teaching salary.

23 Due to the lack of infrastructure and teachers, most schools in the visited villages operate on a reduced school hour schedule to be able to host all grades. For example, classes with younger children meet for a couple of hours in the morning and the classes with older children assemble for longer hours over the afternoon. According to the stakeholders, this situation leads to a high turnover rate among public school the teachers, who leave to join private schools.

### III. NEGATIVE IMPACT OF HIGH VANILLA PRICE ON THE RURAL COMMUNITIES

The price of vanilla has increased in the last decade. At the start of 2020, the government of Madagascar implemented a minimum export price of US\$350 per kilo for all types of vanilla. Producers can earn more if they meet quality requirements.

High vanilla prices can lead to greater income for producers. Yet, high prices create concerns such as security (theft of vanilla beans from the farms), lower quality of vanilla (as farmers want to harvest and sell vanilla in haste before it fully matures), and deforestation (farmers want to convert forest into vanilla farms). High prices also create a

disincentive to grow other crops that could diversify producers' revenue.

The stakeholders interviewed reflected on the negative aspects of high prices of vanilla, including a high inflation rate of basic goods in SAVA. Basic goods in that region cost two to three times more than the rest of the country. The FLA team witnessed, for example, that the same bottle of water that costs 2,000 ariary in Antananarivo could cost up to 6,000 ariary in the SAVA region. High inflation has reduced vanilla producers' profit margins and has a negative impact on the livelihood of non-vanilla producing

families. Vanilla producing communities face precarious conditions with limited access to education, health care, potable water, and sometimes food.

Interviews with vanilla producing families further demonstrated that families remain largely dependent on vanilla for their livelihood. Sixteen percent of the producers interviewed reported having a marginal alternate source of income from other agricultural products. Given the producers' reliance on vanilla for their primary incomes, they run the risk of sudden income declines and impoverishment if prices drop. Income security is even more complicated by the fact that vanilla production does not ensure a steady income throughout the year. Producers sell most of their harvests from May to September and live off that money as long as they can. Often, by the following March

or April they have run out of their earnings. These are challenging months when producers find it difficult to provide for their basic needs.

Another area of concern identified during the research was vanilla growing families' lack of financial management and distrust of banks. In some cases, rural communities have no banks, and producers may not have bank accounts, placing them at risk of theft because vanilla transactions are made via large volumes of bank notes. Without the option of making a bank deposit and in fear of theft or extortion of their vanilla money, some producers reported buying high-priced consumer goods such as cars or motorcycles with their proceeds. Then, during lean periods, the producers sell these items, often for less than they paid, because they have no other income source. Thus, producers are trapped in a cycle of poverty.

**A vanilla producer's house  
in a visited community**





## IV. EXISTING INITIATIVES IN THE VANILLA SECTOR

**The government of Madagascar** has established programs to fight child labor. In 2007, the government adopted a *National Plan of Action to Combat Child Labour* that has been subsequently renewed and is implemented through the following councils and committees.

- National Council for Combatting Child Labour (CNLTE)
- 12 Regional Councils for Combatting Child Labour (CRLTE- Commission de Lutte Contre le Travail des Enfants).
- Its governance structure has been strengthened through the ILO's SAVA-BE project (see below), with the establishment of additional committees at the municipality level (CLLTE), and CPE (Comité de Protection de l'Enfance) at the village (*fokontany*) level.

Most vanilla industry members have signed the sectoral level CLLTE engagement letter with the objective to collectively fight child labor. The letter includes reference to international (ILO Conventions 182 and 138) and national standards on child labor and lays out a series of measures that companies need to take to communicate, raise awareness, and mitigate risks of child labor in their supply chains.

The government has issued national regulations on child labor (Act No. 2003-044 of 28 July 2004 on the Labour Code; Constitution of the Fourth Republic

(11 December 2010); Decree No. 2007-563 of 3 July 2007). The minimum age to work in Madagascar is 15 years. The minimum age to perform hazardous work is 18 years. These are aligned with the ILO Conventions. The Malagasy government has made completion of secondary school compulsory up to 16 years of age and issues an ID card starting at age 18<sup>24</sup>.

In 2015, the Sustainable Vanilla Initiative (SVI) was launched as a voluntary industry effort aiming to promote the long-term supply of high-quality vanilla that is produced in a socially, environmentally, and economically sustainable way<sup>25</sup>. All 28 SVI members (consumer goods manufacturers, flavors and fragrances companies, vanilla bean traders, and cooperatives) have signed the Vanilla Code of Conduct that was developed in collaboration with the exporters, the ILO, the government of Madagascar, and the National Platform for Vanilla (PNV) to combat child labor. SVI members agreed on shared goals, including growing the supply of traceable vanilla, improving producers' livelihoods, and addressing child labor.

In 2016, the ILO launched a four-year SAVA-BE Project to help with the implementation of the Vanilla code

24 Since the official ID is issued at 18 years, no reliable proof of age document is available for most people before that.

25 <https://www.idhsustainabletrade.com/sustainable-vanilla-initiative-svi/>

through a multi-stakeholder approach, with funding from the U.S. Department of Labor. The project, which concluded in July 2020<sup>26</sup>, aimed to bring together international vanilla industry leaders through the SVI and the Malagasy vanilla sector through the PNV to professionalize the vanilla sector and mitigate child labor risks. The project invested in education about child labor issues, ensuring capable systems for monitoring and addressing child labor issues, and investing in improving the livelihoods of vanilla producing communities including educational and vocational training opportunities for youth<sup>27</sup>. Interviews with the local stakeholders highlighted that the project's code implementation is underway. At the time of the FLA visit, the project was piloting an approach and developing a toolkit (Start.Coop)<sup>28</sup>. Per ILO's project communication, one training was organized in February 2020<sup>29</sup> with more planned. The SVI and the ILO also organized training for exporters<sup>30</sup> to build awareness on child labor, Code of Conduct implementation, and working with communities on resolution of child labor.

Beside the SAVA-BE project, there are multiple projects on the ground implemented by the private sector in collaboration with local or international CSOs<sup>31,32,33,34,35</sup>. The FLA team interviewed a number of international and local stakeholders to collect information on the conditions in the vanilla sector and their impressions about the various initiatives. Stakeholder insights are presented in Box 1.

26 [https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-ahidjan/---ilo-antananarivo/documents/publication/wcms\\_757607.pdf](https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-ahidjan/---ilo-antananarivo/documents/publication/wcms_757607.pdf)

27 [https://www.ilo.org/africa/media-centre/pr/WCMS\\_554937/lang-en/index.htm](https://www.ilo.org/africa/media-centre/pr/WCMS_554937/lang-en/index.htm)

28 Per ILO « Start.COOP is a low-cost, easy to use tool for those interested in starting and launching a cooperative in a participatory manner. It draws on technical content from existing materials in different ILO cooperative training tools. It also uses a peer-to-peer, activity-based learning methodology from the ILO's Community-Based Enterprise Development (C-BED) programme. Start.Coop package contains: a training guide, a facilitator's guide and two power point presentations that can be used for training of facilitators and direct beneficiaries." Find Start.Coop toolkit [here](#)

29 [https://www.ilo.org/global/topics/cooperatives/news/WCMS\\_736897/lang-en/index.htm](https://www.ilo.org/global/topics/cooperatives/news/WCMS_736897/lang-en/index.htm)

30 <https://www.idhsustainabletrade.com/news/stepping-up-to-stamp-out-child-labor-in-madagascars-vanilla-sector/>

31 <https://www.savethechildren.org.uk/about-us/who-we-work-with/corporate-partners/unilever/vanilla-for-change>

32 <https://nielsenmassey.com/sustainability/>

33 <https://www.symrise.com/newsroom/article/symrise-and-kellogg-company-achieve-ambitious-goal-of-100-responsibly-sourced-vanilla-by-2020/>

34 <https://www.firmenich.com/ingredients/press-release/firmenich-enriches-vanilla-palette-sustainable-and-cost-effective-natural>

35 <https://www.barry-callebaut.com/en/manufacturers/sustainability-in-action/vanilla>

## BOX 1: FEEDBACK FROM KEY INFORMANTS ON SOCIAL INITIATIVES

Stakeholder interviews suggest that the existing sustainability projects have not been able to achieve their stated objective of improving the situation of child labor at scale. Often, company-led programs become competitive to gain the loyalty of the vanilla growers.

Government-run initiatives lack the required resources

and the means to sustain and scale efforts. It is difficult to implement programs in remote locations such as in the SAVA region.

Stakeholders say strong overall coordination is needed to help companies and the government provide a concentrated and cohesive approach.



## V. A TALE OF TWO SUPPLY CHAINS

**Most international companies** use either natural or synthetic vanilla flavors in their products with food and beverage companies either buying directly from the local vanilla processors or in some cases through an intermediary flavoring and fragrance company. In the supply chain that the FLA researched, the food and beverage company

had direct and written procurement contracts with two Tier One suppliers. These suppliers operate as flavor and fragrance companies, based in Europe, and have different sourcing strategies for the vanilla they procure. Each company sources vanilla pods from Madagascar-based processing and exporting companies.

### I. VANILLA FROM A PLANTATION

The first assessed Tier One supplier procured vanilla from a local company (Supplier A) that owns and operates a 200-hectare plantation for the production of essential oils, including vetiver, vanilla and ylang-ylang. Vanilla is produced in a 30-hectare area within the plantation and is 100 percent organic

certified. This local company supplies to several international buyers.

Vanilla production from the plantation represents about 30 percent of the company's total vanilla volume. The remaining 70 percent comes from six producer

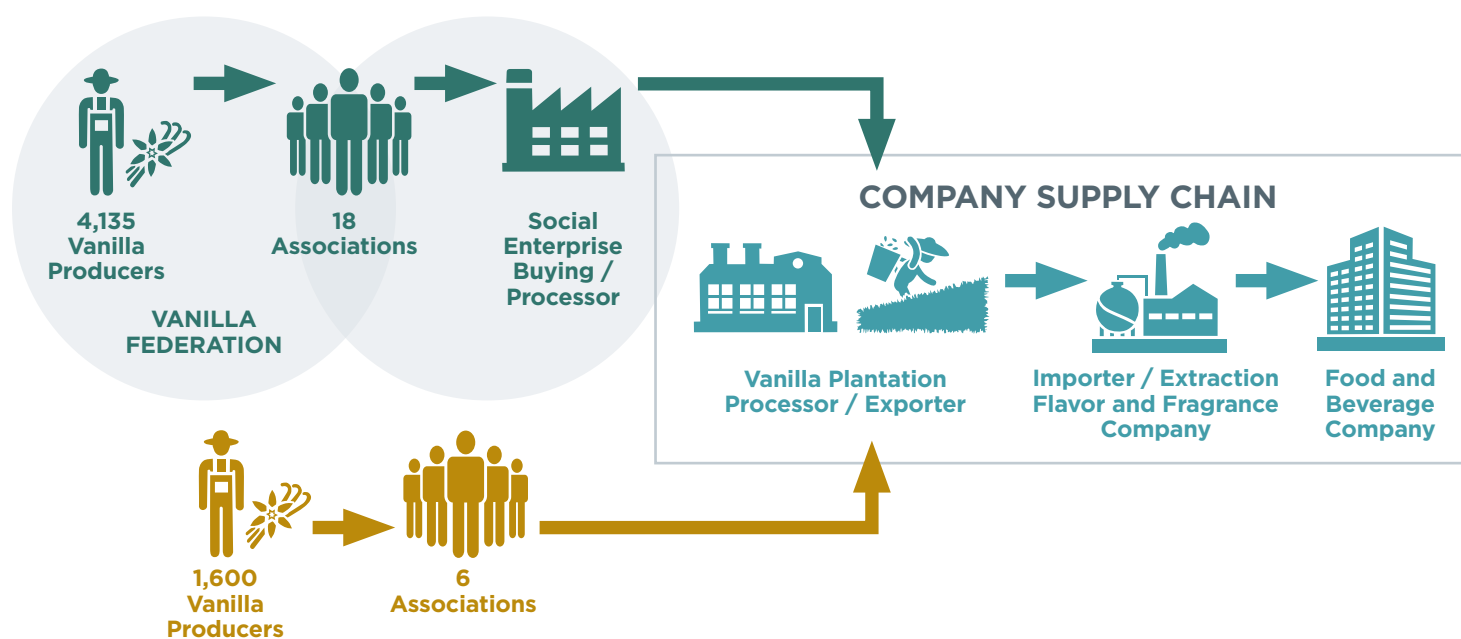


groups organized into associations and one intermediary supplier (a social enterprise). The six producer associations represent 1,600 producers, and the intermediary social enterprise sources from 4,135 smallholder producers organized into 18 associations. The plantation management informed the FLA that its supply chain is 100 percent traced to the farm level. The producer processes all its vanilla in an onsite processing unit at the plantation. Vanilla bought from the producer groups and the social enterprise, is pre-prepared by the producers and hence bought at a higher price<sup>36</sup>.

Vanilla producers are free to sell to any buyer since there are no legally binding contracts between the producers and the processing companies. In some cases, there may be a non-binding engagement letter (*Contrat d'Engagement*) that producers are requested to sign. The terms and conditions of this engagement letter may vary depending on the buyer. For the plantation, the FLA focused its research at the plantation level.

<sup>36</sup> For example, at the time of the assessment, the green vanilla was sold at US\$ 80 per kilo and the cured vanilla was sold at US\$ 240 per kilo. Fairtrade estimates that in order to make a living income the cost of green vanilla should at least be Euro 16.6 per kilo (for green vanilla).

Figure 3. Supply Chain of Supplier A



## OUTSIDE COMPANY SUPPLY CHAIN

## II. VANILLA FROM SMALLHOLDER PRODUCERS

The second Europe-based Tier One supplier (a fragrance and flavors company) also sources vanilla through a company based in Madagascar (Supplier B). The vanilla supplied to the food and beverage company comes from its fully-traced organic certified supply chain, which

is segregated and managed in a traceability system. The certified volume represents about 40 percent of the company's vanilla procurement. The remaining 60 percent comes from a non-certified supply chain, which is yet to be traced to the producer-



level. FLA focused its research on the traceable part of the supply chain.

In the smallholder supply chain, the vanilla producers sell their produce — either green beans or prepared black vanilla — to middlemen called “collectors”. The collectors play a key role in the traceability, quality control, and transportation of the vanilla beans to Supplier B. The local company works with four registered<sup>37</sup> collectors who collect vanilla from 3,000 producers located in 32 villages in SAVA. All producers are certified<sup>38</sup> for organic vanilla production. There is a supply chain management system to ensure traceability and quality of organic production, which are certification requirements.

Each collector covers a specific geographic area and a number of certified producers (Box 2). The collectors are located close to the producers. They are well respected locals who know vanilla production and often are vanilla producers themselves. Although there is no exclusive agreement between the collectors and Supplier B, two of the collectors met by the FLA team during the assessment have worked exclusively for the local company since 2006.

Vanilla collectors are engaged throughout the year in various tasks related to data collection, quality control, vanilla collection, and transportation. They are long-term and key partners to Supplier B and have two types of task-based contracts:

## BOX 2: COLLECTORS AND PRODUCERS

- Collector 1: 200 producers
  - Collector 2: 150 producers
  - Collector 3: 200 producers
  - Collector 4: 2400 producers
- 
- **Contract for referencing** (collecting data on size, production capacity, production volume, technical aspects, etc.) the plots and conducting internal controls (about nine months per year),
  - **Contract for vanilla delivery with cash advance** (for a certain volume of vanilla).

If collectors handle transportation of vanilla to Supplier B’s warehouse, they receive additional payment. Since collector number 4 covers a higher number of producers, he has hired four people (named “controllers”) to help him complete the work, i.e., visiting the vanilla plots, and collecting data. The controllers also play a role in providing technical training on organic production and raising producer awareness on environmental issues. According to interviews, the certification body directly trains the collectors on these aspects.

Supplier B reported making significant investments to build the control and quality system in the upstream supply chain. The non-binding engagement letter (*contrat d’engagement*) defines a set of rules and principles that the producer has to respect

37 To operate legally, collectors need to apply for two documents: 1) the collector card, and 2) the professional card. The latter is only delivered by the regional tax department if the collector declares the amount of vanilla purchased and pays related taxes. A large number of collectors operate without the official registration leading to traceability and monitoring issues. This has been recognized as a priority issue by the members of the Sustainable Vanilla Initiative (SVI).

38 <https://www.ecocert.com/en/home>



A vanilla small holder producer performing manual pollination

to comply with the organic certification. Prohibition of child labor below age 15 is mentioned in the engagement letter that Supplier B has with the smallholder producers. If producers do not follow the rules, they can be excluded from the program.

Being a part of the certification program allows producers to benefit from technical advice, capacity building, assurance of sale, community development programs, and earn a premium for organic production (3,000 ariary, equivalent to US\$0.80 per kilo) in addition to the regular cost of the vanilla. In some instances, producers receive cash advances to cover their costs during the lean period — a practice that helps secure vanilla supply but entails risks for the companies. These activities allow Supplier B to build long-term relationships with the producers and reinforce their loyalty, even though the organic premium of US\$0.80 per kilo represents a marginal amount as compared to the high vanilla prices of US\$80 per kilo (for green vanilla beans).

For farm level traceability, Supplier B relies on manual paperwork that is provided by collectors and signed off by Supplier B. After the vanilla harvest, producers sell their production to the collectors. Producers either

bring their production to the local markets (in buckets or sacks — on foot or by motorbike), or the collectors go and buy the production directly from the producers individually. The collectors fill out a data collection form (*feuille de collecte*) which records the producer code, amount of vanilla (weight) purchased, and the price<sup>39</sup>. A payment receipt is filled for each producer with three copies — one for the producer, one for the collector, and one for Supplier B that is signed by the producer and the collector. The collector stores the vanilla in his house for few days. The two interviewed collectors reported to the FLA team that finally they transport the vanilla in their cars to the local company's warehouse.

The person in charge of transportation (either the collectors or Supplier B staff) fills out a transfer form that includes information on the number of bags, weight, and information of the individual producer. When vanilla reaches Supplier B's warehouse, it is weighed again, and a reception receipt is completed and signed by both the collector and Supplier B. These data are entered into a spreadsheet.

<sup>39</sup> At the time of buying vanilla, collectors do a quick quality check. Collectors can refuse to buy if there are quality issues. In depth quality check is done at Supplier B warehouse.



Figure 4: Supplier B traceability paperwork

In the scope of the SAVA-BE project, Supplier B is piloting an online traceability system (run by ILO and SVI) to collect and store digital data from the vanilla fields to the final warehouse. Once Supplier B completes the preparation of

vanilla in its local facility, it is transported to the Tier One supplier factory in Europe for vanilla flavor extraction and sold to the food and beverage company to be used in confectionery products and ice cream.



Figure 5: Supplier B Supply Chain

## VI. SUPPLY CHAIN MANAGEMENT SYSTEMS

The FLA team reviewed the management systems of the supply chain participants to identify strengths and areas for improvement. This section presents the key findings based on data collected through interviews with the management and

supply chain actors and a review of policies, procedures, and key documents. The FLA [Principles of Fair Labor and Responsible Sourcing for Companies with Agricultural Supply Chains](#) were used as a benchmarking framework.



## I. WORKPLACE STANDARDS AND SUPPLIER MANAGEMENT

FLA reviewed the child labor standards and confirmed that all standards used in the supply chain are aligned with the ILO Conventions and local Malagasy laws. The child labor code element prohibits the employment of children below age 15 or before completion of compulsory education, whichever is higher. It also prohibits night and hazardous work for young workers below age 18. Each local supplier has signed the CLRTE's sectoral engagement letter that details a collective effort against child labor.

At the plantation, the minimum age of employment in its code of conduct was age 18. According to the management, since the government does not issue an identity card before 18 years, there is a risk in employing anyone under age 18. A Malagasy version of the plantation's code is posted next to the administrative office. The management provides a short briefing to the workers at the time of their recruitment and onboarding process. In the smallholder producer supply chain, the focus is on communicating and implementing organic production standards as part of the organic certification requirements and does not emphasize labor standards.

FLA identified the following gaps in the supplier management.

- **Lack of training of supplier chain partners.** FLA noted that the buyers (food and beverage company or the flavor and fragrances companies) had never organized a proper supplier training and capacity building on all labor aspects for the local suppliers.
- **Lack of cascading of all labor standards.** In the smallholder supply chain, the child labor standard is communicated to the producers by the collectors mostly through the written contracts. This communication does not cover all labor standards<sup>40</sup> and neither are these cascaded upstream in the vanilla supply chain.
- **Lack of training for intermediaries and producers.** Training on labor standards in the smallholder supply chain is

<sup>40</sup> Including Responsible Employment, Nondiscrimination, Harassment and Abuse, Forced Labor, Child Labor, Health and Safety, Freedom of Association, Hours of Work, Compensation

**TABLE 1: KEY LABOR LAW REQUIREMENTS AND REFERENCE TO NATIONAL REGULATIONS IN MADAGASCAR**

<b>Minimum age to work</b>	15 years
<b>Minimum age for hazardous work</b>	18 years
<b>Age of compulsory education</b>	16 years
<b>Age to access Identity Cards (ID)</b>	18 years
<b>National regulations on child labor</b>	<ul style="list-style-type: none"><li>● Act No. 2003-044 of 28 July 2004 on the Labour Code</li><li>● Constitution of the Fourth Republic (11 December 2010)</li><li>● Decree No. 2007-563 of 3 July 2007 on child labor</li></ul>

inconsistent. While collectors have some information about child labor, they have not yet received formal training on labor standards or decent work. Interviews with the community level stakeholders highlight that the communication to the producers is done informally and unsystematically and based on collectors' partial understanding of labor standards.

- **Lack of sanctions for child labor.** An internal document describes the sanctions for smallholder producers' non-compliance with the rules of the organic certification. It has varying degrees of severity based on the type of violation (e.g., refusing access to the plot, delivering more vanilla than what has been referenced and is not justifiable, using chemicals, etc.). Non-compliance with child labor or other labor standards are not among the sanctionable violations.
- **Lack of understanding about permissible family work.** Supply chain actors, especially working with the smallholder producers, are unclear about the light work that is permissible for family farms, permissible work for young workers (15-18 years), and tasks that should not be conducted by children under age 18 (e.g., hazardous work such as no use of sharp tools, no watching of vanilla fields at night, limited number of hours, adult supervision etc.), and standards for

children accompanying parents to the fields. This clarity is useful especially in the case of family farms where most work is undertaken by a family's own children and by children in the community.

- **Lack of grievance mechanisms.**

The local suppliers have grievance mechanism provisions in their policies. While the grievance mechanism at the plantation is formalized and workers feel comfortable bringing their issues directly to their supervisor, there is no non-retaliation policy and no training for supervisors on grievance redressal at the plantation level.

Some components of a grievance mechanisms exist in the smallholder supply chain (e.g., collectors foster dialogue with the producers and help collect their concerns during their regular visits). Yet, there is no defined and formalized grievance mechanism<sup>41</sup> with a clear process, defined roles and responsibilities on redressal, and follow-up steps to resolve and document the complaints. The food and beverage currently has no visibility into the types of grievances that are brought forward in its supply chain.

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41 Having a mechanism in the supply chain to allow producers, family members and any worker to raise and solve labor concerns in a confidential and trustworthy manner directly to the buyers. Refer to page 30-35 of the UNGP Guidance on the eight effectiveness criteria for non-judicial grievance mechanisms. [https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf)

## II. LABOR MONITORING AND DATA MANAGEMENT

Companies have either established 100 percent traceability or have made commitments to do so in the near future.

Given that the supply chain investigated was organic certified, it had 100 percent traceability back to the plantation and the

3,000 smallholder producers. The food and beverage company or its two Tier One suppliers do not maintain the producer list, do not have information on the labor issues, or the prevalence and incidence of child labor. These companies relied on the Madagascar-based suppliers to access this information. The suppliers facilitated the FLA team's access to the farms, communities, and plantations for data collection.

Local suppliers have information about the total number of workers at the plantation and the number of traced smallholders. Information on the working conditions at smallholder farms was not being collected. At the plantation and at the smallholder producer level, the respective suppliers execute an internal monitoring program. They have tools to collect information, which is conducted annually at the plantation<sup>42</sup>.

For the smallholder producers a “plot sheet” (*fiche parcellaire*)<sup>43</sup> is in use to collect information from each producer. Collectors visit each producer at least two times per year and, sometimes up to four times, to collect data, check ongoing production and provide technical advice. The producer and the collector sign the completed plot sheet, which is submitted to Supplier B, who enters the data and maintains it in a spreadsheet database. Some social indicators have been added to the plot sheet to gather information about the producers' households<sup>44</sup>. The household data are not yet entered in the database.

The FLA identified the following gaps in the labor monitoring process:

- **Lack of information collected on all labor indicators.** At the time of the research, the collectors and controllers were not gathering information on workforce, awareness, and practices around child labor such as the types of work performed by children, and other labor standards. The FLA analysis indicates that more social and labor indicators<sup>45</sup> need to be incorporated in the plot sheet. Also, it is not clear how the farms may be sampled if a greater number of indicators are collected at a cluster level.
- **Lack of training.** Collectors are not trained on labor standards and how to conduct working conditions monitoring or collaborative development of remediation plans.
- **Lack of systematic data collection and a centralized database.** There is no

42 The plantation level monitoring tool includes topics such as social responsibility, labor standards and local impact. The plantation quality team conducts internal monitoring. In addition, employee surveys are conducted to assess the needs before implementing a social intervention (e.g., collecting household level information to distribute school kits or rice donation) or collect information on an ongoing project and worker satisfaction level (e.g., after rice or bike donation).

43 The plot sheet allows to collect information on organic production and good agricultural practices, such as: details of the plot (area, number of plants, surface promoting biodiversity, livestock etc.); crop history of the plot; use of fertilizers or other inputs, risk of contamination by neighboring crops; human tasks performed and timing; hygiene during vanilla curing; if producer attended training for organic production; other crops (e.g., rice, corn, cassava, fruits, etc.) produced. In the smallholder producers supply chain, Supplier A collects and updates social and labor information on each producer at the six association and social enterprise level.

44 Such as, number of family members — adults and children above and below 15; number of children attending school; number of children not attending school, and reason.

45 Such as, Number of children below 15, number of children 15-18, gender, status of school enrollment and attendance and reasons; Overview of persons involved in farm activities by task (family members/relatives/friends, hired workers and number; Questions on the producers' income and ability to provide for their family needs (access to food and food security, water, education, health, housing, transportation, etc.); Questions on awareness and practices related to all core labor standards.



central database where data points can be aggregated and analyzed for “hot spot” communities, salient human and labor right issues, or to inform remedial interventions. It is not clear if child labor

is decreasing or if the status of other working conditions has remained the same or there has been improvement for the producers, workers, and the communities.

### III. REMEDIATION AND SOCIAL WELFARE PROJECTS

Both local suppliers were involved in the implementation of social welfare programs<sup>46</sup> in the vanilla supply chain. These programs have a community development approach with a focus on issues such as access to health care and hygiene practices, improving the quality of and access to education, food security and worker well-being, and building or refurbishment of local schools and public libraries. Depending on the nature of the interventions, consultations with the regional representatives of the Ministry of Education, UNICEF, or other stakeholders are held to confirm needs and verify local conditions.

Remediation of labor issues such as wages, hours of work, harassment and abuse, etc. is completed at the plantation level, through the internal monitoring system or the grievance mechanism process. For each identified issue, the quality team in collaboration with the concerned department develops a corrective action that must be implemented in a defined timeframe. In the smallholder supply chain, the approach is to improve the overall conditions for families.

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<sup>46</sup> See Annex II and Annex III for details of the social welfare projects.



A local library supported by Supplier A

The FLA has identified the following gaps in the remediation process:

- **Lack of interventions on labor issues.**

While a community-based approach to remediation is a welcome strategy, it does not emphasize labor standards and their remediation. The training on child labor was found to be incomplete (details in the following sections on child labor).

- **Lack of child removal and rehabilitation process.** In the smallholder supply chain, there is nothing articulating the steps for child labor case management (of children identified during monitoring visits or reported through reporting grievance channels) to ensure the removal and rehabilitation of child laborers.

## VII. WORKING CONDITIONS

**This section presents an analysis of the labor standards risks at the plantation and among smallholder farmers and evaluates the outcomes of the current internal management systems and interventions on working conditions.**

### I. PLANTATION LEVEL WORKING CONDITIONS

The plantation structure is formal in that it is governed by the Malagasy labor code. The following analysis is based on the local legal requirements and the FLA Workplace Code of Conduct for farms and plantations with formal labor structures. The plantation employs about 1,200 workers (932 permanent and 268 seasonal) and produces, procures, and prepares vanilla and essential oils from

plants. Employees work across the various departments<sup>47</sup> with about 280 permanent employees dedicated to vanilla, at the plantation and in the processing unit. The FLA team mainly interviewed workers employed in the vanilla plantation and curing.

<sup>47</sup> Including administration, vanilla factory, distillery, plantations (vanilla, acacia, vetiver, yang), maintenance, security, quality etc. Several workers are employed in the vetiver plantation (230), followed by vanilla (215).



### Recruitment, Employment Relationships, Awareness of Standards, and Grievance Mechanisms

The workforce at the plantation and vanilla processing facility are mostly local and people from the surrounding villages. They undertake various tasks<sup>48</sup> and find their jobs through referrals or word of mouth. Seasonal workers are hired mainly at the processing unit during the peak vanilla curing process. No intermediary or labor contractor is involved in

the recruitment. The plantation has a policy prohibiting human trafficking and forced labor. The assessment revealed no concern

<sup>48</sup> At the vanilla plantation level, workers are involved in the following tasks: checking the vanilla plants; caring for vanilla plants: looping, removal of dead leaves, removal of old or diseased parts; flower pollination, control and removal of excess pods; fertilization with home compost; mulching; pruning of support trees to regulate the level of light and ventilation; shredding of branches for compost formation.

related to personal document retention, workers' ability to terminate their employment, or any restriction in freedom of movement, discrimination, or harassment and abuse<sup>49</sup>.

A higher percentage of women are involved in plantation work, and most men hold managerial positions. Some of the top management positions are held by foreigners and some of the members of middle management are from other parts of the country. The interviews clarified that this reflects local market reality and cultural practices where women are not likely to pursue higher education and thus perform jobs that require lower skills in the agriculture sector. At the plantation level, some women are able to advance in their career. The FLA team interviewed eight group leaders (supervisors) in the vanilla plantation, four of which were women who had been promoted after a few years of service and who demonstrated the required competence.

At the plantation, three types of contractual engagements were identified: (1) permanent workers, (2) seasonal workers, and (3) daily workers. All workers hired at the plantation are above 18 years of age. They receive a written contract that describes the employment terms and conditions. All interviewed workers confirmed they have signed, received a copy, and understood the contents of the contract. Eighty-one percent of interviewed workers confirmed receiving information on labor standards through oral briefing either from Human Resources during the hiring process or from their group leader.

All interviewed workers are aware of the grievance mechanism channel and expressed being able to raise concerns if they face issues, mainly by reporting to

their supervisors or the workers' delegates. Sixty-five percent reported having made complaints in the past and were satisfied with the outcomes. Most workers reported using an informal (oral) method of reporting grievances rather than using the official channel, such as the written communication of the grievance by filling out a questionnaire.

The FLA identified the following gaps:

- **Lack of clauses in the worker contracts and language of contracts.** While most workers demonstrated awareness about working hours, overtime premium, bonus and deduction system, those elements were not part of the written contracts. The contract is explained to them in Malagasy, yet the contract is only available in French. Most workers do not read or understand French. Hence, the contracts are not provided in the language understood by workers and do not sufficiently cover all terms and conditions.
- **Partial understanding of labor standards.** Interviews with workers revealed that most have only a partial understanding of labor standards. Workers could not accurately report hours of work limitations and there was low awareness of the legal minimum wage, and limited understanding of policies against harassment or abuse.

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<sup>49</sup> No case of discrimination, harassment or abuse was identified during the assessment. All workers interviewed are aware of the disciplinary rules and procedure that are clearly communicated to them by their supervisors. The plantation management records all disciplinary actions in the workers' file and no abusive situations were detected. There is no financial sanction applied unless there is work suspension due to gross misconduct. There are policies and procedures to ensure that security guards undergo criminal background checks, receive training on the use of force, and that their duties are limited to protecting the employees, the facility and the equipment.





## Freedom of Association and Collective Bargaining

According to stakeholder interviews, there is no relevant union in the SAVA region that could represent workers' rights. In order to promote workers and management dialogue, the plantation facilitated the establishment of a worker representation structure<sup>50,51</sup> after the first election in April 2019. The committee meets once per month, and then twice per year with the general director (unless there are special requests for interim meetings). The assessment team reviewed the meeting minutes and corrective actions implemented.

In 2019, workers went on strike twice. The first strike took place for three days early in the year when workers asked for a salary increase after hearing that the government had raised the legal minimum wage. However, the legal minimum wage increase was only officially applicable upon signature of the decree, which took place in May 2019. The plantation adjusted the minimum wage at that time. The second strike took place in August 2019

when workers did not receive their salaries on time; this issue was resolved the following day. In each case, workers reported that management was open to dialogue to resolve the issues in a constructive manner.

The FLA has identified the following gap:

- **Lack of Collective Bargaining Agreement (CBA).** Despite the absence of a formal union, any company with more than 50 employees should negotiate and implement a CBA (Article 176 of the Labor Code). The plantation needs to address this with the worker committee.

<sup>50</sup> The establishment of such structure is mandatory for any company with more than eleven employees according to the Malagasy Labor Code.

<sup>51</sup> The worker committee has six elected regular delegates, and six substitute delegates. Each of them represents a specific group of workers, i.e., administration, security, plantation vanilla etc. They have been elected by their peer workers, and have undergone a training by the labor inspector, as per their request.



Workers sorting vanilla at a vanilla buying unit



## Health and Safety

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All workers are aware of the emergency procedures in the case of an accident. They also confirmed having access to potable water and sanitation facilities at any time during work<sup>52</sup> and an onsite health clinic<sup>53</sup>. The plantation has developed a prevention and reaction system. For vanilla production, a job safety analysis has been conducted for all tasks performed at the factory and the plantation. All workers interviewed reported having received guidance regarding health and safety, through trainings by the Human Resources department or team leaders or information on notice boards. Most workers

mentioned the training emphasizing the need to wear personal protective equipment (PPE).

The FLA has identified the following gap:

- **Lack of gloves.** Wearing gloves is important due to the health and safety risks reported from the use of sharp tools and insect bites (in particular, scorpions when workers dig soil with their hands). Yet among the interviewed workers on the plantation, 57 percent reported that there are not enough gloves available for workers.

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52 The plantation has an irrigation system connected to the public potable water system. Workers can drink at the canteen. They also confirmed having access to sanitation facilities, available for both genders and not far from the workplace. Plantation workers can eat their lunch in a well-maintained shadowed canteen place that has been built in the plantation. They can also cook something (if they plan to) on the wood fire that is prepared every day.

53 In Madagascar, it is a legal obligation for companies having more than 500 employees. The onsite health center has been operational since September 2019. The health center is staffed with one doctor, two nurses and two cleaning ladies. As per the local regulations, all health-related costs of the plantation employees are covered by the company, even if they are not related to work (e.g., delivery, surgery, in-depth medical investigation, etc.). When the clinic does not have the capacity to handle a medical case, the doctor refers the workers to a public hospital, and the plantation management reported covering the costs.



## Hours of Work

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The normal work week for all plantation workers is 42 hours, which is generally followed. The normal working hours for vanilla plantation workers are 6:00 a.m. to 3:00 p.m., with a one-hour break for lunch. For each group of workers, attendance sheets are filled at the beginning and end of the day and signed by each individual worker. The workers interviewed confirmed that they can validate the total number of hours worked before receiving wage payment. There is transparency and worker involvement in the recording of working hours and wage payment. During the visit, the team could check

the time attendance sheets, payroll, and pay slips and corroborate information through worker interviews. All workers reported being able to take leave as per the applicable regulations.

During the peak period of vanilla pollination (July to September) workers often have to work overtime (up to 60 hours per week), including on Sunday from 6:00 a.m. to 10:00 a.m. Workers reported never exceeding 60 hours per week. During pollination, they can work every day including Sunday for a period of time extending to three months.

The FLA has identified the following gaps:

- **Lack of one day rest in seven days during peak periods.** Even if the workers work a few hours on Sunday, the fact that they work every day without rest in a seven-day period for three months is a non-compliance issue according to local regulations and FLA's Workplace Code of Conduct.
- **Lack of pro-active worker consent for overtime.** Worker consent for overtime at the plantation needs improvement. Management cited

the complexity of notifying workers in advance when there is a need for overtime, as the work depends on the volume of vanilla arriving each day at the processing facility. In principle, overtime is voluntary and workers can refuse. While 74 percent of the workers interviewed confirmed this information, 16 percent (plantation workers) reported not being able to refuse working overtime during the pollination period and 10 percent (vanilla factory) reported not being able to refuse unless they have family obligations. The workers who responded are part of the permanent workforce.



## Compensation

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The workers at the plantation earn above the local minimum wage (US\$55 per month)<sup>54</sup> at the time of the assessment and receive all legally mandated benefits. A person without any seniority receives about US\$3.12 per day (US\$81.2 per month), and a person with one-year seniority receives about US\$3.175 per day (US\$82.55 per month). Because inflation in the SAVA region is high, plantation management supports employees' livelihood through incentives such as attendance premiums, food allowances, and seniority bonuses (adding to a total of about 85,000 ariary — approximately US\$22 per

month). The management discussed the paradox that as wages increase, so does local inflation, which negatively impacts employees and the community. Hence, the plantation management decided to invest in social interventions to improve employees' living conditions and impact the broader community.

The FLA team assessed these social interventions. See Annex II for the details of the interventions and FLA's evaluation of impact and areas for improvement. The feedback from the beneficiaries highlights

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<sup>54</sup> In May 2019, the legal minimum wage increased from 168,000 ariary (US\$46) per month to 200,000 ariary (US\$55), representing a 19 percent increase (making it US\$ 2.11 per day). At the plantation and the processing facility, the lowest skilled workers receive the legal minimum wage. In addition to the base salary, workers receive an attendance premium (5,000 ariary – US\$1.35 per week), food allowance (3,000 ariary – US\$0.80 per day) and a seniority bonus after one year of service (5,000 ariary – US\$1.35 per month). All legally mandated benefits and social contributions are made according to the local regulations. The overtime premium rates are communicated to the workers and correctly applied – premium for work on public holidays, weekends, night work, etc. All workers confirmed being aware of it. Wage payment is made every month through a bank transfer (for permanent employees), or in cash for seasonal who do not have a bank account. The company complies with all laws and regulation regarding wages. Hours of work are properly recorded; wages are properly calculated and paid, and a pay slip with all the legal details is provided to each employee at the payment on the last Friday of each month.



that the interventions related to rice and school kit donations help workers by reducing some of their household expenses, but the amount is not sufficient to meet family needs. Few can regularly afford nutritious food, leading to malnutrition and chronic disease among children, which has a further negative impact on household expenses.

The FLA has identified the following gaps:

- **A fair compensation assessment is needed.** An assessment focused on fair compensation is needed to understand the local living wage benchmarks (Box 3) and the payment of living wages to the workers.

### BOX 3: LIVING INCOME AND LIVING WAGE ESTIMATES FOR MADAGASCAR

Fairtrade for vanilla producers in Madagascar has estimated that the local costs of a decent standard of living, including a nutritious diet, decent housing, essential expenses like schooling and healthcare and some savings add up to approximately €3.75 — about US\$4 per person per day.\* The World Bank poverty line is US\$ 1.90 per day.\*\*

Wage Indicators provide a range of living wage calculations, depending on the household composition, location and employment pattern, which range from 391,100 to 591,000 ariary – US\$ 105-160 for a standard family (two parents + two children with 1.8 persons working), and between 443,900 to 654,700 ariary – US\$ 120-177 for a typical family (two parents + 4.2 children with 1.9 persons working).

\*<https://www.fairtrade.net/news/anything-but-plain-exploring-sustainable-vanilla-prices-to-achieve-a-living-income-for-farmers>

\*\* <http://www.rfi.fr/afrique/20190502-salaire-minimum-augmente-19-madagascar>

\*\*\* <https://wageindicator.org/salary/living-wage/madagascar-living-wage-series-september-2019>

## II. SMALLHOLDER PRODUCERS SUPPLY CHAIN WORKING CONDITIONS

The smallholder producer level supply chain has informal labor structures. Some legal requirements such as minimum working age is applicable at the farm level. However, due to the limited number of hired labor, not all aspects of the local labor code are applicable. The FLA team assessed the working conditions at the smallholder farms using the FLA Workplace Code of Conduct for farms with

informal labor structures or the ones where mostly family-based labor is used.

The FLA team interviewed 24 smallholder producers. The average farm size for these two dozen producers is 0.5 hectares, with some managing farms of up to two hectares. In addition to vanilla, 92 percent of the producers interviewed grow other crops, mainly for their own consumption.

**TABLE 2: PERCENTAGE OF PRODUCERS WHOSE FAMILY IS HANDLING OTHER CROPS**

PRODUCTION ACTIVITY	RICE	VEGETABLES	POULTRY	LIVESTOCK	FISH
Percentage of families	88%	8%	8%	4%	4%



According to interviews, producers say it is not possible for a smallholder to handle all the production work (vanilla and nonvanilla) without using supplemental labor such as their children. Some producers reported seeking help from their children or paying for additional workers for labor-intensive tasks (e.g., hand pollination or farm preparation).

The children of the four producers (17 percent) who reported involving their entire family in vanilla production are in the age range of 6 to 16 and attend school with the exception of two children who were working and not attending school. They help parents outside school hours and during holidays. Producers reported that children under age 16 help them after school with vanilla and rice harvesting. Children over 16 years old are involved in most farm activities: vanilla preparation, pollination and harvesting, and rice transplanting and harvesting.

The FLA conducted focus group discussions with 80 children at school between the ages of 9 years and 15 years, whose parents mostly grow vanilla and rice. All children confirmed helping their parents in vanilla and/or rice fields outside of school hours and attending to household chores during the week and the weekend.

Two groups of girls between 10 years and 15 years reported being compensated by their parents to help with vanilla harvesting (40,000 ariary — about US\$11 for the three months) or during pollination (5,000 ariary — US\$1.35 per day). Other children reported getting paid for their work in family rice production (5,000 ariary per day — US\$1.35).

### TABLE 3. INVOLVEMENT OF FAMILY MEMBERS IN VANILLA PRODUCTION

Family Involvement	Percentage of Producers
Husband and wife	58%
Producer only	21%
All family members	17%
Husband, wife and one adult child	4%

### TABLE 4. AGE, GENDER AND SCHOOL STATUS OF CHILDREN REPORTED BEING INVOLVED IN FAMILY VANILLA PRODUCTION

Age, gender and school status	Number of children
Girls 6-16 years old, attending school	6
Boys 6-16 years old, attending school	4
Girls above 16, not attending school	4
Boys 14-15 years old, not attending school	2

Some boys reported working in other farms as well for daily compensation.

The FLA has identified the following gaps:

- **Presence of under-age children not attending school/child labor.** Two children (both boys) ages 14 and 15 years dropped out of school to work full

time on vanilla and rice because they did not want to continue their education. School is mandatory until 16 years old in Madagascar.

- **Sub-optimal compensation for work.** Some children, especially boys, were hired for daily labor during the weekend or on school holidays by extended family or neighbors, for additional compensation. The daily fee paid to

children is considered pocket money and is half the rate paid to adult workers.

- **High rate of school absence during peak periods.** A school director reported that during the vanilla campaign (May to July) that coincides with rice harvesting, school attendance among higher grade levels (CM1 and CM2) drops by 30 percent. This indicates a need for extra diligence of child labor during the campaign.



## Tasks Performed by Children

Table 5 describes the activities undertaken by children. None of the children reported guarding vanilla fields at night. Producers confirmed that their children ages 15-18 years old are not involved in this activity.

The FLA has identified the following gap:

- **Hazardous tasks undertaken by children.** Some children, especially boys, above 12 years but under 18 years, mentioned helping their parents in transporting vanilla beans (considered hazardous work (heavy load), or using sharp tools (knives or machetes) for conducting farm maintenance work.

**TABLE 5. TASKS PERFORMED BY CHILDREN IN VANILLA PRODUCTION, BY AGE RANGE AND GENDER**

Age range / gender	Type of tasks
9-11 years old girls and boys	Cooking for their parents during field work
11-15 years old girls	Pollination, harvesting, cooking, vanilla preparation, drying
11-15 years old boys	Farm maintenance (weeding, clearing, planting), pollination, harvesting, transportation, vanilla preparation, drying



## Working Hours for Children

Farm work and household chores are in addition to school hours and also happen during vacation. School hours are short in the visited villages (from two hours per day for the youngest, to five hours per day for

other children). Hence, there is time in the afternoon to participate in other activities. Based on the children's description of their typical weekly schedule, Table 6 depicts the average time dedicated by a typical child



aged 11 to 15. Not all children reported having the same weekly schedule, yet based on a significant number of converging testimonies, it can be considered representative for children of this age group living in those communities.

Focus group discussions with children highlight that they spend a significant amount of time helping their parents with farm and other household work outside of school hours. Children ages 10 to 11 years old can spend up to 33 hours per week working in farm activities during peak activity (vanilla

and other crops grown by the family), which can stretch to about 43 hours per week when household tasks are included, especially for girls. These data represent peak working hours, as FLA collected the data during peak activity. During school holidays, children can spend six to eight hours per day in the field.

The most common issues noted were:

- **Excessive weekly working hours for children.** Starting at age 10 or 11 years, children get involved in most farm

**TABLE 6. TYPICAL WEEKLY SCHEDULE FOR A 11–15-YEAR-OLD IN THE VISITED VANILLA COMMUNITIES**

Schedule (time estimate)	Activity	Regularity
<b>WEEKDAYS</b>		
5:30-6:30am (1 hour)	Vanilla pollination in their parents' farms (September to December)	Not every day but regularly
7am-12pm (2 to 5 hours)*	School *Some children sometimes have afternoon classes in the oldest age group (CM1 and CM2) but not in every school	Regular
Lunch	Eating at home	Regular
1:00 pm -4:00 pm 2-3 hours in the afternoon	Farm work (vanilla and rice mostly)	Regular
4:00 – 6:00 pm Late afternoon (2 hours)	Household tasks (mostly girls) – cleaning, cooking, fetching water, etc.	Regular
After 6:00 pm Evening (2 hours)	Eating, playing, school homework	Regular
<b>WEEKENDS</b>		
Saturday 6am-4pm (6 to 9 hours)	Field work (vanilla and rice mostly)	Regular
Sunday am	Church, playing, eating, school homework	Regular
Sunday pm (3 to 4 hours)	Field work (vanilla and rice mostly)	Not every Sunday but regularly

activities for a significant number of hours per week (up to 33 hours). While there is a general agreement that family work is acceptable and even desirable for socialization and learning, the level of involvement of children in the assessed communities goes beyond the commonly recognized limit for light work (a maximum of 14 hours per week for children below age 15, ILO resolution concerning statistics of child labor)<sup>55</sup>.

- **Potential harm to children's health.**

Daily and continuous work carries the risk of being strenuous and potentially harmful for a child's mental and physical health. It also leaves little time to dedicate to school homework and leisure activities, which are both important for balanced development and to maximize the chance to pursue higher education.

<sup>55</sup> [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms\\_112458.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_112458.pdf)



## Child Labor Awareness and Management System

The FLA assessment shows that there is:

- **Lack of training on labor standards.**

None of the 24 interviewed producers reported receiving information or training on labor standards, including child labor.

- **Low level of awareness and understanding of what constitutes child labor, hazardous work, permissible hours of work among all assessed stakeholders.**

Producers, collectors, parents, children, and even some teachers were not aware of the concept or laws around child labor. When asked if they had heard the term child labor and understood what it means, a majority (79 percent) responded not having heard of it, while a few defined it as “leaving school to go to work”, or as “working below the age of 18.” Eighty-eight percent of producers could not describe what hazardous work means for children

below age 18, while the remaining 12 percent defined it as using sharp tools like knives.

When asked about the legal minimum working age, 29 percent of the producers responded that they were not aware of it while the other 71 percent said that they were aware but provided an incorrect answer. All respondents said it is work carried out below

### BOX 4: LACK OF AWARENESS AMONG SMALL-HOLDER PRODUCERS ON CHILD LABOR

- 79 percent have not heard of child labor.
- 88 percent do not know what tasks constituted hazardous work for children.
- 100 percent could not provide the legal minimum age to work in Madagascar, nor the age for completion of mandatory education.



School supported by the buyer of Supplier B in a supplying community

age 18. None of the interviewed producers were aware of the age of completion of mandatory education in Madagascar.

Interviews with the two collectors and a discussion with a group of 40 parents in a public school revealed low levels of knowledge about child labor. While the collectors and one-third of the parents

have heard of child labor and defined it as “working instead of attending school,” none could mention the correct legal minimum age to work in Madagascar. All respondents said that child labor means full-time work carried out by children below age 18. They consider the work carried out on family farms by children below 18 outside of school hours as a learning process, not child labor.



## Involvement of Additional Workforce and Related Labor Risks

In addition to the family members, 71 percent of the interviewed producers reported hiring workers for labor-intensive tasks like pollination, harvesting, farm maintenance, vanilla curing, and, in some cases, guarding vanilla fields at night. These workers are peer producers or young adults from their extended family or community members.

Producers reported hiring one to five additional workers during the year, all of them male adults above age 18. The FLA

interviewed two of these men working on a farm who are also vanilla producers. Seven out of 24 producers work as daily workers on farms of peer producers, when needed. There are no migrant workers or workers from outside the villages because producers prefer to hire people with whom they are familiar.

Workers are hired on a daily basis (e.g., pollination, harvesting, farm maintenance), or for a few days, or for handling a specific task over time (e.g., guarding vanilla fields for



three months). Producers seek help from community members and verbally agree on tasks and fees with the expectation that the job will be done well and honestly (especially during harvesting). Given that hired workers are peer producers or community members, the risk of labor abuse is reduced.

A general practice confirmed by all interviewed producers and the two workers

is the daily payment of 10,000 ariary (about US\$2.70) for six to eight hours of work. This fee is 150 percent of the legal minimum wage (US\$1.75 per day). Workers are paid in cash at the end of each workday. Producers and workers did not report any issues with payment. In the event of a dispute, producers mentioned involving the president of the fokontany (group of villages in Madagascar) to resolve the issue.



## Health and Safety

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Health and safety awareness is low among producers. Producers do not follow any procedures to mitigate health and safety hazards. Since vanilla production is organic, there are no hazardous chemicals or fertilizers used. The biggest hazards associated with vanilla production include:

- **Use of sharp tools** (knives, machetes) for farm maintenance and vanilla harvesting.
- **Insect bites** (e.g., scorpions, snakes, spiders), even if there are no deadly venomous insects in Madagascar.
- **Carrying heavy loads** (collected vanilla beans) for long distances.
- **Risk of burns** during the early stage of the curing process which use hot water (*échaudage*).
- **Risk of theft** during the harvest. All 24 producers reported facing this issue, which places stress on the family. To minimize theft risks, producers have organized community guard groups of men who take turns watching the fields. Some producers reported staying night and day in their vanilla farms

during the harvesting period, sleeping in improvised shelters built in the field, machetes by their sides. Theft from the field has been under scrutiny by the vanilla industry since it leads to both violence and quality issues as producers tend to harvest vanilla earlier to avoid theft even though vanilla beans haven't reached the necessary maturity level.

- **Lack of training on health and safety and personal protection equipment.** None of the 24 producers reported receiving guidance on health and safety. They do not wear any personal protective equipment (PPE) and do not think they need protection. In the event of an accident, they heal with medicinal plants or go to the closest health center or hospital if it is more serious<sup>56</sup>.

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<sup>56</sup> For some producers (e.g., in Ambalamahogo), there is a health center located in the village that was established through the social welfare program, yet others have to walk up to 15 kilometers. Accidents were reported to be rare by interviewed producers, workers and nurses.

# VIII. RECOMMENDATIONS

The FLA has developed the following recommendations for vanilla sector stakeholders.

## I. TO THE GOVERNMENT OF MADAGASCAR

**1. Consider filling regulatory gaps** and guidelines regarding labor standards implementation, especially on child labor.

- The legal minimum age to work is 15 years while the age for completion of mandatory education is 16. It encourages families to take children out of school prior to completing their secondary education.
- Consider issuing identity cards starting at age 15 years as opposed to 18 years.
- Provide clear guidelines on the expected conditions for children's involvement in family work (e.g., types of work, maximum hours of work, involvement in household activities). These guidelines should align with international regulations.
- Provide a clear list of hazardous

work (that may not be undertaken by anyone under age 18 years) for vanilla production.

**2. Step-up efforts to facilitate access to basic services** in remote areas where most vanilla producing communities are located. For example. Improve school infrastructure and provision of equipment, teachers trainings, health care services, and trusted financial institutions.

**3. Intensify efforts to register collectors** who are not officially licensed to collect and sell vanilla.

**4. Introduce more capacity building at the field level**, especially on vanilla curing that can bring better prices for smallholder farmers and their families.

## II. TO MULTINATIONAL COMPANIES BUYING VANILLA FROM MADAGASCAR

**1. Strengthen the vanilla responsible sourcing program:** Upgrade corporate level governance systems for the better management of vanilla sourcing programs.

**2. Provide specific support and training to direct suppliers and ensure cascading mechanisms in the supply chain:**

- Upgrade internal supply chain and workplace standards management systems of the suppliers to ensure that

key labor standards components are embedded throughout the supply chain.

- Facilitate training for the Tier One suppliers and the local vanilla suppliers on developing a robust program based on international guidelines<sup>57</sup> (e.g., the United Nations Guiding Principles on Business

<sup>57</sup> These guidelines articulate the building blocks of an effective child labor (and other labor standards) monitoring and remediation program.

and Human Rights<sup>58</sup>, FLA Principles for Fair Labor and Responsible Sourcing for the Agriculture Sector<sup>59</sup>, and the U. S. Department of Agriculture Guidelines on Eliminating Forced Labor and Child Labor in Agricultural Supply Chains<sup>60</sup>).

### **3. Introduce ongoing supplier self-assessment and independent verification**

to collect information on progress made and independent verification and reporting of progress.

### **4. Apply lessons learned from other commodities:**

Review mature programs in other commodities that have similar small-holder farmers' supply chains. Use internal materials developed by various responsible sourcing programs to introduce best practices on child labor monitoring and remediation.

**5. Develop impact indicators:** As a contributor to the social welfare programs, ensure that specific output, outcome, and impact indicators are set for all social

interventions. KPIs should be developed to monitor progress on the ground and be able to identify effective progress, issues, or bottlenecks.

### **6. Deepen advocacy efforts and explore a collective approach:**

- In collaboration with other industry actors and with the government, define child labor monitoring benchmarks specific in the context of vanilla production. In the absence of national regulations around family work, the benchmarks should specify what can be considered as family light work in line with ILO conventions and guidelines. Define the type of work that young workers (15-18 years) can conduct in vanilla production and under what conditions.

58 [https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf)

59 [https://www.fairlabor.org/sites/default/files/agriculture\\_principles.pdf](https://www.fairlabor.org/sites/default/files/agriculture_principles.pdf)

60 <https://www.federalregister.gov/documents/2011/04/12/2011-8587/consultative-group-to-eliminate-the-use-of-child-labor-and-forced-labor-in-imported-agricultural>

## **III. TO LOCAL VANILLA PROCESSORS AND SUPPLIERS**

### **1. Standards for producers and workers' contracts:**

Develop and adopt clear labor standards that are aligned with national and international legislations in a company code of conduct. Include cascading requirements in the contracts with local suppliers, collectors, and in the letter of engagement signed with producers in the small-holder supply chain so that the standards are communicated in the upstream supply chains.

### **2. Reinforce communication/training around all labor standards:**

Systematically train company staff, implementation partners, and collectors, on labor standards and on their role in upholding them. Ensure that all supply chain actors understand the definition of child labor and the difference between acceptable and unacceptable work. Develop practical communication messages and materials that can be used to cascade the information to vanilla producers and communities.



### 3. Grievance redressal mechanisms and training:

Develop a variety of grievance mechanisms that are accessible to all actors in the small-holder producers supply chain. Consider using the UNGP's eight effectiveness criteria in the development of grievance channels. Have clearly defined roles and responsibilities and training in grievance redressal. Consider using technology solutions for two-way communication.

### 4. Develop a labor standards monitoring and remediation program, especially for small-holder farmers:

Upgrade the internal monitoring system that is currently used for organic certification to include monitoring of labor standards. Review the data collection tool and develop a monitoring protocol to guide implementation staff for the small-holder producers supply chain. The monitoring approach should follow a household-level approach as opposed to only monitoring vanilla production since the involvement of children goes beyond vanilla and is prominent in rice production.

### 5. Strengthen remediation

#### *At the plantation*

- i. Add provisions on working hours, overtime premiums, bonus and deduction systems, and references to the grievance mechanisms in workers' contracts at the plantation level. Translate the worker contracts in Malagasy, especially for workers who do not read and understand French.
- ii. Review the system for engaging workers in overtime to ensure it is voluntary. The principle of voluntary overtime should be

reinforced in the training provided to the group leaders and in the communication to workers so they feel confident in accepting or refusing it without fear of retaliation.

- iii. A non-retaliation policy should be developed and communicated to workers.
- iv. With the help of relevant local authorities (e.g., labor inspector), negotiate with the workers committee and adopt a collective bargaining agreement to comply with Article 176 of the labor code and have clear terms and conditions of employment for all workers.
- v. Further investigate the issue of access to PPE (gloves) for vanilla plantation workers and ensure that all workers have a pair of gloves at all times. When the issue is on the side of the workers (e.g., they are losing them or not taking good care), reinforce communication around the importance of wearing PPE and implement stricter procedures to make sure they take responsibility.
- vi. Ensure all workers have at least one rest day in every week. During the pollination period (which lasts up to three months) when there is a need to pollinate flowers every day including on Sunday, consider the introduction of workers' shifts so that not all workers need to work every day of the week.

#### *In the smallholder producer supply chain*

- i. Develop a child labor removal and rehabilitation procedure and case management protocol to provide practical steps to follow in cases where children are found in a child labor situation. The procedure should include child protection mechanisms.

- ii. Include child labor awareness raising sessions as part of the regular dialogue program held with communities. Try and progressively address awareness of child prostitution and early pregnancy issues through a sensitive approach.
  - iii. Introduce household data collection to inform remediation decisions that complement the needs communicated by the community members. For example, if the system identifies which families have children in a child labor situation, the program could target them for individual remedial actions.
  - iv. Consider the establishment of community service groups to help producers access workers who are trained and are above the legal minimum age.
  - v. Improve the quality of education,
    - Priority should be put on building more classrooms and reducing the number of students per class.
    - Facilitate access to school kits — which should be provided by the government.
    - Ensure that teachers' training includes a module on nonviolent communication.
  - vi. Regarding actions geared toward improvement in income generating activities (refer to Annex IV to review the gaps in the IGAs):
    - Introduce financial management training for households.
    - Identify the most nutritious and easy-to-grow crops that can be discussed at income generating sessions.
    - Deploy Gender Action Learning Approach (GALS)<sup>61</sup> training to realize that income generating activities are not only to increase the income of women but to establish an increase in the household income and to have gender-balance in roles and responsibilities.
    - Make the training accessible to women in addition to men who are part of the organic certification scheme.
    - Consider introducing Village Savings Loans Associations (VSLA)<sup>62</sup> so that there are a saving mechanisms for men and women.
  - vii. Facilitate access to banking or other credible institutions where producers can save their money without the worry of theft.
- Further recommendation on two case studied social welfare programs are provided in Annex II and III. ■

61 <https://www.ifad.org/documents/38714170/40253742/CSW+HHM+good+practices+FINAL.pdf/18f2a214-813a-4db8-aff2-83e623e8fbad>

62 <https://www.vsla.net/>

# Annex I: MAPPING METHODOLOGY AND DATA COLLECTION

**The mapping includes the following components:**

- 1. Desk based review** of the existing literature about vanilla production in Madagascar.
- 2. External information gathering** through interviews with international and local civil society organizations and key informant interviews.
- 3. Review of the suppliers' internal management systems:** the two suppliers who participated in the research filled out a comprehensive self-assessment questionnaire. The FLA team conducted management interviews and document reviews to get an overview of the supply chain management systems, the existing structure and programs, and to identify strengths and possible gaps in their social compliance management systems.
- 4. Labor risk mapping with a focus on child labor and worker demographic profiling:** the FLA team visited sampled communities and farms (including a cluster of organic certified producers), and a plantation operated by one of the suppliers. The team collected qualitative and quantitative data through in-depth individual and group interviews with producers, workers, children, and other key informants in the communities.
- 5. Review of suppliers' interventions programs:** The FLA team visited a selection

of the suppliers' community level programs. The team interviewed a sample of target beneficiaries and other key informants to measure their perceptions about the interventions and to determine if the programs have led to positive outcomes.

The FLA team, comprised of two FLA staff and two local assessors, collected field level data from November 18 to 27, 2019 in the SAVA region in the communities of Vohémar, Sambava, and Antalaha. Table A provides an overview of the interviewees, sample size, and assessment methods used. Questionnaires were tailored to collect systematic quantitative and qualitative data. The FLA team interviewed 284 people including company staff, supervisors, plantation workers, social programs' beneficiaries, children, and other key local and international informants.

The FLA team interviewed groups of children studying in local schools from vanilla growing families. On some occasions during interviews that were held at the schools, community members/parents observed the interviews. Children who were not enrolled in the primary school could not be interviewed. During the interviews, the FLA team sensed some reluctance among the stakeholders to share information, especially on the involvement of children in field activities. Group discussions with children allowed collection of candid information, which was triangulated by other key informants. Feedback from children helped to identify risks and social conditions of the families.



In addition, the FLA interviewed nine (9) key informants including Sustainable Vanilla Initiative (SVI), Labor Office & Regional Committee for the Fight Against Child Labor

(Comité Régional de Lutte contre le Travail des Enfants), CISCO – Circonscription scolaire (Ministry of Education Department) and Save-the-Children.

**TABLE A. AGGREGATED LIST OF RESPONDENTS, SAMPLE SIZE AND ASSESSMENT METHODS**

Stakeholders / Respondents	Assessment Methods	Aggregated Sample Size (# of individuals)
<b>SUPPLIERS</b>		
Management level interviews	<ul style="list-style-type: none"> <li>Self-assessment questionnaire</li> <li>Phone and face-to-face interviews</li> <li>Document review</li> <li>Group Interviews</li> </ul>	17
<b>PLANTATION</b>		
Management	In depth group interviews	2
Adult Workers, Worker Committees, Intervention beneficiaries	8 in-depth group interviews	69
Health clinic staff	1 in-depth group interview	1
<b>UPSTREAM SUPPLY CHAIN ACTORS</b>		
Collectors	In-depth individual interview	2
Assistant collector	In-depth individual interview	1
Vanilla producers (adults)	In-depth individual interview	24
Workers	In-depth individual interview	2
<b>COMMUNITY &amp; BENEFICIARIES</b>		
Local Civil Society Organizations	Group interview	7
Public School + Public Library	Presentation and discussion, and individual interview	8
Children and their parents	11 in-depth group interviews	134
Health clinic, village nurse	In-depth individual interview	1
Income Generating Activity Beneficiary	In-depth individual interview	7
<b>Total</b>		<b>275</b>

## Annex II: CASE STUDY: SOCIAL WELFARE PROJECT “SUPPLIER A”

**Supplier A started the social welfare program in 2017** to improve the working conditions at the plantation. To determine the interventions and outcomes, a beneficiary

survey was conducted on satisfaction level and usefulness. The results were used to improve, continue, or cease the intervention in the following year.

**TABLE A: DURING 2016-2019, THE FOLLOWING ACTIVITIES WERE IMPLEMENTED UNDER THE PROJECT**

AT THE PLANTATION LEVEL	
Projects	Number of Beneficiaries
Distribution of school kits for children's employees	600 children
Rice donation (25 kg per year)	1,100 employees
Adult literacy: French lessons for middle management staff	40 employees
Distribution of bikes	150 employees
Raising awareness on family planning and HIV/AIDS and screening	800 employees (mainly women)
AT THE LOCAL COMMUNITY LEVEL	
Projects	Number of Beneficiaries (approx.)
Re-opening of the local public library	300 children
Construction of 4 classrooms in a local primary school	320 children
Construction of sanitary facilities in a local primary school	400 children

### POSITIVE PERCEPTIONS OF THE BENEFICIARIES

All 63 plantation employees interviewed confirmed having received school kits for their children (those who have children of school age) and 25 kg of rice donation per year. When asked if those donations have been helpful, all of them responded positively. The rice donation covers the family consumption for one month (family size of two parents + two children) and the school kits support their children's education. Both

interventions help toward their expenses. All workers who have children of school age reported that their children attend school. Interviews reflect a high awareness among the employees on the importance of secondary education. Interviewed workers would like to support their children's education until the end of secondary school, and some mentioned higher education (university or technical school).

A sample of supervisors who benefited from the French lessons were interviewed. While they did not feel comfortable holding the interview in French with the FLA team, they confirmed their appreciation of having the learning opportunity and that the lessons helped them gain confidence in reading and speaking French. The lessons were provided two times a week for three months.

The FLA team interviewed 33 bike beneficiaries who confirmed receiving a bicycle in December 2018. They mentioned the conditions attached to the bike donation. These included 1) being employed as a permanent worker for at least five years, 2) commitment to not sell the bike, 3) plantation shall cover the maintenance and repair charges during the first year, then the cost of maintenance will be the responsibility of the bike owner. When asked if they use the bicycles on a

regular basis, all of them responded positively saying they use it every day, except for a couple of women (above 40) who confessed they do not use the bike every day as it is too tiring. They only use it when they are in a hurry and do not have time to walk to the facility. Some mentioned that their children sometimes use the bikes to go to school. When asked if the bikes were beneficial to them, all responded positively, explaining that it helped them reduce their commute time by half. It takes one hour on average to reach the plantation by walking, with the bike it takes around 30 minutes.

The plantation has a worker feedback mechanism that follows every project. The feedback mechanisms consists of a satisfaction survey among all project beneficiaries to assess the project quality and identify areas of improvement. For example, with the bike donation, they realized that the bikes had no light, and workers





faced challenges when biking home in the dark when they finished late. Plantation management has since ordered bike lights to be affixed on existing bikes and ordered new bikes with a light fixture for future beneficiaries.

The re-opening of the local community's public library was welcomed by local authorities, schools, and local families. It addresses a need as there are only three schools with a library in the city that has more than 9,000 students. The library allows school classes and students to access a wide range of books, as well as a multimedia library with computers and Internet access. A committee has been established to manage the library with motivated members who have various

ideas and plans to develop French classes and other activities as part of the library. The local company has been engaging with local authorities and the Ministry of Education to involve them actively and ensure sustainability of the project (e.g., they have signed a MOU wherein the local authorities have committed to cover the electricity costs and a librarian's salary until the library is self-sufficient).

The infrastructure improvements (classrooms, equipment, and sanitation facilities) in the two public schools are appreciated by the local community. The school building is made of concrete and has a colored roof; the sanitation facilities include 10 toilets and wash-hand basins that have been connected to the public potable water system.

## AREAS OF IMPROVEMENT

Even if the 25 kg rice donation is helpful, buying rice for the family remains one of the highest expenses in the monthly budget, especially from January to May when the prices are high (lean period). For a household of four people, workers reported spending about 55,000 ariary – US\$15 per month to buy rice, which often prevents them from buying other nutritious food. This represents between 20-28 percent of the workers' monthly wages of a base salary (between 200,000 and 285,000 ariary with the allowances). A survey conducted by the plantation doctor shows that about 25 percent of the workers eat meat once a week and suffer from nutritional deficiencies.

When asked if they are able to provide for all of their family needs, all female workers responded negatively. When asked to

provide the details of what else they would like to be able to afford, women responded (by order of priority): 1) being able to provide nutritious food for their family, 2) better education for their children, 3) covering health needs for their children, and 4) better housing and access to electricity.

Although the bike donation has an obvious positive impact on their pride to own an asset and for reducing their commuting time, some of the workers — especially women — are not very comfortable biking and would prefer a shuttle bus, especially when they finish late after dark. Security issues were mentioned a few times by the women.

According to the onsite doctor, he observed that several workers do not follow good

hygiene practices, leading to recurring diseases such as diarrhea, parasites, and dermatologic diseases. According to his data, workers involved in the vanilla and vetiver plantations are the most subject to those diseases. There is a need to raise awareness and train employees on health and hygiene in order to prevent some of the diseases. Lack of good hygiene practices and lack of access to nutritious food are also two of the root causes for children's illnesses. Many workers reported that their children, especially the youngest ones, are often sick and the additional expenses incurred to pay for health services is a burden on the family budget.

There is no public health system in Madagascar and many families cannot afford health insurance, bearing all health costs. For future interventions, the three companies could look at options geared toward providing a health care system for the employees' children. Other interventions aimed at reducing workers' expenses could be explored. The planned project of buying a big amount of rice when the prices are low, stocking it at the plantation, and allowing workers to buy rice at a constant price all year long might help in that regard.

### **FLA Recommendations:**

Consider involving workers in the preliminary stage when designing any new project activity. A needs assessment could be used to better understand the workers' needs from their perspective before implementing a new program. The newly formed worker committee could be involved in designing or providing input to new project activities based on information they gather from their peers.

From the assessment we can conclude that increasing the non-monetary benefits of the workers is an impactful measure to help workers meet their basic needs. Providing access to rice at a constant price all year long (as it is already planned to be implemented by the plantation) would be a good additional measure to help families cope with price fluctuations.

Having access to more nutritious food seems to be the solution for improving the health status of the workers and their children, and in parallel to reduce health costs. It could also have a positive impact on workers' absenteeism. Solutions could be sought to:

- Raise awareness on health and hygiene in order to prevent some of the recurring diseases — the onsite doctor could be responsible for it, and
- Facilitate access to more varieties and nutritious food with, for example, the establishment of a small shop onsite.

Health costs for the family members, especially for small children, is an area of concern for the workers. The companies could explore how to provide additional support to families by either opening the onsite health clinic to workers' children or contributing to a health care system so that workers can benefit from a health insurance for their families.

The local company can continue to engage with local authorities and lobby for more investment in those communities so that teachers and children can benefit from better conditions and improved education.

# Annex III: CASE STUDY: SOCIAL WELFARE PROJECT “SUPPLIER B”

In the small-holder producer supply chain, a community development program has been implemented in the traced supply chain since 2010, with the assistance of a local NGO. The program started in 14 villages and currently reaches 3,000 producers in 32 villages.

The program has four intervention areas: 1) improving quality of education, 2) improving food security, 3) promoting alternative income generating activities, and 4) improving access to health and working toward better hygiene practices. Annual needs assessments through a dialogue is

being organized in the 32 communities. If the requests are related to infrastructure construction (e.g., school buildings, health centers) collaboration with local authorities is sought. For income generating activities (IGA), individual families are provided support. The emphasis is on letting the people own and drive the process. The FLA team visited two public schools in two villages and conducted a series of interviews with stakeholders (children, teachers, producers, and parents). In these two villages, a few interventions were implemented with specific outcomes.

TABLE A: THE FOLLOWING INTERVENTIONS WERE REALIZED IN THE VISITED COMMUNITIES	
School infrastructure and equipment	<ul style="list-style-type: none"><li>• Construction and rehabilitation of 5 classrooms</li><li>• Provision of school equipment: benches, desks, cupboards, shelves, chairs, blackboards</li><li>• Distribution of educational tools</li></ul>
Improvement in teachers’ skills and quality of teaching	<ul style="list-style-type: none"><li>• In collaboration with the government authorities (regional directorate and Ministry of Education), monitoring the school performance (analysis of the teachers’ skills, impact of the tools made available, development of intervention measures)</li><li>• Reinforcement of the didactic and pedagogical skills of primary school directors and teachers through regular pedagogical trainings</li></ul>

## POSITIVE PERCEPTIONS OF THE BENEFICIARIES ON IMPROVING QUALITY OF EDUCATION

In the two villages, the FLA team witnessed the school infrastructure and equipment established through the project. All community stakeholders recognize and acknowledge the project’s support in filling

gaps inherent to the education system in Madagascar. In the two project supported schools, the six teachers reported teaching in these schools for two to eight years (four years on average). This is a higher teacher

retention rate as compared to those in other villages, which had high turnover.

The new director who joined in 2018 in the school of Village 1, brought a new dynamism that is positively impacting school results (number of children passing the exam to enter secondary school) and their motivation level to attend school. Teachers working for a few years confirmed seeing improvement in the school infrastructure, equipment, and materials (e.g., construction of the building, new desks, construction of sanitation facilities). Those who witnessed the changes confirmed the positive impact on their work as children are able to study in better conditions.

One-hundred percent of the children interviewed believe that education is important. All of the 24 producers interviewed reported that education is important and said they would like their children to study until age 18 and beyond. Parents reported being more aware of their responsibilities and of taking ownership to improve the situation for their children. In the school in Village 1, parents have built an extra building (a shelter made of bamboos and tree leaves) to host more children and are willing to build a secondary school. In Village 2, the parents are willing to contribute financially (e.g., paying 10,000 ariary – US\$2.70 per month) to make further improvements to the school.

All six teachers confirmed attending at least one training in the past two years to help strengthen their pedagogical skills, which they found useful as most did not attend vocational training. They feel that their capacity has increased and feel more



confident in their jobs. For most of them, the training was practical enough to use in their job.

At the time of the FLA visit, the project was organizing a four-day training for 12 teachers from four primary schools. The FLA team interviewed the master trainer. The training uses a mix of theory and practical exercises focusing on how to make the best use of school manuals received from the Ministry of Education. The master trainer shared that the Ministry appreciates such programs that fill gaps in the government system and strengthen the quality of teaching in vanilla communities. All interviewed teachers are eager to further improve their pedagogical skills. When asked about specific areas of improvement, 67 percent of them are willing to improve their French.



# AREAS OF IMPROVEMENT

Sixty-four percent of the children interviewed mentioned not having enough equipment in their classrooms (lack of desks, benches, blackboards, etc.). Some have to sit on the floor. In the two schools, some teachers have to deal with 30 to 50 students in one class, sometimes from different grades. They need extra classrooms and teachers to accommodate all children. Sixty-three percent of children reported not having a complete personal school material (school kit) to study well. Some are missing pens, copybooks, etc. Teachers confirmed this, highlighting it as a systemic gap.

In Village 2, the project supported the construction of a concrete building with two large classrooms in 2017 after a hurricane destroyed the old building. According to the acting school director, the attendance rate of children had dropped to 50 percent because there are fewer classrooms in the new building, making the classes more crowded. They regrouped different grades in one classroom and introduced a rotating schedule (CP1 + CP2 from 7h30 to 12h30, CM from 13h to 17h and CM1+CM2 from 7h

to 12h). Two teachers handle all five grades and reported not being able to provide quality education in those conditions. According to the interviews, several children left because school hours were not sufficient. Some went to private schools.

While French is one of two official languages in Madagascar and a school subject taught by the interviewed teachers, none of them could hold a conversation in French. Consequently, the level of French within the school children is poor or non-existent.

## FLA Recommendations

The FLA assessment concludes that the infrastructure and equipment provided through the project is being utilized and the teachers’ skills have improved through regular training. Positive communication skills can be emphasized during the teachers’ trainings.

Continue engagement with local authorities and lobby for more investment in those communities so that teachers and children can benefit from better conditions and

TABLE B. INTERVENTIONS RELATED TO IMPROVING HOUSEHOLD LIVELIHOODS AND FOOD SECURITY	
Improved rice production	<ul style="list-style-type: none"><li>● Setting up demonstration plots</li><li>● Provision of seeds and small agricultural equipment</li><li>● Information and training on good agricultural practices</li></ul>
Improved livelihood through IGA	<ul style="list-style-type: none"><li>● Information and training on rearing or food crop techniques (e.g., fish farming, beekeeping, poultry farming, vegetables)</li><li>● Provision of equipment or animals (e.g., hives, poultry, fishponds, etc.)</li></ul>

improved education. Short school hours have proven to be an obstacle to education. Incomplete or nonexistent school kits (not received from the government) are also of concern.

Continue making parents aware of the importance of schooling and the need to invest in education for their children. Positive examples of parents taking ownership for contributing to improve the school infrastructure have been witnessed in the two villages and need to be sustained. The assessment shows that community members and children place more importance on increasing the number of classrooms and teachers, as opposed to creating large concrete classrooms.

To support vanilla producing families in covering their basic needs throughout the year, the project developed activities geared toward improving household livelihoods and food security. The local CSO trained and coached a number of producers in an intensive rice cultivation system to increase rice production (rice is the staple food in Madagascar). They supported a number of families in the development of alternate income generating activities (IGA) to diversify and generate additional income.

The FLA team visited five families benefitting from project support in conducting their IGA:

- two families engaged in fish farming
- two families engaged in poultry farming
- one family engaged in beekeeping

## **POSITIVE IMPROVEMENTS AND PERCEPTIONS ON IMPROVING LIVELIHOOD AND FOOD SECURITY**

Seventeen of the 24 producers reported getting the project support (technical training and materials provision) for their rice production. The producer relays from the local CSO provide ongoing and quick support to the producers. Producers confirmed that the support received has been very helpful as it led to productivity improvement. All interviewed producers use the produced rice for their own consumption, and not for selling.

All five families managing IGA (fish, poultry farming, and beekeeping) reported that they were motivated to establish or boost the activity after receiving information and training from the project. They confirmed having received support to start the activity, mainly technical training and some material inputs.

Beneficiaries reported learning and being confident on technical aspects such as feeding the animals, types of food, areas that need attention, building and maintaining the infrastructure, and steps to take if the animals are sick, etc.

All producers responded being able to provide for their family (through vanilla production) and 88 percent reported being able to save some money. When asked about the purpose of savings:

- 67 percent reported for investing in housing
- 17percent for the education of their children
- 8 percent for covering unexpected costs (health, low production, etc.).

## AREAS OF IMPROVEMENT

Beneficiaries reported mixed results on the outcomes of the IGA. Except for one family doing fish farming, all the other IGA are recent (about one year). One family doing poultry farming made a large investment on infrastructure. In the past 12 months they were able to sell about 40 chickens every three months. Still, the money is not enough to realize a profit. All earnings were spent in buying animal feed and taking care of the animals. The two families doing fish farming (one for three years and one for one year) do not perceive any benefits. The fish are neither growing nor reproducing. The families are not able to eat or sell anything.

Three of the five families are able to sell some of the production but only one makes a small earning as of now – the one who does beekeeping can produce about 10 liters of honey per year and earns about 300,000 ariary (US\$80) per year.

Except for the poultry farming, the FLA saw insufficient investment in the IGA to make it work, both in terms of time and money. For example, fishponds needed to be dug deeper, ducks and fish need to be regularly fed, etc. According to the stakeholders, there are two root causes. First, people do not see the value of investing in those activities as the earning would be much less than vanilla (as the current price is high). Second, for them, IGA can be used as a “small financial cushion” in case of extra expenses. They do not see it as an activity that can substantially contribute to household incomes and improve their livelihoods.

Most respondents believe that increasing vanilla production is the only means to improve their livelihoods. Since men are busy with vanilla production (with help from their wives and children), the IGA needs to be managed by women who also spend more time at home. The involvement of women as the main driver for those activities has caused tensions within the households. Men do not want their wives to earn or contribute to the household income with their own activities, as they fear it would impact the decision-making power and the level of the women's independence. Besides managing household chores, women are seen as a help for the production activities led by men. These perceptions highlight the gender-balance and gender-justice issues at the household level. Respondents reported that only registered producers are invited to attend the trainings related to the IGA. These are mostly men. It further prevents women in taking ownership of those activities.

### FLA Recommendations

The FLA concludes that the project's interventions are successful in meeting outcome 1 – rice production is improved through the adoption of better agricultural practices. All producers benefiting from the support in that area have significantly increased their rice production, which positively impacts food security and allows families to reduce their food expenses.

Achieving outcome 2 (i.e., the IGA are well executed and guarantee an additional income to the households) is challenging and has not yet yielded successful results.

The assessed IGAs are new, and the current economic context and some cultural barriers inhibit the beneficiaries to fully meet their potential. Families do not see much value in it. It is difficult to assess the true impact of the IGAs and more remains to be seen once the IGAs reach a maturity level. The local company could consider conducting a study to determine which IGAs will require less investment for a good return so that families are not demotivated by the input of efforts and financial investment. It is, however, important to continue investing in alternative food sources as there is a need to have more variety in families' diets. Companies could help determine crops with higher nutritive value and promote those within the IGA.

Producers and their families could benefit from better financial management training to help them think long term, work towards

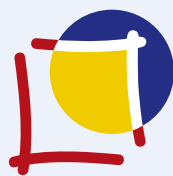
being price resilient, and think through building short- and long-term savings. The local company could consider facilitating access to banking services and other credible institutions where producers are able to save money without worrying about theft or spending it all.

Accompanying the families in changing the mindset toward gender equality would be another component for making the interventions successful. Learning from training approaches like GALS (Gender Action Learning Approach) could be beneficial in making the families realize that the IGAs are not just to increase women's income but to increase household income and have gender-balance in roles and responsibilities. Village Saving Loan Associations (VSLA) may be considered as an intervention that complements GALS.



Focus group discussion with children  
in Supplier B's community





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