



Sustainable Management of Nestlé's Cocoa Supply Chain in the Ivory Coast—Focus on Labor Standards

JUNE 2012

Executive Summary

In November 2011, FLA commissioned a team of 20 local and international experts to conduct an assessment of Nestlé's cocoa supply chain in the Ivory Coast. The assessment team included representatives from the Centre de Recherche et d'Action pour la Paix, Abidjan; Afrique Secours et Assistance; Human Resources Without Borders; the Sustainable Livelihoods Foundation, and the FLA.

The goals of the assessment were to: map stakeholders in Nestlé's cocoa supply chain; map Nestlé's cocoa supply chain in the Ivory Coast; and assess the associated labor risks in Nestlé's cocoa supply chain.

FLA's assessment of the cocoa supply chain builds on existing research and focuses not on counting the number of children working in the industry, but rather on evaluating the root causes and means available to build a robust monitoring and remediation system. The report identifies gaps in Nestlé's internal management systems and their effect on labor risks in the supply chain. The report also provides detailed recommendations to Nestlé, the government, and other international buyers on how to mitigate risks to workers throughout the global supply chain.

The field visits to the Ivory Coast were initially planned for December 2011, but due to security reasons around parliamentary elections, the visits by the assessment team were delayed until January 2012. To develop a full understanding of the risks facing workers in the sector, the assessment team consulted with a number of government institutions, civil society organizations and local associations in the Ivory Coast. They also visited seven Nestlé suppliers representing 79% of the volume of beans or cocoa products purchased by Nestlé from the Ivory Coast in 2011. The assessment gathered data through:

- individual and group interviews;
- on-site observations in processing facilities, buying centers, cooperatives, nurseries and farms;
- documentation review of The Nestlé Cocoa Plan and at the suppliers, cooperative and farm level; and
- observations in the villages and camps.

In the course of three field visits, the assessment team visited 87 farms and interviewed a representative sample of 466 men, women and children on the farms. Overall more than 500 interviews were conducted during the assessment.



Discussion with farmers in a camp

Contents

Executive Summary	1
I. Introduction	4
II. Background.....	6
1. The Cocoa Sector in the Ivory Coast	6
2. Nestlé's Strategy Related to Cocoa Sourcing in the Ivory Coast.....	8
III. Methodology	11
1. Assessment Team.....	11
2. Assessment Stages	11
3. Stakeholder Engagement	13
4. Data Collection	14
5. Tools for Data Collection.....	18
IV. Findings.....	18
1. Stakeholder Mapping	18
a. Governmental Stakeholders.....	19
b. Non-Governmental Stakeholders.....	21
c. Local Communities and Village Level Committees.....	23
d. Conclusions of Stakeholder Mapping.....	23
2. Supply Chain Mapping.....	25
a. Supply Chain Actors.....	25
b. Cocoa Bean Processing and Procurement	29
c. Farm Profile and Estimated Volumes	31
d. Conclusions of Supply Chain Mapping.....	31
3. Risk Assessment.....	32
3.1 Task and Risk Mapping.....	32
3.2 Risks in Internal Management Systems	34
a. Policies.....	34
b. Procedures.....	35
c. Results	38
d. Conclusions on Internal Management Systems.....	39
3.3 Labor Risk Assessment	40
a. Employment Relationship	40
b. Forced Labor	41
c. Child Labor.....	41
d. Harassment or Abuse.....	46
e. Non-Discrimination.....	46
f. Health, Safety, Environment	47
g. Freedom of Association and Collective Bargaining	50
h. Hours of Work	51
i. Compensation	52
j. Conclusions on Labor Standards Risks	54
V. Overall Conclusions	55
VI. Recommendations	56
a. To the Government of the Ivory Coast	56
b. To Nestlé and Other Industry Members....	57
c. Future Research	58
Annex 1: Pictorial Journey of Cocoa Beans.....	59
Glossary	66

Stakeholder Mapping

The assessment team developed a comprehensive map of stakeholders, including local and national actors in the governmental, nongovernmental, and private sectors.

Most existing programs and stakeholder efforts concentrate on the elimination of the worst forms of child labor rather than on aspects such as forced labor, wages and benefits, and health and safety even though they could have a causal effect on the presence of child labor.

Supply Chain Mapping

The assessment team mapped the cocoa supply chain in great detail, including Nestlé's headquarters in Switzerland R&D in Abidjan and local operations in the Ivory Coast; Tier 1 suppliers of Nestlé; subsidiaries in West Africa of Tier 1 suppliers; processing facilities and buying centers in the Ivory Coast; third-party service providers; traitants; cooperatives; pisteurs; farmers; sharecroppers; and workers.

Cocoa procurement in the Ivory Coast occurs to a large extent (80-85%) outside of cooperatives and through the "unorganized" sector, involving many intermediaries. The majority of the actors (pisteurs, coxers and farmers) are not registered. Cooperatives involved in the sustainability programs of companies exporting cocoa from the Ivory Coast make up a small proportion of the cocoa market. Additionally, the supply chains are not stable, as participants sell and buy from anyone. Furthermore, competition around good quality suppliers is intense and cooperatives maintain relationships with several buyers and adjust the volume supplied to them depending on the terms they are offered. This instability in the supply chain make transparency, monitoring and remediation efforts challenging.

Risk Assessment

The assessment of risks in Nestlé's cocoa supply chain focused on child labor; the presence and effectiveness of the internal management systems within Nestlé's supply chain with regard to labor rights; and adherence to labor standards embodied in the FLA Workplace Code of Conduct and Compliance Benchmarks. A complete analysis of the risks related to Nestlé's internal systems, along with an overview of associated risks with respect to the FLA Code of

Conduct, can be found in Section IV.3.

Children are at risk in every phase of cocoa production. Such risks include injury from machetes during the preparation of the land, maintenance of the farm and harvesting of the cocoa beans; injury from physical strain during the nursing and planting of seedlings as well as carrying heavy loads; and exposure to harmful chemicals in the application of fertilizers and pesticides. A full description of child labor risks can be found in Table 10.

The Nestle Cocoa Plan (TNCP) offers a good starting point to improve labor conditions on cocoa farms in the Ivory Coast because its components could provide holistic solutions to mitigate some of the issues the cocoa sector is grappling with apart from child labor. To make TNCP a well-rounded developmental program, some improvements have to be made, followed by the scaling up of the program.

Conclusions

Among the main conclusions of FLA are:

- Nestlé, due to its leverage and the volume of beans procured, is well positioned to make a large positive impact on the livelihoods of workers in the cocoa supply chain.
- The Nestlé Cocoa Plan and participation in other initiatives provide the building blocks for a more robust and deep reaching program.
- With some adjustments and improvements, TNCP has the makings of a well-rounded developmental program. Enhanced monitoring and increased accountability from the various tiers of suppliers is a must to make the supply chain more sustainable.
- Several risks in terms of labor standards have been identified, especially in the areas child labor, forced labor, health and safety, discrimination and compensation.
- Child labor is still a reality on cocoa farms in the Ivory Coast and has its roots in a combination of factors. A realistic strategy to eliminate child labor in the Ivory Coast needs to start with the attitudes and perceptions of the various actors in the supply chain and communities at large. One company alone cannot solve all the problems of labor standards that prevail in the cocoa sector of the Ivory Coast.
- Large parts of the supply chain are shared with



Suggestions box at a TNCP cooperative

other industry actors. All parties should therefore combine forces in enhancing supply chain mapping and transparency, monitoring and capacity building programs.

- Besides efforts from the private sector, farmers and their communities, the role of government is crucial in the development of a sustainable cocoa sector.

Recommendations

The report makes a number of recommendations, including:

To the Government of the Ivory Coast

- Consider filling regulatory gaps with respect to labor standards in the agriculture sector
- Consider establishing a national registration system for farmers and pisteurs
- Consider developing a sector-wide sustainability standard for cocoa with multi-stakeholder engagement
- Continuously improve the child labor monitoring and rehabilitation system
- Broaden the scope of the Agents (Relais) under the

“Système de Suivi du Travail des Enfants” (SSTE)

- Target remote communities with rural development interventions
- Foster alternative income generation and employment generation at the village level
- Address problems posed by the lack of schools and teachers

To Nestlé and other Industry Members

- Strengthen Nestlé’s supplier Code of Conduct
- Increase awareness and understanding about the Nestlé Code of Conduct amongst upstream suppliers
- Define clear roles and responsibilities for Nestlé, staff, suppliers, cooperatives and farmers
- Include comprehensive key performance indicators and reporting requirements on labor standards
- Increase awareness among farmers about the policy of financial premiums
- Develop a robust internal monitoring and remediation system
- Examine the role that cooperatives and other established localities could play as a hub for extension services
- Facilitate collaboration and communication between local and international stakeholders
- Scale up efforts for the Nestlé Cocoa Plan in the standard supply chain
- Address the issue of child labor through immediate steps involving a bottom-up approach.
- Create alternative income creation opportunities for farmers and their families

I. Introduction

Based on the Memorandum of Understanding on Cooperation between Nestlé and the Fair Labor Association (FLA) of July 28, 2011, Nestlé invited the FLA to conduct an assessment of their cocoa supply chain in the Ivory Coast.²

The Fair Labor Association Inc. (FLA) is a non-profit organization that combines the efforts of business, civil society organizations, and colleges and universities to promote and protect workers’ rights and to improve working conditions globally through adherence to international standards.



Another way of explaining Good Agricultural Practices

The objectives of this assessment are as follows:

1. Mapping of stakeholders in Nestlé’s cocoa supply chain
2. Mapping of Nestlé’s cocoa supply chain in the Ivory Coast
3. Assessment of the associated risks in Nestlé’s cocoa supply chain

The study is not intended to generate another estimate about the number of children working in cocoa production, but to capture the risks and causes of child labor in Nestlé’s supply chain and the means available to build a robust monitoring and remediation system. Nevertheless, since child labor is identified as the priority issue in the cocoa sector in the Ivory Coast, it is reported in some detail in this report. Several other aspects of working conditions are also analyzed that may have an effect on, and are in turn affected by, child labor.

The assessment process follows the FLA’s sustainable compliance methodology (See Box 1) that starts with

The cultural and socio-demographic conditions in the agricultural sector call for a strategy based on socio-economic empowerment as opposed to auditing. The FLA's sustainable compliance methodology is an innovative approach that aims at filling the gaps left by the pure audit method, which mainly identifies compliance violations and provides "quick fix" solutions to improve the next round of results. FLA's approach overcomes this weakness and strengthens the capacity of suppliers and workers to improve and eventually achieve self-sustainable systems. The FLA sustainable compliance methodology is a combination of assessment and participatory approach that aims at identifying the underlying cause(s) of persistent and serious non-compliances and devise means to overcome these problems.

The process has the following main elements:

I. Needs Assessment

The process starts with mapping exercises (supply chain, involved stakeholders and task and risk mapping). These mappings will help identify the high-risk areas and tasks involved in the supply chain. The results of the mapping studies will be shared with relevant local and international stakeholder during in-country multi-stakeholder consultations to identify and agree on the priority issues to be monitored and remediated. Once the priority issues are established, an in-depth root cause analysis based on the data gathered from the field is conducted.

II. Capacity Building

FLA recognizes that various actors in the supply chain need facilitation and coaching when it comes to improving working conditions. In order to do so FLA has designed awareness and capacity building trainings and modules that specifically target the root causes of the issues and impart skills and knowledge to the various actors in the supply chain. The FLA identifies reliable, competent and skilled local service providers and carries out Training-of-Trainer workshops for them. The service providers then work with the local stakeholders on a long-term basis to improve working conditions. The service providers are responsible for adapting the trainings to the local conditions and in local language and informed by the mapping exercises. The FLA staff supervises this process.

III. Impact Assessment

The impact assessment is done at two levels. The first involves measurement of progress at periodic intervals through pre-defined key performance indicators. And second, there is an impact assessment at the conclusion that measures the impact of successful implementation of the capacity building efforts. This is conducted by measuring the installation of management systems and actual improvement in the labor conditions in the supply chain.

mapping exercises (stakeholder mapping, supply chain mapping and task and risk mapping). Consistent with the FLA's approach of continuous monitoring and improvement, we are taking the long-term view and looking at Nestlé's supply chain management practices and assessing how Nestlé manages labor risks. Therefore, the report highlights gaps in internal management systems and their effect on labor risks in the supply chain followed by

recommendations to mitigate those risks.

The findings in this report represent a first step and should result in a better understanding of Nestlé's cocoa supply chain in the Ivory Coast, the associated risks and relevant stakeholders in the field. This is the first of a series of assessments and remedial activities designed to improve supply chain management practices and thereby working conditions on the ground in the Ivory Coast.

II. Background

Several studies have been conducted about the Ivory Coast's cocoa sector. The following section extracts the relevant context needed to understand the findings presented in this report. The first section sets out the importance of the cocoa sector in the Ivory Coast. The second section then describes Nestlé's strategy in the cocoa supply chain in the Ivory Coast.

1. Importance of Cocoa Sector in the Ivory Coast

Once an expanding economy in Western Africa, the Ivory Coast has suffered a set-back in the past decades, most recently during 2010/2011 with a civil war surrounding the election of current President Alassane Ouattara. Poverty ratios have increased sharply since the 1980s, with 46% of the almost 22 million population³ considered as poor in 2008, and 24% living in extreme poverty.⁴ Poverty is substantially more prevalent in rural areas (54%) than in urban areas (29%).⁵

The Ivory Coast's economy is heavily dependent on agriculture and related activities, which engages roughly 68% of the population.⁶ Cocoa, originally from South America, was introduced into the Ivory Coast's agriculture at the end of the 19th century. High world prices for cocoa in the 1950s encouraged increased production. After the independence of the Ivory Coast from France in 1960, forest reserves were opened, and further expansion of cocoa production from the east to the west of the country was strongly encouraged by the first president of the Ivory Coast, Félix Houphouët-Boigny.⁷ Ever since, cocoa has played a crucial role in the economy. The Ivory Coast is currently the world's largest producer of cocoa (around

35% of global production⁸) and largest exporter. Currently, the cocoa industry employs more than 600,000 farmers and 6 million people depend on cocoa for their livelihood in the Ivory Coast.⁹

Due to its economic importance, cocoa plays a political role in the Ivory Coast as well. For example, President Alassane Ouattara banned cocoa exports for a month during the most recent civil war in order to cut sources of financing for Laurent Gbagbo (his opponent in the elections), thereby provoking protests from small farmers who faced loss of income.¹⁰ Earlier, the Ivorian government had fully liberalized the cocoa sector in 1999, in return for the Ivory Coast benefitting from the Heavily Indebted Poor Countries (HIPC) debt forgiveness scheme of the International Monetary Fund (IMF).¹¹ The current government is conducting a reform of the sector, which partially reverses earlier measures while allowing the country to continue to have access to USD 3 billion of debt relief under HIPC. Among other elements, the government plans to set a guaranteed minimum price for cocoa at farm gate level (defined before the main season starts; "vente à terme") and reduce taxes from around 32% to 22% of the export price; the government has already established a coffee and cocoa board (Conseil du Café Cacao, CCC) whose objective is to oversee the implementation of the reforms.¹²

There are two principal issues that affect the economic feasibility of small-holder (< 5 hectares) cocoa farmers in the Ivory Coast: (1) the low productivity of the farms; and (2) the low quality of the cocoa beans.¹³

Cocoa yields in the Ivory Coast are among the lowest in the world, at between 200 and 500kg per hectare per season (for comparison, yields are 1-2 tons/hectare in Indonesia). With respect to quality, trees are ageing,¹⁴ the soil is eroding, and there is relatively little new fertile land for cultivation as the central and southern tropical rain forest belt (where cocoa is cultivated) is rapidly shrinking due to increasing drought in the region and deforestation. Costs of inputs such as fertilizers and pesticides are climbing, while soil is exhausted, and diseases attack the old forest cocoa tree stock. Global warming, resulting in less rain in the cocoa belt, is affecting the sector



Boy coming back from the field on a Sunday



Children working in a non-TNCP nursery filling polythene sleeves

as well.¹⁵ More and more cocoa farmers are changing to the cultivation of rubber or palm oil, as incomes from these crops are more stable and maintenance after a first investment is easier. After a substantive drop in the price of cocoa between the end of 1970s until the end of 1980s, the price for cocoa recently increased again. However, this did not necessarily lead to more net income for the farmers, as the cost of living increased and the local currency was devaluated sharply in 1994.

Social issues in the Ivory Coast, especially child labor, have received a great deal of international attention. In 2001, the Harkin-Engel Protocol was signed, committing the industry to address the worst forms of child labor (WFCL) and adult forced labor on cocoa farms in West Africa. A joint foundation, known as the International Cocoa Initiative (ICI), was established to address WFCL. In addition, individual companies in the sector started their own initiatives to combat child labor. The Protocol stipulated that by July 2005, the chocolate industry would develop standards of certification. An extension of the Protocol was agreed upon, giving industry 3 more years to implement it.¹⁶ On September 13, 2010, the U.S. Department of Labor (USDOL), Senator Harkin, Representative Engel, the Governments of the Ivory Coast and Ghana, and representatives of the international Cocoa/Chocolate Industry released the *Declaration of Joint Action to Support Implementation of the Harkin-Engel Protocol* as well as a *Framework of*

Action to Support Implementation of the Harkin-Engel Protocol, expressing their continued commitment to support the implementation of the Protocol. A Child Labor Cocoa Coordinating Group (CLCCG) has been established and tasked with meeting once a year to report on progress made.¹⁷

According to the USDOL, the governments of Ghana and the Ivory Coast have agreed to conduct nationally representative surveys during the 2013-2014 harvest season as per the Framework of Action. Both governments have been working on developing child labor monitoring systems that would also serve the function of linking children in need of remediation with appropriate services.

The International Labor Organization's

International Program on the Elimination of Child Labor (ILO-IPEC) currently implements two projects related to the elimination of WFCL on cocoa farms:

- ILO Public-Private Partnerships (PPP) to expand and refine child labor monitoring system as well as capacity building for national roll out (funded by the chocolate and cocoa industry).
- ILO-IPEC Cocoa Communities Project to increase understanding of child labor, implement plans to eliminate child labor, improve access to relevant and quality education, create sustainable livelihoods, improve national capacity for child labor monitoring system, enhance capacities of ILO constituents and partner organizations (funded by USDOL).

As response to the Harkin Engel protocol (2001), the Governments of Ghana and the Ivory Coast have established specialized agencies to deal with WFCL and trafficking of children in the cocoa sector, developed frameworks to deal with WFCL, issued National Action Plans that comprehensively addresses child labor across various economic sectors, and conducted population-based surveys to determine the nature and extent of WFCL in the production of cocoa. The Organization of African Unity has adopted the African Charter on the Rights and Welfare of the Child. A new regional agreement on child trafficking was signed in

2006 by 26 countries from West and Central Africa to combat child trafficking, demonstrating a growing willingness of countries concerned by the problem to take a leading role in tackling it.¹⁸

The Government of the Ivory Coast has passed a law against child labor¹⁹ and conducted two studies (a small pilot study and a scaled-up certification study²⁰ between 2007 and 2008) through the Child Labor Monitoring System in Cocoa Production (Système de Suivi du Travail des Enfants—SSTE).

A sector study²¹ conducted by Tulane University (published 2011, funded by US Department of Labor) provides an overview of all public and private initiatives to eliminate WFCL in the cocoa sector in the Ivory Coast and Ghana. Tulane University researchers conducted several representative household surveys of child labor in the cocoa sector. These surveys confirmed the prevalence of child labor on the farms (89% of the children interviewed confirmed that they helped in cocoa production), as did the SSTE certification study. Children working in cocoa agriculture are frequently involved in hazardous child labor and there is evidence of individual cases of children exposed to WFCL other than hazardous work (child trafficking, forced labor, etc.).

Public and private stakeholders in the Ivory Coast have reached several thousand children in the cocoa-growing areas with remediation interventions, including withdrawal, rehabilitation, reinsertion, education, and vocational training services since 2001. These efforts

complement the SSTE detection and rehabilitation program for child laborers in cocoa in the Ivory Coast, which is beginning to gather pace. However, industry and government still have to reach an estimated 3600 communities (96.21%) with remediation activities, according to the Tulane report.

Under the current administration, an inter-ministerial committee has been established (Comité Interministériel de lutte contre la traite, l'exploitation et de travail des enfants), which is headed by the Minister of Labor, to coordinate all activities related to child labor and trafficking in all sectors (technical function). SSTE, previously under the office of the prime minister, is now also attached to the inter-ministerial committee. Additionally, First Lady Dominique Ouattara is leading a newly-created Oversight Committee (Comité national de surveillance des actions de lutte contre la traite, l'exploitation et le travail des enfants), which will oversee the inter-ministerial committee. A wider range of stakeholders (industry, NGOs) form part of the Oversight Committee, and a national action plan is under development.

Certification efforts (UTZ, Rainforest Alliance, Fairtrade) have increased in recent years, driven by the principal multinational and national companies operating in the country as processors, exporters, and foreign buyers. Lately, a Certification Capacity Enhancement group, supported by the Ivorian government, has been established. The goal is to capture synergies of the different certification schemes. Also, a study evaluating

social, environmental and economic effects of all three certification schemes is under way (mandated by the Ivorian government, conducted by the Global Business Consulting Group and KPMG Ivory Coast).

2. Nestlé's Strategy Related to Cocoa Sourcing in the Ivory Coast

According to information provided by the company, Nestlé buys around 10% of the world's cocoa supply, of which 37% is procured from the Ivory Coast. Nestlé currently has no cocoa buying centers in the Ivory Coast and buys, apart from one exception (a Fairtrade certified cooperative), from exporters²² (henceforth called Nestlé's Tier 1 suppliers). Therefore, Nestlé usually



Another way of explaining worst forms of child labor



Nestlé's connection to the farmers through TNCP nurseries

supports its Tier 1 suppliers in their efforts for more supply chain sustainability. According to Nestlé, around 20% of the cocoa it procures from the Ivory Coast is under The Nestlé Cocoa Plan (TNCP), whereas 80% corresponds to the “standard supply chain,” which up to this point is not transparent and contains cooperatives, *traitants*, SARLs and *pisteurs*.²³

Since 2001, Nestlé has participated in a number of cocoa-related initiatives and programs, such as the International Cocoa Initiative (ICI) and the World Cocoa Foundation (WCF). In October 2009, Nestlé launched an internal initiative called The Nestlé Cocoa Plan (TNCP),²⁴ which brings together all their past and future initiatives that focus on ensuring a sustainable future for the cocoa industry worldwide and the communities depending on it. Some initiatives are exclusive to Nestlé, some are initiated by others and supported by Nestlé. The vision of TNCP is “to help cocoa farmers run profitable farms, respect the environment, have a good quality of life and for their children to benefit from an education and see cocoa farming as a respectable profession.” To achieve this vision, Nestlé committed CHF 110 million to the plan for 10 years. In the past 15

years, Nestlé has also invested an additional CHF 60 million in cocoa sustainability initiatives.

TNCP consists of the following components:

1. Plant Expertise and Propagation
2. Training
3. Traceability
4. Farmer Premiums
5. Social Projects

Plant Expertise and Propagation

To address the problem of ageing plants and low yields of cocoa trees, agronomical intervention forms a large part of the TNCP. Nestlé R&D in Abidjan (inaugurated in April 2009²⁵), in collaboration with Nestlé R&D in Tours, France and the Ivorian Agricultural Research Centre CNRA (Centre National de Recherche Agronomique) conducts research for new high potential cocoa plantlets.²⁶ Nestlé R&D supports cooperatives participating in TNCP to develop and maintain plant nurseries,²⁷ buys materials needed,²⁸ pays for the salaries of the workers the cooperatives employ in the nurseries, and distributes plantlets. At present Nestlé R&D tests the logistics demand of new plants and distributes hybrid varieties bought from the Centre National de Recherche Agronomique CNRA (135,000 plants in 2010 and 600,000 plants in 2011). For the next season (2012/2013), the plan is to distribute somatic embryogenesis plants (in vitro plants) coming from the Nestlé R&D propagation laboratory and produced via cocoa flowers. As per Nestlé's plan, a total of 12 million plantlets will be distributed between 2012 and 2022. The fields are equipped with GPS, so Nestlé R&D can assure where they are and follow their development. The plants spend 6 months in the nurseries before they are distributed to cooperative members, who apply for them. Plants are free of cost, but the farmers have to make an investment²⁹ in terms of cutting down old trees and prepare the field for the new plants (at least 1/3ha for 500 plantlets).

Training

Farmers are trained in good agricultural practices³⁰ (pre- and post-harvest) to increase the quality and yield of their farms. Training also includes some social/ labor and environmental issues. The training system and provider depend on the certification system³¹ that

the cooperative/farmer participates in and Nestlé's Tier 1 supplier, but it is mostly conducted by ANADER (l'Agence Nationale d'Appui au Développement Rural) in Farmer Field Schools.³² A farmer field school consists of a group of farmers (20-30) from the same or nearby villages who meet for 4-5 hours around every two weeks guided by a trained facilitator during the course of a cropping cycle. While the approach leaves enough flexibility, the curriculum covers the following areas: black pod disease, pests such as mirids, farm sanitation and cultural practices, soil fertility and fertilizer use, decision-making about rehabilitating a cocoa farm, cocoa quality, child labor sensitization, and HIV/AIDS sensitization.

Management of cooperatives is also trained on business and organizational practices to improve the functioning of the cooperatives and to support them in the preparation for certification.³³ Training providers vary depending on the certification and Nestlé's Tier 1 supplier. Additionally, cooperatives receive infrastructure needed for the management of the cooperatives (e.g. computer, printer, motor bikes).³⁴

Traceability

Nestlé has a direct buying relationship with one Fairtrade³⁵ certified cooperative and an indirect partnership with around 35 other cooperatives³⁶ via their Tier 1 suppliers, which have either already been certified while participating in TNCP, or are preparing and planning to become certified. TNCP started with 3 cooperatives in 2009. Since then, the number has increased continuously, as new Tier 1 suppliers and cooperatives join the program. Some cooperatives have dropped out, either because they prefer to join another program, or because they are not meeting the quality/volume goals set. Within TNCP, cocoa is traceable up to each individual farmer, depending on the cooperative. Nestlé knows from which cooperatives the cocoa is supplied and can therefore focus social programs or other projects to address the needs of the villages of the members of the cooperatives.

Cocoa procured from the standard supply chain comes through the same (and additional) Tier 1 suppliers. These suppliers buy from other upstream suppliers in the supply chain (Tier 2 suppliers) and/or through middlemen (traitants, SARLs, cooperatives). The lack of transparency in the standard supply chain poses far more challenges for monitoring and remediation than TNCP supply chain.



Community development activities explained by a partner NGO of the International Cocoa Initiative

Premiums

According to TNCP policy, if the cocoa delivered by the cooperatives complies with the quality criteria set by Nestlé and Tier 1 supplier (defects, slate, waste, foreign matter/clusters/residue/flats, moisture), a premium is paid at the end of the season by Nestlé through its Tier 1 suppliers. Apart from the premium, and depending on the Tier 1 supplier of Nestlé, a higher price is paid per kg for good quality. If the cooperative is not certified, it still receives a premium if it delivers according to the requested quality requirements. Once a cooperative successfully passed certification audits (which includes assessment of labor standards at the cooperative and farm level), it receives a higher premium under the certification scheme. In the case of UTZ³⁷ and Rain Forest Alliance (RFA)³⁸ certification, at least 50% of the premium is dedicated to the farmers. According to farmers, cooperatives and Nestlé's Tier 1 suppliers, cooperatives usually pay a higher percentage to the farmers and keep around 20% for bagging, marketing or administration costs. In the case of Fairtrade certification, the cooperative may keep the total premium for administration costs and investments in social projects³⁹ for the member farmers. The premium for Fairtrade cocoa is fixed at USD 200/t (=0.20 USD/kg); the premium in the UTZ, RFA and TNCP scheme is negotiated between the buyer and the cooperatives (usually between 0.10 and 0.20 USD/kg).⁴⁰ Nestlé's Tier 1 suppliers sometimes also pay additional premiums on top of the premiums paid by Nestlé, both when they deliver export quality that requires no further cleaning or drying, or for loyalty.



Children going home from school in Divo

Social Projects in Collaboration with Partners

Nestlé invests in social projects (such as schools, water and sanitation facilities, sensitization/local development projects) in collaboration with different global organizations (e.g., ICI, WCF, Red Cross). These projects are located in some of the villages from where the cooperatives source their cocoa and benefit the whole community, both non-farmers and farmers, whether or not they are members of the cooperatives. The villages where social programs are deployed are selected based on certain criteria set by respective organizations and in accordance with government plans.

III. Methodology

1. Assessment Team

The assessment team was made up of 20 people, 15 from the Ivory Coast and 5 international experts, including 2 FLA staff (See Box 2).

2. Assessment Stages

This first assessment and reporting took place from November 2011 until March 2012 and was divided into the phases presented in Table 1:

BOX 2 Assessment Team and Selection Criteria

FLA (2): Director, Agriculture and Strategic Projects and Global Manager for Agriculture.

Independent External Experts (3): Executive Director (Human Resources Without Borders), Senior Researcher (Sustainable Livelihoods Foundation), Supply Chain Expert (TRASE—Tracing and Risk Assessment through Stakeholder Engagement). They were selected based on their experience (over 20 years in the agriculture sector), knowledge and expertise in cocoa sector, evaluation of management systems, certification programs, labor standards review, supply chain mapping and traceability.

Local CSR professionals trained at CERAP (Centre de Recherche et d'Action pour la Paix, Abidjan) (6): A group of 6 people who conducted fieldwork were selected from CERAP after training and evaluation. Selection criteria included: knowledge about cocoa (all of them had family members who were cocoa farmers), knowledge of local dialects and languages, and quality of reporting.

Local NGO ASA (Afrique Secours et Assistance) (9): The second local group consisted of 4 teams (each with 2 people) and a project manager from ASA—an NGO in the Ivory Coast with more than 15 years' experience addressing child labor. The teams from ASA were selected according to their knowledge and offices in the villages.

TABLE 1 Assessment Stages

PHASE	TIME PERIOD	WHO	CONTENT & OBJECTIVES
Desktop Research	November/December 2011	FLA	Research on the Ivory Coast, the cocoa sector, labor issues and Nestlé's supply chain in order to understand the background and previous work.
Stakeholder Engagement and External Information Gathering	November/December 2011	FLA, FLA external expert	Communication with several international NGOs (implementation and campaigning) in order to understand their expectations in the assessment and experience in the field.

(continues on page 12)

(continued from page 11)

TABLE 1 Assessment Stages			
PHASE	TIME PERIOD	WHO	CONTENT & OBJECTIVES
Interviews Nestlé Head Quarter	December 2011	FLA	Interviews with Nestlé's top management and staff involved in cocoa sourcing from the Ivory Coast (Confectionery, Procurement, Agriculture, Public Affairs) in order to understand their opinions on TNCP and cocoa, the strategies and systems in place as well as challenges.
Pre-Assessment Ivory Coast: Selection of Local Research Team and External Information Gathering	December 2011	FLA independent expert	Pre-Assessment in a cocoa farm; training and selection of local staff and interviews with local stakeholders in order to decide on the routes for the field visits; identification of local partners and training of local partners for the assessment. The pre-assessment also made it clear that a second team was needed for a second, un-announced visit after the "FLA Independent Experts Team" had left the field.
Preparation of Assessment	December 2011 and 1st week January 2012	FLA & FLA independent expert	Definition of the routes for the field visits; fine-tuning of methodology and tools. ⁴¹ A field visit was made to Gagnoa in the last week of December to follow migrants that search for work in cocoa farms. This was to understand the labor recruitment process in the cocoa sector during peak production season.
Assessment 1st Part (Abidjan)	2nd week January 2012	FLA & FLA independent experts	Interviews in Abidjan with Nestlé Côte d'Ivoire, Nestlé's Tier 1 suppliers, governmental institutions and related organizations.
Debrief and Preparation	2nd week January 2012	FLA, FLA independent experts and local CERAP team	Analysis of data received and preparation of field visits.
Assessment 2nd Part (Field Visits)	3rd week January 2012	FLA, FLA independent experts and local CERAP team	3 teams, each consisting of 2 CERAP professionals and a team leader (FLA or FLA independent experts) on three different routes. This group mainly focused on the buying centers of Nestlé's Tier 1 suppliers, cooperatives, <i>traitants</i> and <i>pisteurs</i> , the management systems and documentation flows available, but also visited some nurseries, farms, villages and camps. ⁴² The visits were mainly announced; ⁴³ the focus was on the systems and document flows in place as well as on potential labor issues.
Debrief	January 2012	FLA, FLA independent experts and local CERAP team	Debrief with all three teams that went to the field: preliminary conclusions, cross-check of data gathered, decision on further activities.
Assessment 3rd Part (Abidjan)	4th week January 2012	FLA	Interviews with organizations and local experts, as well as some 2nd round interviews with Nestlé Côte d'Ivoire and Nestlé's Tier 1 suppliers to cross check information received in the field and make sure to have all relevant information.

(continues on page 13)

(continued from page 12)

TABLE 1 Assessment Stages			
PHASE	TIME PERIOD	WHO	CONTENT & OBJECTIVES
Assessment 4th Part (Field Visits)	January/ February 2012	ASA	<p>Risk analysis of worst forms of child labor in different villages and camps where TNCP farmers live. The objective was to get an in-depth understanding of the situation in terms of economic activity (with a focus on cocoa), social infrastructure, and child protection.</p> <p>4 teams of 2 people went to villages/camps from members of TNCP cooperatives. They focused on the communities as well as farms, and spent more time with farmers, their families and workers. Inputs for the questionnaires used were also derived from potential labor issues detected in the 2nd part of the assessment. These visits were unannounced and except for the FLA, no one was aware that they were part of the assessment.</p> <p>The data gathered could serve as baseline to assess the socio-economic impact of TNCP and potential scaling up effects for the mid- and long-term.</p>
Assessment 5th Part (Field Visits)	4th week January 2012	CERAP team	<p>In the debrief after the 2nd part of the assessment, the team decided that more interviews with participants in the standard supply chain were needed and a team of 2 CERAP professionals conducted a field visit for another 5 days to Gagnoa to interview <i>traitants, pisteurs</i> and non-TNCP cooperatives.</p>
Report Writing and Expert Feedback	February/ May 2012	FLA & independent experts	<p>Analysis of all reports received of different teams, data triangulation and further verification of results in order to prepare the report.</p> <p>The report was shared in confidence with experts to receive inputs on the report.</p>

The field visits to the Ivory Coast were initially planned in December during the beginning of the peak harvest season. However, due to the local parliamentary elections on December 11, 2011, the FLA team had to wait until January, in case of potential unrest in the country and subsequently, security reasons. The weeks before, during and after Christmas were no options, as it was the first Christmas after the recent civil war and none of the stakeholders were available for interviews. Therefore, the FLA plans to undertake additional follow up studies during peak season and at other times in the year that will further refine data and risk assessment presented in this report.

3. Stakeholder Engagement

Stakeholder consultations prior to, during, and after the assessment is a crucial part of the FLA's methodology. These consultations are held for a number of reasons: external information gathering to refine the assessment methodology; identify appropriate method of



Taking a break at a cooperative warehouse

conducting interviews; obtain information on existing policies and programs; and identify credible local organizations in the field for purposes of information gathering and remediation.

a. Governmental Institutions

The assessment team visited the following governmental ministries and related institutions that are involved in setting up policies, procedures and programs in the cocoa sector. The objectives of the meetings were to announce about the assessment study and to gather information on the government

plans for improving monitoring and working conditions in the cocoa farms:

- Office of First Lady Dominique Ouattara
- Ministry of Agriculture, including the Minister
- Ministry of Labor, including the Minister
- Ministry of Education
- Comité de Gestion de la Filière Café-Cacao (CGFCC). Since January 20, 2012 it's called CCC (Conseil du Café-Cacao).
- Système de Suivi du Travail des Enfants (SSTE)
- Agence Nationale d'Appui au Développement Rural (ANADER)

b. Civil Society Organizations⁴⁴

A wide range of international and local NGOs, associations and local consultants were visited or interviewed (in Europe, USA and the Ivory Coast) to gain a better understanding of the issues affecting the cocoa sector, gather information prior to the field visits and collect information on the various projects that are being implemented and/or are under way.

Meetings and/or phone calls with representatives of the following international organizations were held:

- Berne Declaration
- Cocoa Watch (local representative)
- International Cocoa Initiative
- Solidaridad (local representative)
- Stop the Traffik Netherlands
- TFT Forests (local representative)
- Winrock International (including local representative)
- World Cocoa Foundation (including local representative)
- Danish Institute of Human Rights
- International Labor Rights Forum

Representatives of the following local organizations were visited:

- Afrique Secours et Assistance (ASA)
- Centre d'Etudes, Formations, Conseils et Audits (CEFCA)
- Femme-Action-Développement (FEMAD)
- Fraternité sans Limites (FSL)
- Renforcement des Capacités (RENFCAP)

Representatives of the following local associations were visited:

- Syndicat des producteurs individuels de café et cacao (SNAPRICC-CI)
- Union Syndicale des Paysans de Côte d'Ivoire (USYPA-CI)
- Association des Femmes Productrices de Café-Cacao du Sud-Bandama (AFPCC-SB)
- Syndicat des Pisteurs de Gagnoa

Additionally, a couple of individuals knowledgeable in the sector but not necessarily related to a specific organization were met in the Ivory Coast. Several phone calls and email communication complemented the picture.

4. Data Collection

The teams gathered information from actors directly involved in the cocoa supply chain. The interview partners were selected in two ways:

- (1) Upstream starting from Nestlé ➔**
Nestlé's Tier 1 supplier ➔ cooperative/
traitant ➔ pisteur ➔ farmers and;
- (2) Downstream starting from farmers ➔**
pisteurs ➔ cooperatives/traitants.

a. Nestlé Staff in Vevey, London and Abidjan

Around 20 Nestlé staff members in Vevey (headquarters), London (trading) and Abidjan (Nestlé Côte d'Ivoire and R&D center), involved in cocoa procurement and TNCP were interviewed. The staff interviewed from Vevey and London included the following functions: Procurement, Corporate Agriculture, Confectionery, Cocoa Manager and Public Affairs. In Abidjan, the Managing Director of Nestlé Côte d'Ivoire, the General Manager of R&D and his team as well as the persons responsible for Public Affairs and the Nescafé Plan⁴⁵ were interviewed.

b. Direct Suppliers to Nestlé (Nestlé's Tier 1 Suppliers)

The team visited 7 of total 14 Tier 1 suppliers (of which one is a cooperative), representing 79% of supplied volume of beans and/or cocoa products to Nestlé from the Ivory Coast in 2011. They were selected according to volume sold to Nestlé, participation in TNCP and availability⁴⁶ in the Ivory Coast. The cooperative supplies only TNCP beans, 3 exporters supply TNCP

and standard beans/products, 3 exporters supply only standard beans/products to Nestlé. In addition to the local headquarters, 1 processing facility (in Abidjan) and 4 buying centers of the exporters were visited (in Sinfra, Gagnoa, Daloa and Bouaflé).

c. Cooperatives, Villages/Camps and Farms

In total, 20 cooperatives⁴⁷ and 2 unions of cooperatives (one with 2 cooperatives, another with 4 cooperatives) were visited. Cooperatives were selected using stratified random sampling based on location, certification type, partner (Tier 1 supplier of Nestlé) and duration of participation in TNCP. The cooperatives in the 2 unions and 12 other cooperatives⁴⁸ supply TNCP cocoa, while 7 cooperatives are not in TNCP, but their beans could end up in Nestlé's (or a competitors') standard supply chain, as they deliver to Nestlé's Tier 1 suppliers. The

TABLE 2 Routes Taken During the First Field Visit

Team 1: Abidjan-Yamoussoukro-Sinfra-Gagnoa-Guitry-Lakota-Divo-Abidjan

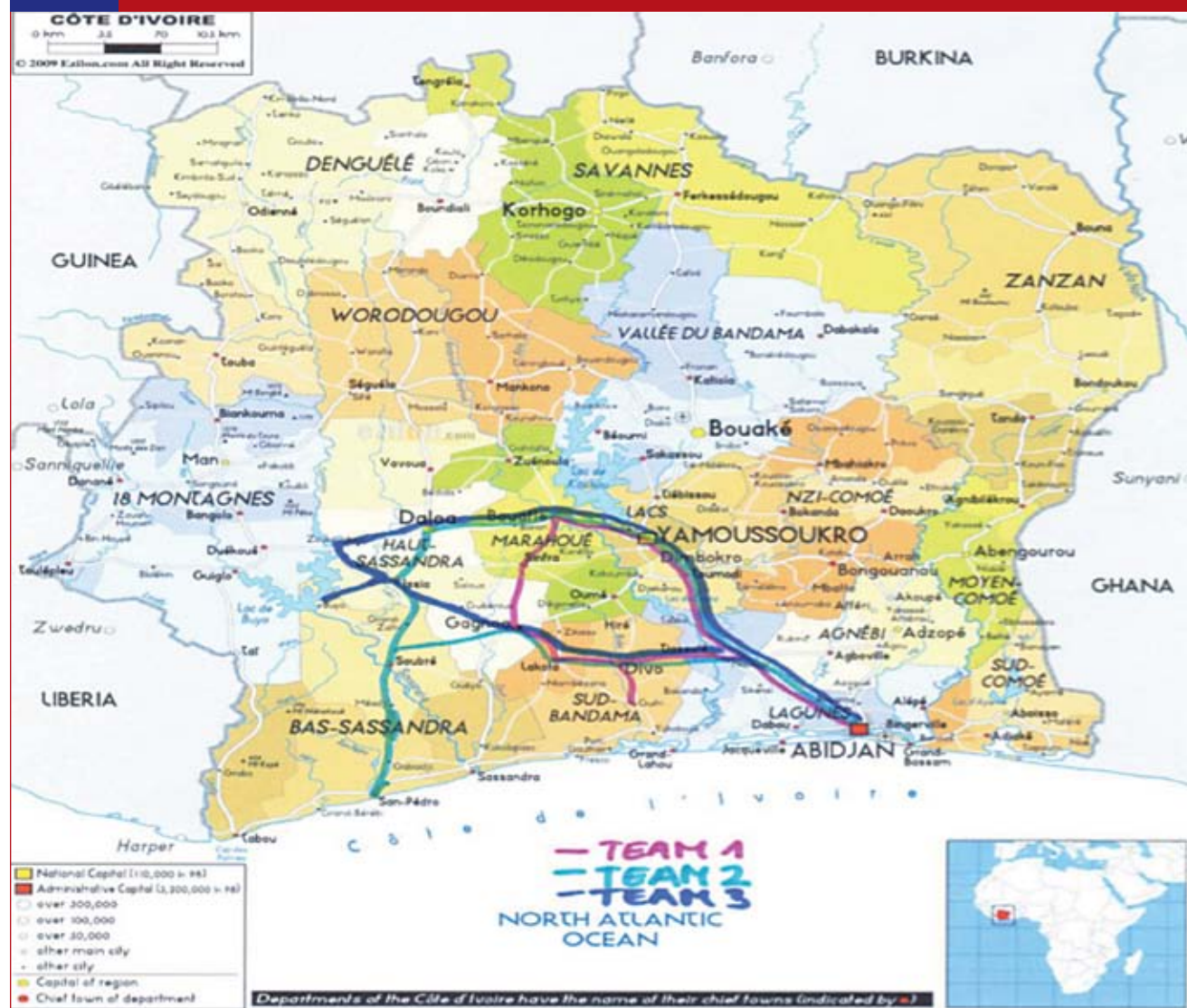
Team 2: Abidjan-Yamoussoukro-Issia-San Pedro-Moussadougou-Soubre-Abidjan

Team 3: Abidjan-Yamoussoukro-Bouaflé-Zoukougbeu-Daloa-Bufo-Toumodi-Abidjan

cooperatives are located in the following towns/villages: Yamoussoukro, Toumodi, Issia, Sinfra, Daloa, Gona, Zoukougbeu, San Pedro, Gagnoa, Bufo, Moussadougou, Divo, Guitry, Lakota and Soubre.

The routes taken had to be carefully planned in advance for security reasons (checkpoints) and availability of hotels.⁴⁹ The teams of the first field visit (FLA, experts and CERAP professionals) followed the routes presented in Table 2 and Figure 1.

FIGURE 1 Routes Taken During Assessment and Areas Covered⁵⁰



The first team visited the cooperatives, related premises and farmers presented in Table 3.

TABLE 3 Sample Visited and Interviewed During the First Field Visit	
VISITS/INTERVIEWS OF	NUMBER
Union of Cooperatives	2
Cooperatives	20
of which participating in TNCP	15
of which potentially ⁵¹ in standard supply chain of Nestlé	7
of which Fairtrade certified ⁵²	2
of which UTZ certified	2
of which UTZ and RFA certified	2
of which UTZ, RFA and Fairtrade certified	1
of which UTZ and/or RFA certification in progress	7
of which not certified	8
Nurseries of TNCP cooperatives	6
Farms of TNCP cooperative members	8
Farms not associated to TNCP cooperatives	8
Villages/camps of TNCP cooperative members	5
Villages/camps not associated to TNCP cooperative members	5
Farmers interviewed	Ca. 30 ⁵³

Additionally, some infrastructure of the villages was visited (health centers, schools).

Due to security reasons,⁵⁴ the first assessment team could not visit cooperatives and farms in the center west region (e.g., Man, Danane, Duekoue), where living conditions are, according to experts, worse than in



Discussion with a village chief and his entourage

other parts of the cocoa growing region in the Ivory Coast, and a visit should take place at a later stage.

The cooperatives and farms located east of Abidjan (e.g., Akoupe, Aboisso, Abengourou) were not visited, as Nestlé sources from fewer cooperatives in that region. Farms are generally larger (fewer small-scale farmers), and living conditions as well as school availability are better according to NGOs that work on the ground in these areas. Therefore, during risk assessment, the FLA decided to cover this area at a later stage. Yet, the majority of the cooperatives in TNCP are located in the center-south region.

The second team that went to the field (ASA) interviewed the villages/camps and community members presented in Table 4. ASA received the lists of villages and camps of farmers that belong to 8 TNCP cooperatives⁵⁵ from the first team that did the assessment of the cooperatives (assessment 2nd part). Based on these lists, 4 villages/camps were selected for each region (Soubre, Buyo, San Pedro, Daloa, Issia, Zoukougbeu) where ASA is active and has experienced staff on the ground. The villages were then selected based on the experience ASA has in the region. This was important for trust building, as according to ASA, people are very hesitant to give information on child labor and become suspicious. In each village/camp, a sample of 17-23 people was interviewed individually. The sample was compiled out of focus group discussions conducted beforehand. The samples consisted of adults



Discussion with a cooperative's management

(men, women; farm owners, *métayers*, workers) and children (girls, boys).

In the Soubré area, 15 farms were visited and 80 people were interviewed. Young workers and children represented 61.25% of the interviewees (49 people)

TABLE 4 Sample Visited and Interviewed During the Second Field Visit	
VISITS/INTERVIEWS OF	NUMBER
Villages/Camps visited	24
Farms visited	71
Total number of interviews	466
of which with adults	341
of which with children	125
of which with people working full time on cocoa farms	371
of which with people working part time on cocoa farms	95

and adults 38.75% (31 people). Full time workers represented 55% (44 people) of the interviewees and part-time workers 45% (36 people).

In the Buyo area, 19 farms were visited and 80 people were interviewed. Amongst interviewees, 49 were young workers and children and 31 were adult workers. 44 of the interviewees were full time workers and 36 were part time.

In the San Pedro area, 23 farms were visited and 90 people were interviewed. Young workers and children represented 15.55% of the interviewees (14 people) and adults 84.45% (76 people). Full time workers represented 74.44% (67 people) of the interviewees and part-time workers 25.56% (23 people).

In the Issia area, 4 farms were visited and 70 people were interviewed. Young workers and children represented 3% of the interviewees (2 people) and adults 97% (68 people). All interviewees were full time workers.

In the Daloa area, 5 farms were visited and 70 people were interviewed. Young workers and children represented 4% of the interviewees (3 people) and adults 96% (67 people). All interviewees were full time workers.

In the Zoukougbeu area, 5 farms were visited and 76 people were interviewed. Young workers and children represented 8% of the interviewees (8 people) and adults 92% (68 people). All interviewees were full time workers.

In all four areas 4 villages or camps each were visited that are presented in Table 5.

Statistical information about farmers, *métayers*,

TABLE 5		Details of Localities (Camps) Visited in Each Area	
VISITED LOCALITIES (VILLAGES/CAMPS)		COOPERATIVES ⁵⁶	
SOUBRE AREA			
1	Bohoussoukro V8	Cooperative 1	
2	Sagboya V6		
3	Kodaya V5		
4	Gnamboya V4		
BUYO AREA			
5	LBS Nopkoudou	Cooperative 2	
6	Noekro		
7	Noufoukro		
8	Germainkouadiokro		
SAN PEDRO AREA			
9	Niamkeykro	Cooperative 3	
10	Morydougou		
11	Dotou	Cooperative 4	
12	Pont Nero		
DALOA AREA			
13	Siéfla	Cooperative 5	
14	Manhounou		
15	Louénoufla		
16	Sikaboutou		
ISSIA AREA			
17	Diassa	Cooperative 6	
18	Dobia		
19	Namane		
20	Ghana	Cooperative 7	
ZOUKOUGBEU AREA			
21	Zokogbeu	Cooperative 8	
22	Gueguigbeu		
23	Garabo		
24	Mahinahi		

workers, child labor, health & safety as well as social infrastructure presented in the findings below only relate to the field visit conducted by ASA. The findings give an impression of the perception of all people interviewed in villages and camps where TNCP farmers live. Further research needs to be conducted to establish a comparison between TNCP and non-TNCP farms.

d. *Traitants* and *Pisteurs*

During the assessment, the team interviewed 3 *traitants* and 5 *pisteurs*. The team faced some challenges reaching



On the road to a camp

them as: (1) some exporters were initially hesitant to provide contact information (top-down), and (2) when the team tried to reach them via the farmers or *pisteurs* (bottom-up), they mostly refused to talk. The team started talking to Nestlé's Tier 1 suppliers, cooperatives and farmers that deal directly with *traitants* and *pisteurs* about their role in the supply chain. We also talked with the experts and organizations in the field that are involved in pilot projects to work with *traitants* and *pisteurs* to organize these cocoa supply chains and know the actors well. Finally some introductions were made and we were able to meet them in the field.

5. Tools for Data Collection

The teams were guided by questionnaires developed by the FLA in collaboration with local experts. Information was gathered through:

- i. individual and focus group interviews;
- ii. on-site observations in processing facilities, buying centers, cooperative facilities, nurseries and farms;
- iii. documentation review of TNCP and at the suppliers, cooperative and farm level; and
- iv. off-site observations in the villages and camps.

The first team (FLA and CERAP professionals) conducted semi-structured interviews and focus

group discussions. The second team (ASA) conducted structured interviews. Both assessment teams used open-ended questions and took notes of the responses and observations. Based on those notes, questionnaires were completed. In the case of ASA, the responses were coded. Children were interviewed by ASA in focus groups without the presence of their parents. The goal was for people to not feel like they were being interviewed, but rather engaged in a conversation.

While the interviews with management representatives and *traitants* were mainly conducted in offices, individual farmers were interviewed on their farms, and group interviews took place in the villages and camps. *Pisteurs* were interviewed

wherever it was feasible to meet them.

Languages used (besides French and English) were: Baoulé, Dioula, Malinké, Agni, Bété and Moré.

IV. Findings

The findings are grouped according to the objectives mentioned in the introduction and include those for the Nestlé's standard supply chain as well as TNCP.

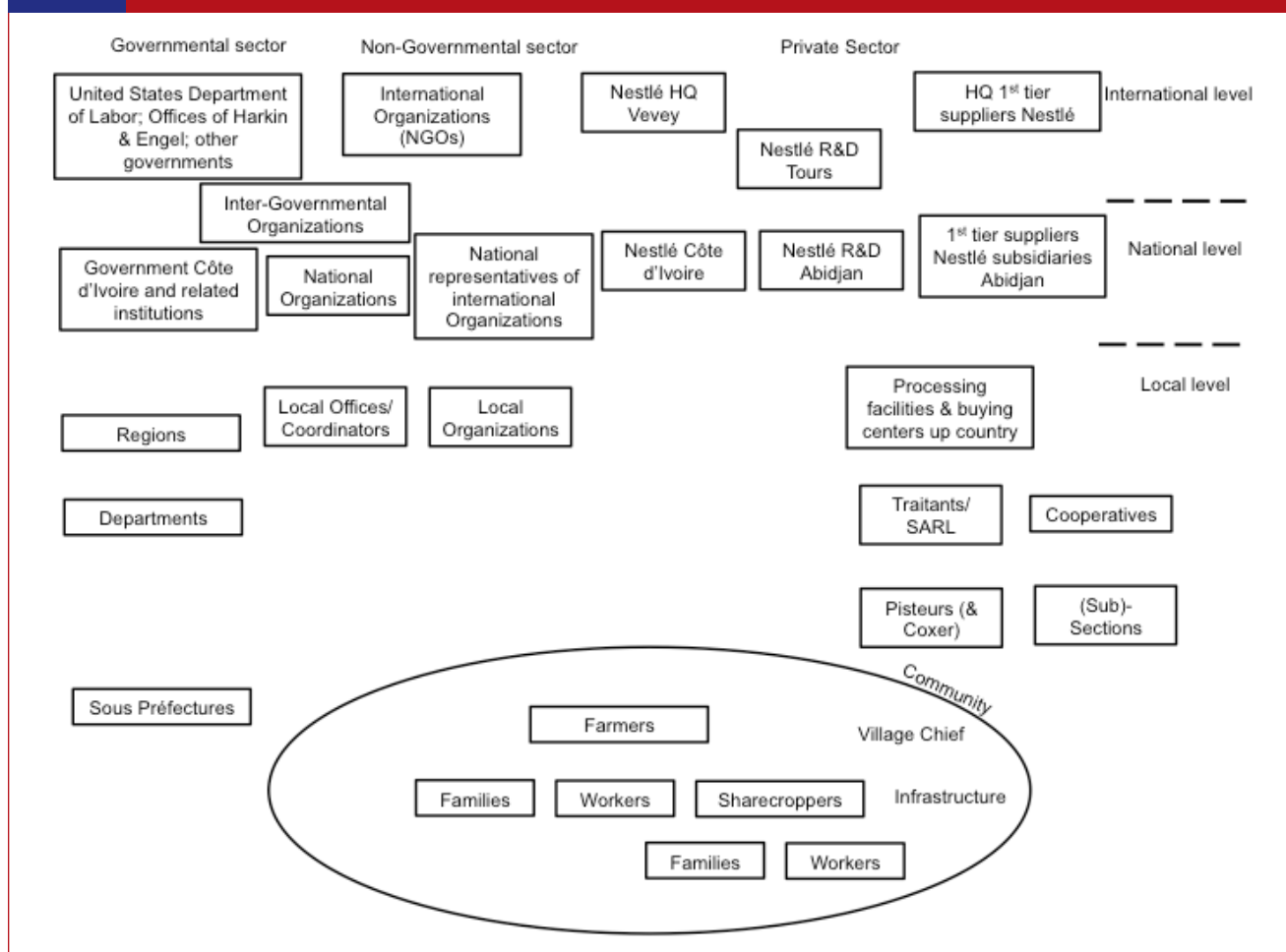
1. Stakeholder Mapping

Many different stakeholders are involved in Nestlé's cocoa supply chain in the Ivory Coast. They are outlined in the following stakeholder map (Figure 2) and their relationships and roles are further explained in Tables 6–8. The roles and relationships of direct stakeholders who form part of the supply chain are explained under the next section.

The following tables (6–8), detail the different stakeholders in Nestlé's cocoa supply chain in the Ivory Coast with whom we had contact or that were mentioned by interview partners during the assessment. The list is by no means complete, but provides an impression on the vast interests related to the cocoa

(continues on page 23)

FIGURE 2 Stakeholder Map of Nestlé's Cocoa Supply Chain in the Ivory Coast



a. TABLE 6 Governmental and Inter-Governmental Stakeholders

NAME	FUNCTION & RESPONSIBILITIES IN RELATION TO LABOR STANDARDS/COCOA SECTOR	RELATIONSHIPS ⁵⁷
United States Department of Labor; Offices of Senator Tom Harkin & Congressman Eliot Engel http://www.dol.gov/ilab/highlights/if-20120123.htm	Foster the implementation of the Harkin-Engel protocol. A Child Labor Cocoa Coordinating Group (CLCCG) has been established that functions as a steering committee and a working task force for the implementation of the protocol. CLCCG is comprised of representatives of the United States Department of Labor, the Government of the Ivory Coast, the Government of Ghana, the International Chocolate and Cocoa Industry, and the Offices of Senator Tom Harkin and Congressman Eliot Engel.	Governmental ministries and institutions involved in the elimination of child labor, as well as private sector representatives.
International Labor Organization (ILO)	International Program on the Elimination of Child Labour (IPEC) and Decent Work Country Program More information see here. 2 main projects are currently implemented related to the elimination of child labor on cocoa farms: <ul style="list-style-type: none"> • ILO Public-Private Partnership (funded by the chocolate industry) • ILO-IPEC Cocoa Communities Project (funded by US Department of Labor) 	Global UN organization with tripartite structure; headquartered in Geneva. Global, national & local activities. Relationships with governments, industry, NGOs, unions, farmers and teachers.

(continues on page 20)

a. TABLE 6 Governmental and Inter-Governmental Stakeholders		
NAME	FUNCTION & RESPONSIBILITIES IN RELATION TO LABOR STANDARDS/COCOA SECTOR	RELATIONSHIPS ⁵⁷
United Nations Children's Fund (UNICEF)	UNICEF provides long-term humanitarian and developmental assistance to children and mothers in developing countries. They have several projects in the Ivory Coast in the areas of education, health and gender.	Global organization headquartered in New York City. They work with global and local organizations.
Comité de Gestion de la Filière Café-Cacao (CGFCC) <i>Now: Conseil du Café Cacao (CCC)</i> http://www.bcc.ci	Ivorian Government entity for the promotion of coffee/cocoa exports and domestic use, 2QC program of the cocoa sector (Quantité, Qualité, Croissance; quantity quality growth), ⁵⁸ responsible for the implementation of the cocoa reform.	Subject to technical supervision by the Ministry of Agriculture; subject to financial supervision by the Ministry of Economics & Finance. It is one of the stakeholders in the Oversight Committee led by the First Lady.
Système de Suivi du Travail des Enfants (SSTE) www.cacao.gouv.ci/	The goals of this Ivorian government committee are the elimination of worst forms of child labor in the cocoa sector and improvement of the conditions of life and work for cocoa farmers. It conducts surveys on child labor in the cocoa sector (certification studies) and remediation programs. It has projects with local NGOs for sensitization of the communities & remediation ("Relais" (agents) with orange T-Shirts in villages). A new system of observation and monitoring of child labor in all sectors (SOSTECI—Système d'observation et de suivi du travail des enfants en Côte d'Ivoire) is under way.	SSTE is attached to the Inter-ministerial Committee (Comité Interministériel). Works with local NGOs that make sensitization & remediation.
Ministry of Labor	Main contact point and coordination for all efforts related to the elimination of worst forms of child labor in all sectors by different ministries and institutions (leads the "Comité Interministériel de lutte contre la traite, l'exploitation et de travail des Enfants" ⁵⁹). Developed the national action plan for the elimination of child labor (yet to be approved in final form). Goal is to cover "many" villages in the next 4-5 years. Will also coordinate activities of private sector. Projects for young people to learn professions (in rural and urban areas).	With other ministries and SSTE
Ministry of Agriculture www.agriculture.gouv.ci	Responsible for the sustainable development of the agricultural sector. 2QC (Quantité, Qualité, Croissance; quantity, quality, growth) program of the cocoa sector. Goal is to reduce imports and produce more locally.	With other ministries, CCC and ANADER
Ministry of Education www.education.gouv.ci	Plan to build 5000 class rooms (6 per primary school) each year in the next 5 years. So far there are 10,000 schools in the Ivory Coast. Also plans to build more "classes passerelles" for young people who never attended school.	With other ministries
Office of the First Lady http://www.childrenofafrica.org	Engaged in the elimination of child labor. Dominique Ouattara heads the "Comité national de surveillance des actions de lutte contre la traite, l'exploitation et le travail des enfants" ⁶⁰ (Oversight Committee) and has a foundation called "Children of Africa."	With all actors engaged in the elimination of child labor
Centre National de Recherche Agronomique (CNRA) www.cnra.ci	Conducts research and produces cocoa plantlets. Works with Nestlé on new cocoa plantlets and has a grafting program for new shoots to be grafted onto old trees with another industry leader.	Industry, ministry of agriculture, CGFCC
Agence Nationale D'Appui au Développement Rural (ANADER)⁶¹ www.anader.ci/	Private entity with 35% participation by the state. Since 1993, training and consulting for the national program for agricultural support. Has four training/formation centers for trainers living in the villages of farmers (train-the-trainer model). Trains farmers in Farmer Field Schools on quality, environmental and social practices.	Under the agricultural ministry. (According to Agricultural Ministry, receives 7 million CFA per year from the government; >USD 14 million). Works with different ministries, private sector and global and local organizations. Almost all farmer trainings in the cocoa sector are, according to interviews with exporters and cooperatives, conducted by ANADER.

b. TABLE 7 Non-Governmental Stakeholders ⁶²			
NAME	FIELDS OF ACTIVITY RELATED TO A SUSTAINABLE DEVELOPMENT OF THE COCOA SECTOR IN THE IVORY COAST	REGIONS COVERED	PARTNERS
World Cocoa Foundation (WCF)	Productivity, school construction (ECHOES), farmer livelihood	WCF has its main offices in the USA, bigger office in Ghana and 1 person in the Ivory Coast (total 20 people) —they coordinate and engage local partners in all cocoa regions of the Ivory Coast.	WCF is an industry group. Other partners always depend on projects (e.g. ANADER, Technoserve, GIZ)
International Cocoa Initiative (ICI)	Mainly child labor, but general local development and livelihoods are also focus	ICI is headquarters in Geneva with one local staff in the Ivory Coast. Covers all regions in partnership with local NGOs.	Industry, NGOs, government
International Cocoa Organization (ICCO)	Quality improvement, fine/flavour cocoa, cocoa marketing and trade, price risk management	Global organization located in London, composed of both cocoa-producing and cocoa-consuming countries as members.	Industry
Winrock International	Schools program (ECHOES) In general focused on education/development	International organization with headquarters in the USA. In the Ivory Coast for 20 years. Many regions and commodities (in addition to cocoa) covered.	WCF
Cocoa Watch	Newly created platform for organizations working on cocoa or related areas to contribute positively to the development of the cocoa industry particularly the welfare of smallholder producers in Africa.	Regions with representatives are Ghana, Nigeria, the Ivory Coast, Cameroon.	Membership is open to cocoa farmer organizations, organizations and NGOs working in cocoa or related areas, other organizations/institutions interested in the development of the cocoa industry, research institutions, interested individuals.
RENFCAP	Sensitization, community development (participative approach with village committees and action plans)	Local NGO based in Abidjan. Currently they work in Alepe and Adzoupe (north of Abidjan/east) in 23 villages. With ILO they also worked in Soubre and San Pedro.	Worked with ILO in the past and currently works with ICI
Horizons et Lumière	Sensitization, community development (participative approach with village committees and action plans)	Local NGO based in Divo.	ICI
Afrique Secours et Assistance (ASA)	Sensitization, community development (participative approach with village committees and action plans)	Local NGO based in Abidjan. They work in all the regions that is south and west of Daloa: e.g., Daloa, Buyo, Soubre, Issia, San Pedro, Zoukougbeu, Man, Duékoué, Danane	ICI, ILO, UN Refugee Agency (UNHCR)
Caritas Côte d'Ivoire	Sensitization, community development (participative approach with village committees and action plans)	Global NGO with offices in Abidjan and San Pedro. Works mainly in villages around San Pedro within the ICI project.	ICI

(continues on page 22)

(continued from page 21)

b. TABLE 7 Non-Governmental Stakeholders ⁶²			
NAME	FIELDS OF ACTIVITY RELATED TO A SUSTAINABLE DEVELOPMENT OF THE COCOA SECTOR IN THE IVORY COAST	REGIONS COVERED	PARTNERS
FEMAD (Femme—Action— Development)	Sensitization, community development (participative approach with village committees and action plans) HIV/Aids programs	Local NGO based in Abidjan. Work in Grand-Béréby, Dogbo, Gabiadji (San Pedro), Méagui, Oupoyo (Soubre), Tiassalé, N'Douci (Tiassalé), Lopou (Dabou), Ahouanou, Grand-Lahou (Grand-Lahou), Napié (Korhogo), Zikisso (Lakota), Fresco (Fresco), Nassian	Worked with ILO and exporters in the past and currently working with ICI and SSTE
Fraternité sans Limites (FSL)	Sensitization, community development (participative approach with village committees and action plans)	Local NGO with headquarters in Abidjan. Regional office in Adzoupe.	ILO, ICI, many companies (via ICI), SSTE
CARE International	Social projects	Global NGO with local representation	Exporters
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Training for cocoa farmers	Global NGO with local representation	ANADER, exporters, WCF
SOCODEVI www.socodevi.org	Network of cooperatives and mutuals that share technical expertise and know-how with partners in developing countries in order to create, protect and distribute wealth	Canadian NGO working with cooperatives all over the Ivory Coast	Cooperatives
Solidaridad www.solidaridadnetwork. org	Support cooperatives obtaining UTZ certification and conduct training at cooperative level.	Global NGO with local representation	Most exporters
SNAPRICC-CI (Syndicat des producteurs individuels de café et cacao)	Sustainable development of the cocoa sector	Local Farmers' Association based in Sud Bandama (Divo)	Communicates with government through commentaries on relevant legislation such as the cocoa reform process
USYPA-CI (Union Syndicale des Paysans de Côte d'Ivoire)	Sustainable development of the cocoa sector	Local Farmers' Association based in Gagnoa region	Farmers
AFPCC-SB (Association des Femmes Productrices de Café-Cacao du Sud- Bandama)	Empowerment of women in cocoa farming and school enrollment of girls	Local Farmers' Association based in Divo	Farmers, schools
Veritas, Control Union, IMO, SGS	Certification auditing bodies, and technical agricultural inputs	Global organizations with national representations	Industry, cooperatives, certification bodies
CEFCA	RFA designated them to be the trainers-of-trainers and support cooperatives to become RFA certified (like Solidaridad with UTZ)	Local NGO based in Abidjan, covers all cocoa growing regions of CI	Most exporters

(continues on page 23)

(continued from page 22)

b. TABLE 7 Non-Governmental Stakeholders ⁶²			
NAME	FIELDS OF ACTIVITY RELATED TO A SUSTAINABLE DEVELOPMENT OF THE COCOA SECTOR IN THE IVORY COAST	REGIONS COVERED	PARTNERS
Kory Developpement Durable (KDD)	Cooperatives and farmer training	Local NGO	Exporters
Crop Life (http://www.croplifeafrica.org/ , formerly UNIPHYTO)	Committed to sustainable agriculture through innovative research and technology in the areas of crop protection, non-chemical pest control (IPM), seeds and plant biotechnology.	Member of CropLife International, a regional federation representing the plant science industry and a network of national associations in 30 countries in Africa and the Middle East.	Members are from companies and organizations
UTZ CERTIFIED www.utzcertified.org/	One of the largest sustainability programs for coffee, cocoa and tea in the world. Their certification system emphasizes quality, but also includes social and environmental standards. Cooperatives and individual farmers are certified. For details see here.	All regions	Exporters, NGOs
Rainforest Alliance www.rainforest-alliance.org	Rainforest Alliance certification system is based on standards set by the Sustainable Agriculture Network (SAN) and emphasizes environmental aspects, but also includes quality and social issues. Cooperatives and individual farmers are certified. For details see here.	All regions	Exporters, NGOs
Fairtrade Labelling Organization International (FLO) www.fairtrade.net/	The Fairtrade standard emphasizes social and economic issues, but also includes quality and environmental aspects. Cooperatives are certified. For details see here.	All regions	Exporters, NGOs

(continued from page 18)

sector in the Ivory Coast. Functions, relationships and partners mentioned in the table relate to activities for improved labor standards at the cocoa farm level. This list of stakeholders will continue to expand with subsequent field visits.

d. Conclusions of Stakeholder Mapping

Many different stakeholders from all sectors are involved in the sustainability of the cocoa sector in the Ivory Coast, and a considerable amount of money has been invested since 2001. Efforts by the private sector are mostly coordinated via the World Cocoa Foundation

c. TABLE 8 Local Communities and Village Level Committees
<p>Another and perhaps the most important stakeholder in cocoa production are the local communities of farmers. The villages as observed by the team are close-knit, with the community leader having a strong influence on the community ways. At the time of assessments all the teams on arrival had to meet with the local village chief before they could proceed further to the farms. Elder men and women form their own “groups”. The elderly men may in some cases be part of the village chief’s “inner circle”.</p> <p>There is a committee that exists at the village level. The vast majority (97%) of the people mentioned that at least one committee (usually the village chief and his entourage) exists at the community level. Existing community structures vary between 1 and 24 in the villages visited (e.g., church, school, health center, anti-HIV clubs, maternity units, local vigilance committees against trafficking). Research would have to be conducted to analyze their ability to be converted into a monitoring system. Almost all villages have a playground for children. In almost all villages, people regularly practice football and perform traditional dances.</p>

(WCF) and the International Cocoa Initiative (ICI). The Ministry of Labor plans to coordinate all efforts in relation to the elimination of the worst forms of child labor and the Ministry of Agriculture plans to focus efforts on quality and yield increase. Efforts are now being made through the inter-ministerial committee and the oversight committee to tie some of these programs together.

Most programs and stakeholder efforts concentrate on the elimination of the worst forms of child labor, and to a lesser extent on other aspects such as forced labor, wages and benefits, and health and safety. Other working conditions (such as hours of work, employer-employee relationships, discrimination) are not monitored closely nor addressed. Several studies in other agricultural commodities (cotton, hybrid seeds) have established the association between the lack of proper compensation and presence of child labor.⁶³ We will later see in our risk assessment that since farmers and/or sharecroppers do not make enough money, there is high risk of using family members, including children, on farms, as they are not considered as “workers” and do not receive a salary. Additionally, there is a risk that “foreign” children are used on farms as they are paid less than the adult workers, require less benefits (such as food) and can be controlled easily. Therefore, a holistic approach to improve working conditions at large is missing.

During field visits, the assessment team noticed lack of basic infrastructure to support services such as roads, schools, electricity or improved sanitation facilities. This poses real challenges for the government to extend services and for project partners to make interventions in remote locations (where it is most necessary). Furthermore, extension services such as new plants, fertilizers, pesticides or jute cocoa bags offered by the government⁶⁴ are not offered in sufficient quantities for all farms. Farmers (not in TNCP) told the assessment team, for example, that they have applied several times in the past couple of years for new plants, but so far have not received any response. This lack of infrastructure and challenges in program intervention adversely affect working conditions on the cocoa farms, including the child labor situation, since extension services are designed to increase farmer income from cocoa production, thereby relieving family pressures to employ children in the fields instead of sending them to school. Instead, private companies, under pressure from media and campaigning organizations, are taking over these

responsibilities through social projects. This leads to a confusion about who has which responsibilities in the supply chain. While interviewing some of the experts, local and international development organizations they made the point that some of the social programs were set up as a reaction to the media outcry about child labor issues in the cocoa sector and may not have been thought through carefully. The industry pledged money for sectoral reforms and several organizations emerged overnight to set up social programs in the field without having proper knowledge and experience in the field of labor rights and working conditions.

Several stakeholders implement social projects that directly help eradicate child labor (e.g., sensitization campaigns, construction of schools, formation/training of teachers). Industry stakeholders mostly focus their efforts on regions where “their” cooperatives are located (transparency is established, meaning that the companies know their cocoa is coming from there). According to several NGOs interviewed, very remote camps are seldom targeted by social/infrastructure projects or sensitization campaigns because they are very hard to reach, and many local NGOs do not have the infrastructure needed to get there (transportation and accommodation). Scaling up efforts are therefore limited. The focus on cocoa and cocoa growing communities might also have the unintended consequence of shifting child labor problems to other sectors, such as agriculture and domestic work, as well as manufacturing, transport, and service sectors.

During interviews with community members it was observed that local communities do not perceive “child labor” as an issue, which poses a high risk for any intervention.⁶⁵ Nevertheless, the community structure also provides an opportunity to change behavior and build up locally embedded systems.

International development organizations are omnipresent in Abidjan. According to many interviewees, it is (in terms of salary) more attractive to work for an international NGO than for the private or governmental sector. Development programs might also contribute to people not believing in their own capacities and waiting for external support (“clients of poverty”). There is a risk that local actors hardly take ownership for projects fostered by external agents, and continuous external motivation and control remains necessary, according to local NGOs.

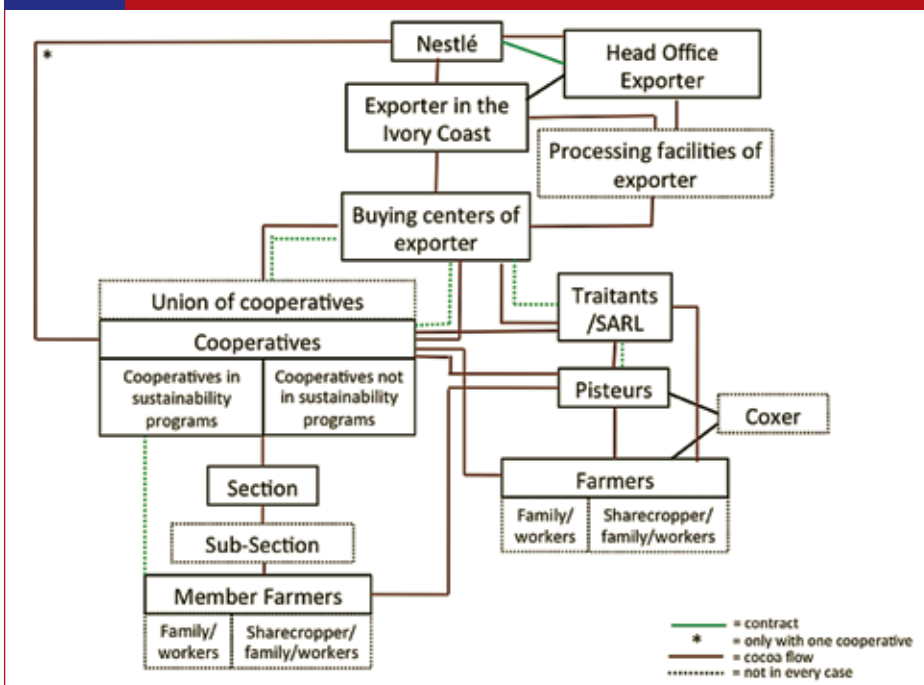
2. Supply Chain Mapping

a. Supply Chain Actors

As indicated earlier, TNCP currently covers 20% of the cocoa supply chain in the Ivory Coast. Therefore, the supply chain that is not yet transparent (“standard” supply chain) was mapped as well. The supply chains vary a bit according to the direct suppliers of Nestle, but tend to look similar to Figure 3.

Interviews conducted with the various stakeholders mapped contractual relationships, payments, the recruitment process, compensation, and employee-employer relationships within the supply chain. Data regarding the upstream supply chain was collected in the villages of cooperative members where TNCP program is present at this time. This section presents those results. Table 9 presents a snapshot of the kinds and numbers of suppliers in Nestlé’s cocoa supply chain.

FIGURE 3 Nestlé’s Cocoa Supply Chain Map in the Ivory Coast



2.1 Nestlé Headquarters Vevey/Nestrade

Nestlé headquarters (HQ) in Vevey, Switzerland, is the center for strategic planning, coordination and financing of the Nestlé Cocoa Plan (TNCP). Memoranda

of Understanding and contracts regarding TNCP and standard cocoa procurement are signed between Nestlé headquarters (procurement department) and the headquarters of the Tier 1 suppliers. Coordination and financing of all social projects with international and local NGOs and international stakeholder engagement also takes place through the HQ. Besides the plant propagation program and individual social investments in TNCP cocoa growing communities, all expenses, volumes and quality are defined between Nestlé and the Tier 1 supplier of Nestlé in a MoU, which is revised every year. Nestlé

TABLE 9 Nestlé’s Cocoa Supply Chain in Numbers

SUPPLIER TYPE	NUMBER/RANGE
Tier 1 suppliers of Nestlé	14
Tier 1 suppliers of Nestlé with offices in the Ivory Coast	11
Processing facilities of Tier 1 suppliers of Nestlé in the Ivory Coast	4
Cooperatives in TNCP	35 (20% of volume procured from the Ivory Coast)
Cooperatives as suppliers to Nestlé’s Tier 1 suppliers	Up to 85% of volume from the Ivory Coast for a Tier 1 supplier. Cooperatives have on average 500 member farmers (the assessment team found a minimum of 80 members and a maximum of 3400 members). A section of a cooperative has on average 50-100 member farmers.
Cooperatives in sustainability programs of Tier 1 suppliers	Up to 1/3 of suppliers (usually between 10% and 20% of volume from the Ivory Coast)
Traitants/SARLs	Between 20 and 70 per Tier 1 supplier
Pisteurs	A <i>traitant</i> has on average 5-6 <i>pisteurs</i> , but large ones can have up to 200 <i>pisteurs</i>
Farmers	A <i>pisteur</i> works on average with 25-30 farmers

pays premiums, training and management costs⁶⁶ to the Tier 1 supplier who then pays the cooperatives. The Nestlé's Supplier Code of Conduct,⁶⁷ which lays out the conditions for business relationships, is attached to the MoUs and contracts with the Tier 1 suppliers.

2.2 Nestlé R&D Abidjan (and R&D Tours, France)

These organizations are responsible for research, distribution of plantlets to nurseries (contracts with cooperatives), monitoring and evaluation of the plant propagation program within TNCP.

2.3 Nestlé Côte d'Ivoire

This entity maintains regular contact with local governmental institutions in order to ensure that TNCP activities are in line with governmental plans, there is periodic involvement in different events (e.g. plant distribution, premium ceremonies) within TNCP and related communication, local coordination of social projects with international NGOs within TNCP, and implementation of social projects apart from TNCP but with links to rural development and nutrition. The laboratory of the coffee factory at Nestlé Côte d'Ivoire conducts, in some cases, quality control checks for cocoa beans.

2.4 Head Quarters Tier 1 Suppliers of Nestlé (Exporters)

They contract with Nestlé HQ for procurement and supply of TNCP as well as standard cocoa. They report to Nestlé HQ on volume, quality, costs, and number of farmers trained in TNCP. These suppliers are mostly headquartered in the U.S. and Europe.

2.5 Subsidiaries West Africa of Tier 1 Suppliers of Nestlé

These subsidiaries manage the procurement, processing (in some instances) and shipping of Ivorian cocoa beans. In addition they oversee the implementation of TNCP in the cooperatives (selection, training, certification, payment of premiums, quality, volume) with which they work. They are usually based in Abidjan or neighboring Ghana.

2.6 Processing Facilities & Buying Centers in the Ivory Coast (of Tier 1 Suppliers of Nestlé)

They are responsible for segregation of TNCP/

certified and standard cocoa, drying, cleaning, processing and export. Buying centers also employ so called “commercial” that maintain contacts with cooperatives and seek new cooperatives/suppliers. According to commercials and cooperatives, their primary focus is on quality of the product rather than on labor issues.

2.7 Third Party Service Providers

Service providers from the private sector include consultancies, logistics, transport and quality control services.

2.8 Traitants/SARLs

A *traitant* is an entrepreneur, licensed by CGFCC, who trades cocoa beans (sources cocoa from *pisteurs* working on commission to buy from farmers, or buys from cooperatives and sells to exporters). *SARLs* are registered companies trading cocoa beans. According to exporters, experts, cooperatives and farmers, they are in most cases focused on quantity, and not quality of cocoa beans. Big *traitants* (also called “grossistes”) and SARLs work with sub-*traitants*.

Most of Nestlé's standard cocoa is supplied by *traitants*. Two of Nestlé's Tier 1 suppliers interviewed mentioned that they train loyal *traitants* on sustainability issues. *Traitants* with an established relationship with an exporter sometimes get pre-financed to buy beans. Three pilot projects have started in the Ivory Coast with three large exporters (also Nestlé's Tier 1 suppliers) to organize supply chains of *traitants* with an aim to have them certified.

2.9 Cooperatives⁶⁸

Cooperatives in the Ivory Coast can be established with seven founding members.⁶⁹ They can be established by a group of farmers or by smaller *traitants* (taxes are lower for cooperatives; founders do not necessarily have to be farmers⁷⁰). Cooperatives are organized in sections and sub-sections. The delegates of the (sub) sections, who represent the farmers in the respective (sub) section, organize the collection of the beans at the farms (and related payments). The delegates are selected by the farmers. Farmers have to pay an affiliation fee to become members of a cooperative. Also, in some cases, they have to show their property papers.⁷¹

A cooperative consists of the following entities/persons:

- **Administrative Council (conseil d'administration):** Consists of 7 persons who manage the cooperative on behalf of the general assembly (members).
- **Management (direction générale):** Manages the daily business of the cooperative and consist of a General Director, a secretary, an accountant, a warehouse clerk (magasinier), a person who weighs the deliveries (peseur), a market analyst, a person who loads the trucks (chargeur), a guardian, a chauffeur (might also be external to the cooperative), and a person who accompanies each delivery from the farmer to the cooperative or from the cooperative to the buying center of the exporter (convoyeur).
- **TNCP cooperatives** either additionally have a Group Administrator (Administrateur de Groupe ADG) or a Program Extension Officer (PEO) (up to 1 per cooperative) who continuously monitors the implementation of TNCP in the cooperatives and is paid by the exporter. Also, agents of ANADER might be attached to the cooperatives. In some cooperatives “Paysans Relais” (Farmer Agents) exist as well; they are trained in Good Agricultural Practices and are responsible for the transfer of such knowledge to the other farmers.

Managers of cooperatives receive a salary for the work they do. They are usually employed from October until May and tend to be reemployed again for subsequent seasons. Administrative Council members usually earn nothing or very little, according to cooperatives.

Cooperatives that participate in TNCP are selected from those participating in sustainability programs of Tier 1 suppliers. Most of them became either already certified (UTZ, Rainforest Alliance, Fairtrade) during their participation in TNCP, or are in the process of becoming certified (only one cooperative was already certified when joining TNCP program). If a cooperative is UTZ or RFA certified, individual members of the cooperative may or may not also be certified.

During the interviews, farmers were asked if they were part of a cooperative. The majority of interviewees who answered this question (331) indicated that they do not belong to a cooperative (66%) whereas 34% indicated that they do. Respondents who indicated that

they were members of a cooperative named 18 different cooperatives; 13 cooperatives mentioned are not in TNCP, while 5 are in TNCP. Three TNCP cooperatives from which the sample villages were selected, were not mentioned at all. Eighty-seven interviewees mentioned that they belong to a TNCP cooperative. Of the 122 persons interviewed who said that they belong to a cooperative, 57 (47%) mentioned that their cooperative is certified. Certain farmers of certified cooperatives did not mention that their cooperative is certified; this could have been because not all members of a cooperative are certified, but also that farmers do not have enough information about the certification process. Yet, almost all farmers of certified TNCP-cooperatives knew that their cooperative is certified.

2.10 Pisteurs⁷² (& Coxers)

Pisteurs are either engaged by *traitants*, SARLs or cooperatives and collect the beans at the farm level. They are usually contracted for a season and paid in advance to buy cocoa beans from farmers. Usually they have a defined region and villages from where they procure, but they could change some villages each season, or even during a season. As they do not receive a salary, they keep the difference between what they pay to farmers and what they receive from their contractor. As competition is very high, they sometimes engage “coxers” who live in the villages and camps and inform *pisteurs* when there is a harvest ready to be collected.

Pisteurs usually focus on volume goals and are less interested in quality. They are not averse to buying beans from farmers before they are fermented or dried to prevent competitors from buying the beans. However, in situations where they have a stable relationship with farmers, they might also help farmers by financing school kits or health costs if needed. In our analysis of TNCP villages, 90% of the farmers that sell to *pisteurs* mentioned that there are advantages, including the fact that they receive cash payment right away and receive support from *pisteurs* in paying for school expenses. However 27% of interviewees also mentioned that the disadvantage of selling to *pisteurs* is that the price is (mostly) lower.

2.11 Farmers

Farmers cultivate cocoa. Depending on the size of their farm, they work alone and during high season with

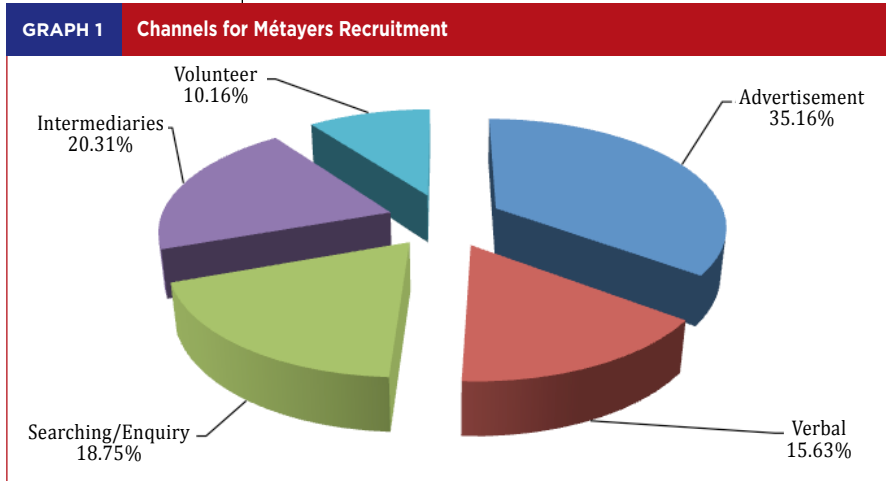
family members and friends, they employ workers, or they engage a métayer (sharecropper). Farmers live in villages and travel every day to their farm (usually by foot) or they live in a camp that is closer to their farm. Farmers sometimes work in cooperation with other family members (“co-propriétaire” system), where they share land and income with family members.

The main problems farmers mentioned during the assessment were: the low income from their work (fluctuating cocoa price, high cost of living, many persons dependent on one income) and the lack of infrastructure in the villages and camps (bad state of the roads, no health facilities, lack of schools, lack of electricity). The assessment team met a couple of farmers who were formerly workers or métayers and had managed to accumulate money to buy their own land.

2.12 Métayers⁷³ (Sharecroppers)

The larger farmers (>5 hectares), or farmers that do not live close to their farm, usually engage a métayer (sharecropper) to look after the cocoa farm. Farmers and métayers in most cases make an oral contract at the beginning of the season. If a farmer is participating in a certification system, the contracts might be in written form and may include labor rights clauses (although, many farmers and métayers are illiterate). If there is a métayer engaged on smaller farms, the farmer usually lives further away from the farm and visits the farm from time to time. The métayer receives, depending on the employment relationship, food or land to raise food and lodging. If the métayer works well, the farmer often has a long-term employment relationship with him. A farmer can recruit a métayer in a number of ways; the recruitment of the métayers works via written or oral job advertisements or via an intermediary.

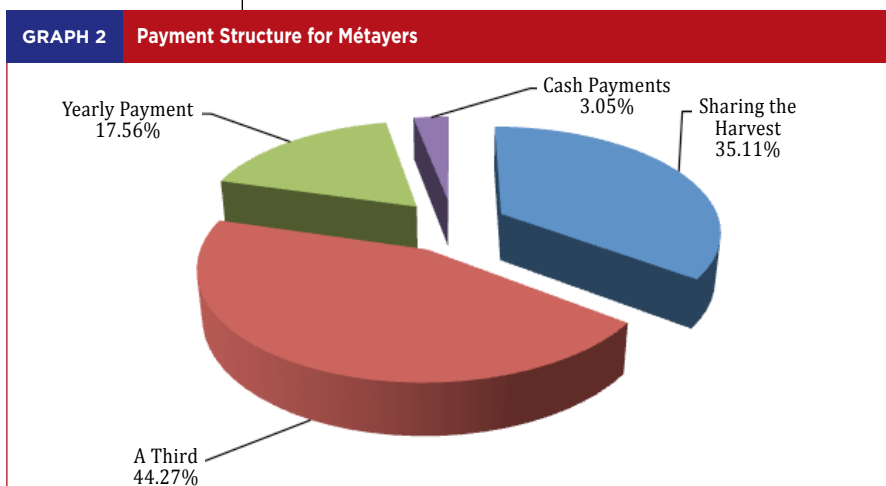
Graph 1 presents the different modes of recruitment of métayers: 35% of respondents indicated that métayers are recruited through advertisements, 20% that they are recruited by intermediaries, about 19% stated that potential métayers initiated the contact, and 10% stated that métayers are volunteers (unpaid family members are called “Volontaire”). With respect



to the origin of métayers, the survey results show that more than half (54%) come from the Ivory Coast, 37% from Burkina Faso, 8% from Mali and only few from Nigeria or Benin. Details on the recruitment process and compensation on métayers are presented below in the section Labor Risk Assessment

In most cases, the métayer receives one-third of the harvest and the farmer keeps two-thirds of total cocoa production. Graph 2 elaborates the different types of payment structures that currently exist.

Sharecroppers might sell part of the harvest directly to a *pisteur* or to a cooperative. They have



a choice regarding to whom they want to sell and do not necessarily have to sell to the same buyer as the farmer. The amount of money the métayer earns depends therefore mainly on the size of the harvest and the price of the cocoa. When we calculate for the average 3-hectare farm that produces 500kg harvest/hectare/year and at a price of CFA 800/kg, the métayer earns around USD 800 per year. This is not enough to pay a sufficient number of workers to do the work and therefore constitutes a risk in terms of child labor, forced labor and wages & benefits. Only few receive a regular salary in cash.

2.13 Workers⁷⁴

Workers can be engaged by métayers or by farmers. Métayers (and farmers/owners as well) have two different sources of workers. First are the “volunteers” (called “volontariat”). The people interviewed mentioned that around 1/6 (17%) of the “volunteers” of a métayer are children between 6 and 14 years old. They are usually from the family of the métayer (wife, children, brothers and sisters, cousins). Family members are usually not considered workers by the farmers and métayers even though they could be below the legal minimum working age. Recruitment processes of “volunteers” are not well defined and working hours are variable as it depends upon the “volunteer” when they have time to come to the farms and work. They usually receive benefits such as food and lodging, but a salary is not defined.

The other source of workers is regular hired workers, who have an employee relationship (verbal agreement on terms and conditions) and are paid. The age of the

(paid) workers engaged by métayers in our sample varies between 17 and 64. The vast majority of workers (65%) in our sample were Ivoirians, 32% Burkinabe and 3% from Mali. Salaries are paid directly by the métayer to the worker. Workers sometimes receive a share of the harvest, may be paid at the end of the season, or in other cases could receive a regular wage every month;⁷⁵ they might also get food and housing. Graph 3 shows that 86% of the respondents indicated that they receive some benefits in addition to pay; 46% indicated that they receive food, while 38% indicated that they receive food and housing.

2.14 Family Members

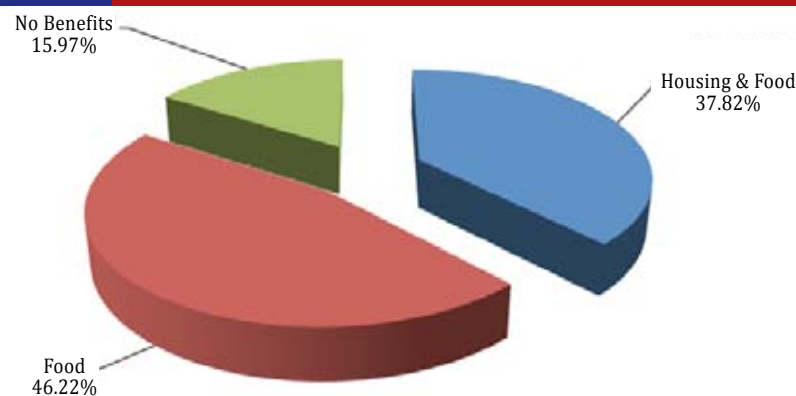
Family members who help the farmer, the métayer or the workers are not considered workers and usually are not paid. They help the household head, who in turn is supposed to take care of the family. Family members could also be involved in production of other agricultural products. Apart from cocoa, the villages are involved in producing other commodities: coffee, rubber, and to a lesser extent palm oil, cola or anacarde. It should be noted that 79% of farmers interviewed mentioned that they practice monoculture and only 21% practice bi-culture. Apart from agriculture, people mentioned animal husbandry and commerce as other economic activities that they might be engaged in.

b. Cocoa Bean Processing and Procurement

Cocoa harvesting (according to “good agricultural practices,” plants are harvested every two weeks⁷⁶) and fermentation takes place on the farm. For drying, farmers bring their beans to the village or camp (usually

by foot). After 6 days of drying, the farmer informs the “convoyeur” of the cooperative, who then arranges bags for the farmer (or the producer arranges bags himself). Weighing takes place in the presence of the “peseur”, the “convoyeur” and the farmer.⁷⁷ After weighing, the cooperative sends a truck to pick up the bags. If the farm is close to the cooperative, farmers might also take the beans directly to the cooperative. If a pisteur is buying the beans, they collect them directly from the farm or village and pay in cash.

GRAPH 3 Benefits Received by Cocoa Farm Workers

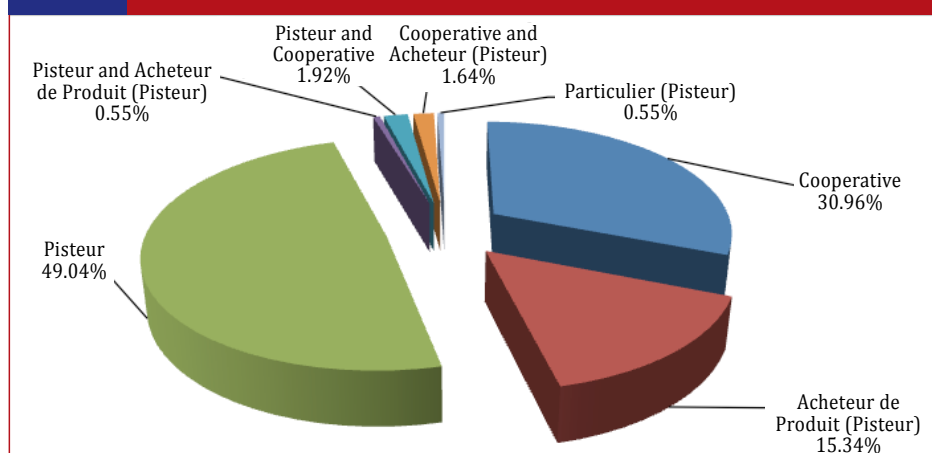


On arrival at the cooperative, the beans are checked for quality and weighed again. If the beans contain foreign material or are not well dried, the cooperative puts them aside and dries/ sorts them. After this process, the bags are reweighed (the lower the humidity and the less foreign material in the beans/ bags, the less the bags weigh). Payments to the farmer are based on this weight. Once the cooperative has enough cocoa bags, they load them onto a truck and send them to the buying center of the exporter. Some exporters have installed buying centers up-country to be closer to the cooperatives. In many cases, however, the trucks carrying the beans have to travel to San Pedro or Abidjan.

The process at the buying centers involves three stages: (1) discharge; (2) analysis; and (3) payment. Usually,⁷⁸ suppliers of the buying centers (cooperatives, *traitants*, SARLs) complete an “agreement dossier” and get a supplier code (number). The “agreement dossier” contains, in the case of cooperatives, an affirmation from the fiscal authority; in the case of *traitants* and SARLs, in addition to the affirmation from the fiscal authority, the license from CGFCC is included. When dealing with certain exporters, supplies are required to sign an engagement letter indicating no child and forced labor is used on the farms the beans are procured from. The bags are then stocked at the warehouse of Nestlé’s Tier 1 supplier and delivered to drying/cleaning facilities (if necessary), processing facilities (where cocoa butter, liquor, and cake are produced), or to a port for direct export in unprocessed bean form.

Member farmers of a cooperative do not necessarily sell their beans to the cooperative of which they are members. They can also sell to another cooperative or to a *pisteur*. The price per kg from the *pisteurs* is lower, but quality is less important and farmers receive payment in cash right away. With cooperatives, the time from bean delivery to payment can take up to two weeks.⁷⁹ Cooperatives might also buy beans from farmers that are not members of the cooperative, and engage *pisteurs* for collecting more beans. Of the 363 interviewees

GRAPH 4 Entities to Whom Cocoa Beans are Sold Upon Harvest



who answered the question “to whom do you sell your cocoa?” (Graph 4) 65% indicated that they sell to a *pisteur* (sometimes called an “acheteur de produit” or “particulier”); 31% said they sell to a cooperative, and 4% sell to a cooperative and *pisteurs*.

Furthermore, unions of cooperatives might buy beans from cooperatives that are not members of the union. Some cooperatives even buy from other cooperatives or sell to *traitants*, instead of delivering their beans to the buying center of an exporter (either because of a higher price or because of lack of trucks to bring the beans to the exporter).

TNCP cooperatives, although always pre-financed by the exporter⁸⁰ and in some cases bound via a contract, do not necessarily sell to the designated exporter and might maintain relationships with several exporters. In almost all cases, TNCP cooperatives also delivered “standard cocoa” (as not all members of a cooperative participate in TNCP). We can therefore conclude that the supply chain within the cooperative system is not stable, and most actors are driven by the price, time of payment and other benefits they receive.⁸¹ When asked about what has changed since participating in TNCP, interviewees consistently focused on benefits. Only when asked very directly about social criteria, were labor standards mentioned in a few instances. Programs like TNCP, however, motivate farmers to become members of participating cooperatives and build up trust (or if they already are members, they get more attached and might sell all their harvest to the cooperative). This is the reason why non-TNCP cooperatives visited wanted to become part of the program.

By law, only licensed *traitants* are allowed to sell

cocoa to exporters, and exporters are not allowed to buy directly from farmers. Not all exporters respect these laws, however.⁸² *Pisteurs* or unlicensed *traitants* might sell directly to buying centers, and buying centers might buy directly from farmers or *pisteurs*. *Pisteurs* are engaged by a *traitant* for the season. There is little long-term stability in this supply chain, although all exporters have a loyal base of suppliers with long-term relationships.

Many farmers mentioned that there is theft (either on the farms or during the drying process in the village/camp). This means that beans from certified farmers can end up in the standard supply chain, or (probably to a lesser extent) vice versa. To this we must add the problem of the illicit diversion of cocoa to Ghana and exports from there to international markets.⁸³

c. Farm Profile and Estimated Volumes

Estimates of cocoa production in the visited areas

were gathered from data deriving from interviews of community leaders, subprefects, and farmers from the villages and communities. 89% of farms in the surveyed area have an average area less than 2.4 ha. The cocoa yield in each area visited varies.

From a cocoa supply chain point of view, the areas of Buyo, Daloa and Soubré are the most important, according to the research conducted. The two areas where farms have lowest average productivity per farm are Issia and Zoukougbeu. These estimates are important to know where most labor is employed and to prioritize the localities where social projects can be introduced or strengthened. However, further research would need to be done for other areas and more villages/camps.

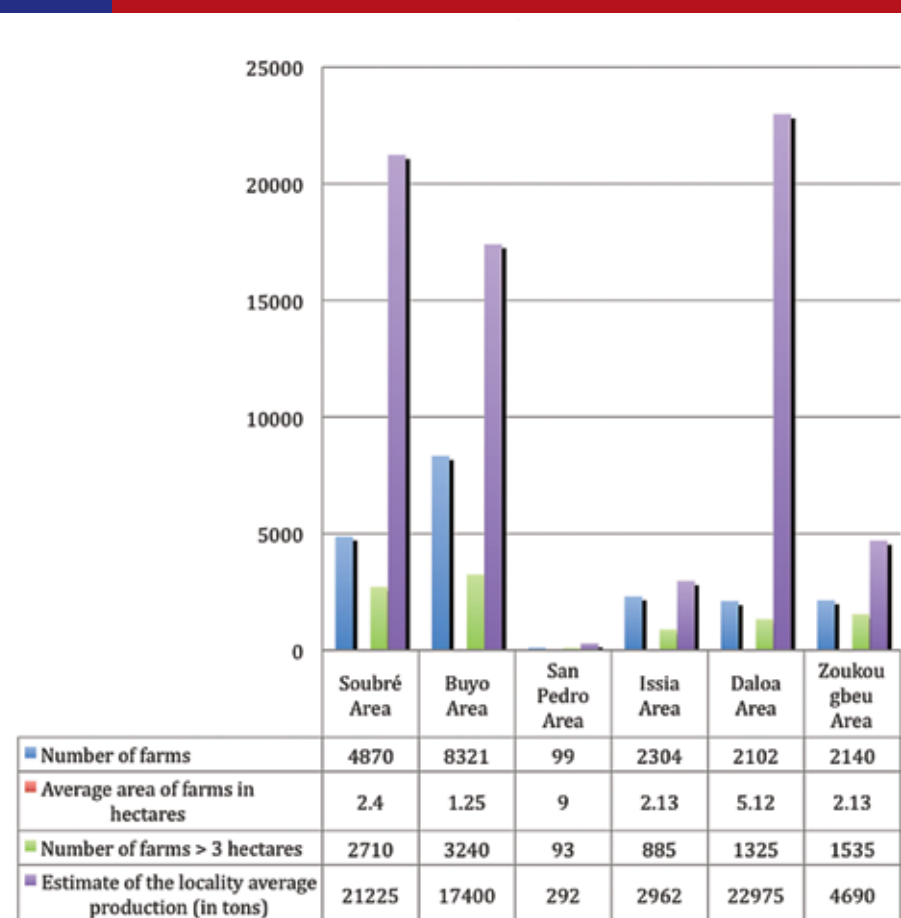
d. Conclusions of Supply Chain Mapping

Cocoa procurement in the Ivory Coast occurs to a large extent (80-85%) through actors other than cooperatives: the “unorganized” sector with

traitants and *pisteurs*, and other intermediaries involved. The majority of all actors (*pisteurs*, *cochers* and farmers) are not registered. Cooperatives in the sustainability programs of exporters make up a small proportion of the cocoa market. Additionally, the supply chains are not stable, as participants can sell and buy from everyone. Furthermore, competition around good quality suppliers is intense and cooperatives maintain relationships with several buyers and adjust the volume supplied to them depending on the terms they are offered. This instability in the supply chain makes transparency, monitoring and remediation efforts challenging.

TNCP cooperatives are clearly defined for every season, and Nestlé knows in

GRAPH 5 Estimates of Cocoa Production and Average Size of Farms Per Area⁸⁴



certain cases the provenance of beans and processed products down to the level of the farmer or processing facility. This lays a very good foundation for specifically targeted monitoring and remediation. For Nestlé's standard supply chain, however, transparency ends at the buying centers of the exporters and does not extend to *pisteurs* and farmers. Further research needs to be conducted on Nestlé's standard supply chain, especially the roles of *traitants* and *pisteurs*, in order to develop potential monitoring and remediation systems.

Given the current supply chain, it is not feasible to procure 100% of the cocoa through cooperatives alone. It would require re-engineering of the supply chain that is not feasible in the short and medium term due to the sheer size of the sector and the number of actors involved. Other solutions therefore have to be found for the "unorganized" farmers with *traitants* and *pisteurs* under the standard supply chain.

These supply chain issues pose challenges for exporters and chocolate companies when they want to monitor adherence to labor standards in "their" supply chain. For a chocolate company such as Nestlé, a large part of its supply

chain may be "shared" with competitors, which makes cooperation—especially in the "unorganized" sector with *traitants* and *pisteurs*—inevitable.

3. Risk Assessment

The assessment of risks in Nestlé's cocoa supply chain in the Ivory Coast is conducted under three headings:

- Task and Risk Mapping of cocoa production with specific reference to child labor
- Presence and effectiveness of the internal management systems within Nestlé's supply chain with regard to labor rights
- Labor risk assessment of the supply chain based on adherence to the FLA Workplace Code of Conduct and Compliance Benchmarks⁸⁵

3.1 Task and Risk Mapping

One of the main components of the FLA's methodology is Task and Risk Mapping. This section (Table 10) provides an overview of potential risks in cocoa

(continues on page 34)

TABLE 10 Task and Risk Mapping Specific to Child Labor in Cocoa Production

PHASE OF PRODUCTION	TASKS / ACTIVITIES	CHILD LABOR RISKS
1. Preparing the land (March-April)	Clearing land of trees and weeds. Weeds are cut using machetes, collected, and piled for burning.	Involvement of children in the felling of trees is minimal. Children's main activities relate to the cutting, collecting and burning of weeds. Large machetes are used during the weed-cutting process. Children experience cuts on their toes, feet, ankles, shins, and knees. Blisters are a common problem. This activity is generally done in a slightly bent position causing strain to the muscles in the arms, shoulders and lower back. Carrying heavy loads might also be a risk during this activity. Additionally, children are at great risk of snakebites while performing this work activity. Snakes are often killed with machetes.
2. Nursing and planting of cocoa seedlings •Preparing the nursery: September •Filling the plastic bags with soil and sand: October •Sowing: Nov/Dec •Maintenance: until June •Distribution and planting on farms: June or first rains	Nurseries are constructed with fences made out of wood or bamboo and palm leaves or nylon as roofing. Plastic bags are filled with soil and sand and placed in the nursery area. Seeds from pods are placed in the prepared plastic bags. The plants have to be watered daily with water from nearby sources and weeding needs to take place constantly (usually by hand). If necessary, plant protection products have to be applied. This process takes 6 months until the plants can be distributed to farms. In addition to planting of seedlings from a nursery, some farmers also plant seeds directly into the soil earlier in the year. If farmers receive TNCP plantlets, banana trees are planted one month before planting the seedlings for the fertility of the soil.	Children participate in this work under the guidance of adults in the following tasks: filling the plastic bags with soil and sand, carrying them to the prepared area, watering the plants, and weeding. The bent position while filling the bags can cause strain. Watering and lifting and carrying plants might pose a risk when the loads are heavy and sites are located at a considerable distance.

(continues on page 33)

TABLE 10 Task and Risk Mapping Specific to Child Labor in Cocoa Production

PHASE OF PRODUCTION	TASKS / ACTIVITIES	CHILD LABOR RISKS
3. Maintenance of the farm (whole season)	Weeding the undergrowth in and around the cocoa farms, as well as pruning trees.	Children are heavily involved in the cutting, gathering and burning of weeds, including very young children. Large machetes are the commonly-used tools.
4. Application of plant protection chemicals (fertilizers, pesticides) (whole season, 2-4 times/year)	Periodic spraying of the trees with insecticides and herbicides and application of fertilizer. According to the level and extent of the infestation and the ability of the farms/cooperatives to afford the cost of pesticides, sprayings can occur from twice to four times per year.	Although predominantly an activity involving adults, older youth can be involved in the mixing, loading and application of pesticides, usually with no adequate personal protective equipment, such as gloves, masks, protective suits/ponchos, or eye goggles. Boots appear to be more commonly available. Younger children may be found helping to carry water to the site where mixing and loading of spraying equipment occurs, transporting and disposing of pesticide containers, and retrieving and stowing away of application equipment and protective gear. Even when children are not involved in the application of plant protection chemicals, the lack of reentry intervals after the application of plant protection products can be a risk. Additional risks appear when products are not stored properly, or used for other activities (e.g. to transport “potable” water).
5. Cutting, gathering and transporting cocoa pods (whole season)	Cutting cocoa pods from the canopy with a curved knife fixed to a long light bamboo pole or with a machete (pods on the tree trunks). Pods are gathered up and transported to a central location to prepare for the next step in the process.	Children assist with the cutting of cocoa pods using bamboo poles fitted with knives and machetes. The use of knives and machetes to cut cocoa pods is determined by the height of the canopy and the height of the child. Young children and youth assist with the gathering and transporting of the pods to the central location. Additional risks appear when products are not stored properly, ⁸⁶ or used for other activities (e.g. to transport “potable” water).
6. Breaking or cutting the pods (cabossage) (whole season)	Breaking or cutting the pods with machetes and knives (alternatively, with a piece of wood), scooping out the beans, gathering them in a central location.	Children use knives and machetes to cut open the cocoa pods. The pods are held in one hand, while the knife is used to cut into the pod; the knife is then twisted to open the pod in order to scoop out the cocoa beans and pulp. Beans are scooped out of the pods and put into baskets, before they are dropped onto banana leaves for fermentation.
7. Fermentation of the beans (6 days) (whole season)	Preparing the site where the beans will ferment. Includes digging of a shallow hole, cutting banana stalks and leaves to prepare the area for laying out the beans so that the juices from the pulp can drain and be collected at the center of the hole. Collecting the beans and covering them for fermentation with banana or palm leaves for a period of five to seven days. During this phase, which takes about one week, the beans are turned and recovered every 48 hours.	Children and youth are involved in digging the shallow holes and cutting of banana leaves and stalks. Generally, an adult controls the preparation of the site where the cocoa beans will be placed and the turning and covering of the cocoa beans with banana leaves during the fermentation process. The fermentation process is a critical phase in the processing of the cocoa beans, as this step largely determines the quality of the end product.
8. Drying of the beans (6 days) (whole season)	After the beans are fermented, they are brought to a location where they are spread out for drying in the sun. Drying usually takes place in the village/camp.	Adults usually take primary responsibility, though children assist.
9. Bagging the beans & sale (whole season)	When the beans have dried, they are sorted and put in burlap, plastic or jute sacks for sale.	Children assist in filling and carrying the bags. Some older youth assist with the sorting of the beans. The bags are then sold to a cooperative or a <i>pisteur</i> . Farmers receive most of their income for their harvest during the peak season in December/January. School starts in October, when farmers usually have no savings and are waiting for the new peak season to get income. This poses a risk that farmers are not able to send their children to school because of lack of money ⁸⁷ and therefore children will be available to work during the peak harvesting season on the farms.

(continued from page 32)

production. The analysis concentrates on the risk of child labor, although additional risks and findings are presented in a later section under labor risk assessment.

The cocoa production season starts in October and ends in August. The main crop season is from October to March, with peaks in December and January (around 70% of harvest); the intermediary crop (also called light or mid-crop) is from May to August. Harvesting occurs throughout the whole year (every two weeks), but with different volumes of production. The production process is not very labor-intensive outside the peak season and in most instances the farmer himself can handle the maintenance of the farm. However, during the peak harvest season, additional workers and support are required. Nurseries carry out a process (from preparing the terrain until distributing the plants) that takes about 10 months, from September to June.

3.2 Risks in Internal Management Systems

a. Policies

The Nestlé Supplier Code⁸⁸ contains the following elements related to labor standards for Tier 1 suppliers:

- Prison and forced labor
- Child labor
- Working hours
- Compensation
- Non-Discrimination
- Freedom of association and collective bargaining
- Workplace Environment (safe and healthy working/housing conditions)

Nestlé's Supplier Code includes harassment and abuse under forced/prison labor. Although Nestlé's Supplier Code forms part of the company's contracts with Tier 1 suppliers (the contracts are made between Nestlé's headquarters and Tier 1 suppliers headquarters), the latter usually have their own Codes of Conduct, Codes of Business Conduct or Business Principles, which are used for operations (not necessarily extending to their suppliers, however). Subsidiaries in the Ivory Coast were not always clear about which code to follow,

as they stated they were not informed about Nestlé's supplier code.⁸⁹

The MoUs with TNCP suppliers have a few very broad objectives, lack comprehensive key performance indicators (KPIs) and reporting is limited to quality, volume, farmers trained, and costs. Production targets for TNCP are set between Nestlé and Tier 1 suppliers; during interviews, Tier 1 suppliers stated that it is usually difficult to comply with these targets, as the competition is very high for good quality beans.

TNCP has some policies on the allocation of financial premiums. Premiums are primarily based on quality and volume of cocoa beans and the certification status of the cooperatives. The premium allocation is not based on an internal review conducted by Nestlé on labor standards and exclusively relies on reviews of social conditions conducted by certification bodies whose reports are confidential (even to Nestlé). Furthermore, different certification programs have different or no policies on premiums.⁹⁰ The lack of consistency with regard to certifications exposes the cooperatives and farmers to differential treatment based on their certification partner. The suppliers (Tier 2) of Nestlé's Tier 1 suppliers receive, in addition to the documents about weight, price and quality of the cocoa delivered, the written terms and conditions of purchase and—with some exporters—have to sign an engagement letter against child and forced labor. These policies lack a clear definition of child and forced labor and furthermore do not include policies on any other labor standards.

Visibility of Policies

Visibility and awareness about Nestlé's supplier code decreases further up in the supply chain. Cooperatives in certification programs have their own principles,



Various certification standards displayed on the walls of cooperatives



Pictograms against child labor at a certified cooperative

depending on the certification system. In most cases they are reproduced (painted) on the walls in French at the premises of the cooperative. However, many farmers are illiterate and not able to read them. The team also saw brochures or posters of codes of conduct of Tier 1 suppliers posted on walls at some cooperative premises, some of them with pictograms, but only on child labor.

Cooperatives that are not in a sustainability program and *traitants/pisteurs* usually do not exhibit principles in any way.

At the farm level, in nurseries or in villages/camps, very few indications of the policies of other supply chain actors were observed (and to the extent they were, they focused only on child labor).

b. Procedures

b.1. Responsibility

On one hand, Nestlé staff based in Vevey (SBU Confectionery) define the strategy for TNCP and oversee the program. They also define the social aspects (such as social projects of farmer training) and receive status reports of Tier 1 suppliers with KPIs on quality, volume and number of farmers trained. On the other hand, Nestlé staff in the areas of procurement and trading are involved in the commercial implementation of TNCP, for example the selection of suppliers, quantity, quality, premiums, delivery times and costs. The division of the tasks might be a reason why links between premiums and social aspects are absent. In interviews with the Nestlé HQ staff it was noticed that an oversight committee for TNCP exists at the HQ level but the objectives and role of the committee are not clear.

The Nestlé staff based at the R&D center in Abidjan who have oversight over TNCP focus on the plant

propagation scheme and only deal with the social and labor conditions of the nurseries. New staff that will be based up country close to the nurseries have been hired to monitor and support the nurseries in adhering to quality and labor standards. Currently, there is no comprehensive system in place to oversee and monitor the labor and social compliance aspects of TNCP on farms and at cooperatives.

The Tier 1 suppliers are responsible for overseeing labor conditions in cooperatives and farms. They either have a person attached to each of the cooperatives or several staff persons up country who regularly visit the cooperatives. These individuals might have conflicts of interests, as their performance is based on the quality and volume delivered.

Once a cooperative is certified, responsibility for adherence to labor standards is shifted to the certification system. The assessment team heard many times from buying centers or cooperatives: *“we are certified, so compliance is assured.”*

b.2. Monitoring

Nestlé has an internal monitoring program through which it monitors its suppliers globally. Monitoring of labor standards of supply chain partners currently takes place in the following ways:

- **Nestlé’s Tier 1 suppliers**—Through SMETA,⁹¹ Nestlé’s internal staff and by 3rd party auditors that assess compliance with Nestlé’s Supplier Code;
- **Nurseries**—Through visits by Nestlé R&D Abidjan staff to follow compliance against terms laid out in the contract;
- **Cooperatives in TNCP**—Representatives of Nestlé’s Tier 1 suppliers are attached to the cooperatives to follow their activities and support them; internal audits are conducted by Nestlé’s Tier 1 suppliers; external audits are conducted by certification bodies, if cooperative is certified;
- **Cooperatives/farmers of certification programs**—In addition to the internal monitoring conducted by the cooperatives; a sample of farmers are visited once a year by certification bodies during external certification audit visit.⁹²
- **Nestlé is planning to implement “The Cocoa Plan Farmer Income Tool”** in order to get verifiable economic data to sustain the claims related to

increasing cocoa yield per hectare and the effect on farmer income (in addition to premiums).

There is a need for additional research to evaluate the effects of the various certification programs on working conditions at the farm level.⁹³ From a process point of view there are some questions that arise with respect to the methodology of the certification programs. First, the visits are mostly announced,⁹⁴ scheduled and paid for by the client (supplier, cooperative) requesting certification. This in itself is not a problem provided that the certification agencies have robust internal control systems and the reports are made public. However, in the case of the farms certified in the TNCP the reports are not available to Nestlé or the public. Secondly, most certification systems concentrate on management systems and as such they assume a certain administrative capacity on the part of the entity being certified. This is often not the case in rural areas and certainly not on the farms. Certification may assist those entities to improve their systems and administration. Finally, systems alone will not prevent many of the risks identified by the FLA assessment and on-going monitoring is required.

There is a certain amount of follow-up after the plants have been distributed. According to Nestlé R&D, a person from the cooperative (“Responsable de la Distribution”) completes the contracts with individual farmers regarding distribution of plants. Once Nestlé R&D staff receive the contracts, they check randomly to ensure they are correctly completed and if the farmers respect and implement the contract terms. If they find gaps, Nestlé R&D goes back to the cooperative management, the issues are discussed in the presence of the “Responsable de la Distribution”, and they ask for an action plan to correct the non-compliance. A second check is made when the Nestlé R&D team collects the GPS coordinates of every single field. If the corrections are not done, Nestlé R&D might even stop working with the cooperative. There are, however, no documents outlining these processes in more detail.

Nestlé does not conduct any labor standards monitoring visits to TNCP cooperatives and farms as part of their internal program. During this assessment, one of the Nestlé Tier 1 suppliers asked to accompany the FLA team during the assessment to learn about

labor standards and monitoring techniques.

Cooperatives brought to our attention that they have difficulties in checking on activities at the farm level because they are very dispersed. Some cooperatives, however, engage their delegates or “Paysans Relays” (Farmer Agents), to check for compliance with standards (including labor standards) on the farms and then discuss the issues in monthly meetings with the cooperatives. Even though this kind of monitoring is informal and there is no record keeping, cooperatives mentioned that this process could lead to the exclusion of a farmer from a cooperative after warnings for non-compliance.

The lack of clearly defined requirements and documented monitoring processes at the farm level increases the risk of labor standards violations. This is further compounded by the lack of regular reporting requirements. The risks are much greater in the standard cocoa supply chain as the transparency ends at the level of *traitants* and *pisteurs*.

b.3. Training

Training is conducted at the cooperative level, e.g. for management and organizational practices, and at the farmer level, e.g., for good agricultural practices post/pre harvest, including child labor and health, safety and environment (HSE) issues, as well as additional issues depending on the certification scheme. The intensity and content of the training and who provides it depends on the program of the Tier 1 supplier of Nestlé and the certification program to which the cooperatives/farmers belong. Training at farmer level is usually conducted by ANADER trainers. Training for persons of Tier 1 suppliers that are responsible for the cooperatives varies depending on the Tier 1 supplier, but at a minimum they receive training on certification systems. Non-certified cooperatives and their members, *traitants* and *pisteurs* receive training only in very limited pilot projects.

Farmers and cooperative management appreciate the training. They are proud of being able to work with good agricultural practices and feel comfortable asking questions. They also say training improves the relationship between farmers and cooperatives.

According to interviewees, the effect of training can be seen in the improved quality of cocoa beans, which

is clearly observable when checking the beans. With regard to the effect of training on social issues, the opinions of interviewees were divided. Farmers interviewed in the field could explain what they learned about the worst forms of child labor or health and safety issues but there are no long-term studies available to show whether their performance in these areas improved. In addition, it would take more than awareness to improve performance since they face structural challenges such as a shortage of schools and personal protective equipment.

According to NGOs interviewed, training would be most effective if it transferred knowledge and skills rather than simply emphasizing compliance.

Several gaps in training were observed during the assessment. Not all farmers that participate in TNCP are trained, and the transfer of knowledge from a trained farmer to non-trained farmers is not followed-up. This means that farmers could supply TNCP beans without being trained. Training is in many cases the main way of communicating labor standards (e.g. child labor, health & safety). The lack of training therefore raises the risk that those standards will not be adhered to in practice.

Farmer trainings organized via the cooperatives (which include sensitization on child labor) are open to everyone and sometimes announced via local radio (in different languages). However, usually only the farmers (owner of farms and members of the cooperative) attend training.⁹⁵ There is no measure of the extent to which attending farmers transmit this knowledge to family members, workers or *métayers* and their family members and workers.

Our analysis in villages/camps of TNCP farmers confirmed these findings. Only 66 farmers (of 155 who answered the question) knew that there are certain labor standards covered by certification. Not all members of the cooperatives (even of certified cooperatives) knew about those standards. Of the persons that knew that standards were associated with certification, many could not mention which specific standards they were. If they mentioned any criteria, in the vast majority of cases they referred to quality. Very few mentioned social or environmental standards if not asked about them directly. All farmers who were aware of TNCP knew that there are standards defined by TNCP and a few mentioned

quality, but not other standards.

b.4. Traceability (Supply Chain Transparency)

Traceability up to TNCP cooperative level is present in all cases. Traceability up to the farmer level, however, varies depending on the professionalism and certification status of the cooperatives. TNCP cooperatives visited by the FLA fell into one of the following categories:

- **Well-organized cooperative (usually certified):**

The cooperative has an internal control/traceability system which is computer based and includes receipts. All farmers have a unique code, which is printed on all the bags they receive to ship their product according to previously established volume estimates. The cooperative might mix beans from different farmers together in an export bag, but the buyer knows which farmers contributed how much volume to the delivery.⁹⁶

- **Semi-organized cooperatives (usually in the process of becoming certified):** These cooperatives have some internal systems and controls in place. The systems usually rely on manual records and are able to track most of its farmers and the quantities they produce. There may be some amount of non-TNCP beans entering the final product they send to the suppliers.

- **Unorganized cooperatives (usually not certified):** The cooperative segregates cocoa bean deliveries only according to quality (humidity, foreign materials) at the cooperative level. This means that high quality cocoa beans from a farmer not participating in TNCP could end up as TNCP beans.

Traceability to the individual farmer is a requirement for UTZ and Rainforest Alliance certification and compliance is audited once a year by these entities. There are also non-certified cooperatives that manage traceability well. However, with the unstable cooperative supply chain we observed in the supply chain map it is difficult to tell which beans end up where.

In the standard supply chain, transparency ends at



Farmer dossier maintenance at a well-organized cooperative in TNCP



In front of an unorganized cooperative not in TNCP

the buying centers/processing facilities of Nestlé's Tier 1 suppliers. Their suppliers are registered, but not further up the supply chain. The lack of supply chain transparency poses two main risks. Firstly, the entry of beans from other sources into TNCP or the other way round undermines the overall objective of TNCP. Secondly, it poses intervention problems for Nestlé and Tier 1 suppliers as it is difficult for them to know where to target monitoring and remediation through social projects.

b.5. Reporting

According to the interviews with Nestlé and Tier 1 suppliers, reporting by the Tier 1 suppliers to Nestlé currently covers information on premiums paid and other related costs to the project, volume of beans by quality category and number of farmers trained by each cooperative in TNCP. The frequency (monthly, quarterly for financials, and "regularly" for other parameters) and depth of reporting is not consistently defined in the contracts.

Nestlé's only direct regular communication with the cooperatives and farmers is through the nurseries in TNCP. Reporting from farmers to cooperatives and from cooperatives to Nestlé's Tier 1 suppliers depends on the certification program and the requests of Tier 1 suppliers. As mentioned earlier, the maintenance of documentation depends on the capacity of individual suppliers and resources. Similarly, the lack of any standardized reporting requirements means that the data collected on labor issues depends upon individual suppliers' internal programs. There are no reporting requirements on any KPI as there are no KPIs for TNCP program apart from the volume of beans and quality sourced through TNCP and the number of farmers trained.

Based on the existing reporting system and interviews with various partners, the assessment

team identified a lack of communication between (1) the actors in the Ivory Coast (Nestlé R&D, Nestlé Côte d'Ivoire and subsidiaries of Nestlé's Tier 1 suppliers); (2) Nestlé headquarters and Nestlé Côte d'Ivoire; and (3) Nestlé's Tier 1 suppliers headquarters and subsidiary in the Ivory Coast. Nestlé

Côte d'Ivoire, for example, did not automatically receive reports from Nestlé R&D or Tier 1 suppliers for their communication and social project purposes. The subsidiary of a Tier 1 supplier in Abidjan was not informed about Nestlé's supplier code. An enhanced exchange of information would be very important to clarify standards, expectations and goals of TNCP. Furthermore, exchange of labor related information and experience amongst various TNCP co-operatives on the implementation of TNCP could help foster best practices.

c. Results

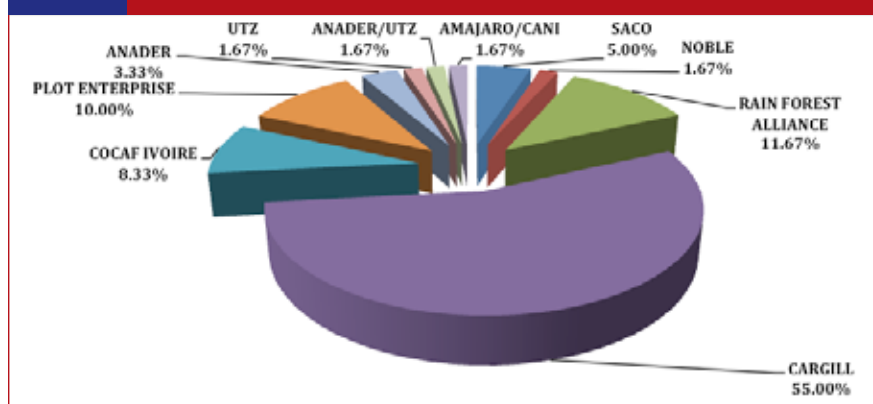
c.1. Opinion of Stakeholders

During the interviews, farmers in cooperatives were asked to name the partners of their cooperatives. Graph 6 reflects the findings and shows that Cargill is perceived as the most frequent partner, followed by the Rainforest Alliance, Plot Enterprise and Cocaf Ivoire. Nestlé was not mentioned at all. Certification organizations (UTZ and Rainforest Alliance) and training organizations (ANADER) were also mentioned as partners together with exporters. Most suppliers and certification organizations have logos, banners, agendas, calendars, or school material distributed to the farmers and their families leading to local awareness about their programs. One of the reasons that Cargill leads this area could be because most of their beans are procured through cooperatives.

Only 23 persons of 101 interviewees who responded to this question knew about The Nestlé Cocoa Plan and indicated they were part of it.⁹⁷ This was 19% of those that stated that they were members of a cooperative and 40% of those who indicated that their cooperative is certified.

All respondents who said they were aware of The

GRAPH 6 Perceived Partners of the Cooperatives



Other codes and principles used (e.g., those of Tier 1 suppliers) do not necessarily contain all the elements of Nestlé's Supplier Code. The lack of a clear definition of child labor and forced labor creates confusion for supply chain partners. The absence of a robust policy on premium allocation could lead to unintended discriminatory practices.⁹⁸ The responsibility for the implementation of TNCP at the cooperative and farm level

Nestlé Cocoa Plan (23) gave a favorable opinion of it. One additional person had a favorable opinion, even though he did not consider himself a TNCP farmer. Twenty farmers mentioned having received some tangible benefit from TNCP participation (such as plant protection products, boots, machetes, new plants or premiums).

Twenty-eight farmers mentioned that there had been notable changes in their work since they became members of a cooperative. This represents 23% of those who stated that they were members of a cooperative, and 31% of those who indicated they were members of a certified cooperative. Membership in a certified cooperative, therefore, seems to have slightly more positive effects on the farmers' work than that of a non-certified cooperative. Changes mentioned were: farms are cleaner, the quality of cocoa is better and the prices are better.

c.2. Indicators and Impact Assessment

The impact of TNCP on farmers has not been assessed. Doing so would require the definition of KPI and the design of a study to assess the long-term impact of TNCP on farmers. Nestlé R&D Abidjan has developed a farmer income tool to get verifiable economic data in order to sustain their claims of increasing cocoa yield per hectare and farmer income. The first assessment will then form the baseline for further impact assessments.

d. Conclusions on Internal Management Systems

Nestlé's supplier code of conduct has limited visibility and a low level of awareness amongst upstream suppliers (Tier 1 suppliers, cooperatives, traitants / pisteurs, farmers). Many different actors are involved in the implementation of TNCP and communication between them is not regular.

lies in the hands of persons who are attached to the cooperatives by the exporters; the performance of these persons is mostly based on quality and quantity of beans rather than labor standards.

There is a lack of comprehensive training on labor standards for farmers, métayers and workers. Women and other family members are seldom involved in trainings held in the communities.

One of the biggest gaps in TNCP management system is the lack of a comprehensive internal monitoring process for TNCP and standard supply chain (especially labor standards monitoring). Some gaps were also observed in the monitoring of premium allocations and distribution. Monitoring by Nestlé is limited to Tier 1 suppliers. Responsibility for adherence to labor standards in certified cooperatives is shifted to the certification system. All other monitoring efforts are informal and not recorded. The frequency of reporting to Nestlé is not defined and limited to quality, quantity and the number of farmers trained. Cooperatives that were exposed to a form of monitoring system or audits (whether it is through Nestlé R&D, Tier 1 supplier or a third party certification body) are more likely to have some internal management systems in place. Certified farmers are better organized in terms of traceability but the entry of TNCP beans into the standard supply chain and vice versa is possible and certification alone does not ensure a reduction in child labor prevalence or incidence or better working conditions as a whole. However, the presence of more formal systems in the certified cooperatives can be a foundation for comprehensive monitoring systems.

The above-mentioned gaps in internal management systems have resulted in a low level of awareness about TNCP among farmers and their communities. Cooperatives and farmers find TNCP appealing because of the premiums and not necessarily because of its social

and environmental agenda. Farmers who participate in TNCP appreciate the benefits they receive, but the standards (other than quality) are not well known which poses a risk of them not being practiced.

3.3 Labor Risk Assessment

This section provides an overview of observations made in the field that relate to gaps and associated risks with respect to the FLA's Workplace Code of Conduct. Most of these are analyzed with special reference to child labor.

Code Element: EMPLOYMENT RELATIONSHIP

Employers shall adopt and adhere to rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under national and international labor and social security laws and regulations.

Written contracts exist between Nestlé and their Tier 1 suppliers. *Traitants*, SARLs and cooperatives have written contracts in some cases. *Pisteurs* usually operate without written contracts. At the farm level, almost all labor contracts are oral. Certification systems require farmers to have written contracts with their *métayers*. Documentation to demonstrate compliance with the FLA Workplace Code of Conduct and Compliance Benchmarks as well as with domestic law only exists in certified cooperatives.

Employment decisions (especially at the cooperative level) are mostly taken based on the relationship between the employer and the worker. We could not verify any documentation describing formal employment processes or the existence of hiring and employment records at the cooperatives and farms. However, cooperatives in certification programs have lists of their members that in principle record the name, sex, year of enrollment, number of hectares, production volume and number of workers for each farmer in the cooperative.

Cocoa is a seasonal business. Labor recruitment is high during peak harvest season. Nestlé's Tier 1 suppliers, cooperatives and farmers usually use a high percentage of contingent/casual workers who are employed for a limited time period during peak season. Most of these workers have written contracts that specify the terms of engagement except for compensation (in cash or kind).

As mentioned earlier, about one third of workers in the farms are not Ivorian. Migrants from Burkina Faso and Mali often come to seek work by going through an intermediary. Older people sometimes say their "brothers"⁹⁹ accompany them. When asked, young people claim to be between 19 and 21 years old. Often they have no administrative documents to prove their identity or age. Those who have documents say that their documents are in the possession of their "brothers," because they fear losing them during a routine inspection by the police. Newly arrived migrants mostly work with relatives or a family acquaintance who was already working on a cocoa farm before they were "contracted" (verbally) themselves. The money earned is used to offset the transport costs incurred in travelling to the Ivory Coast. The length of the training period varies according to skills and experience.¹⁰⁰ More in-depth research needs to be conducted to establish if the above-mentioned recruitment process of migrant workers raise the risks of labor trafficking.

Farmers regard young family members (ca. 14 to 18 years old) working with them as "apprentices," but they are not paid a wage. As with the *métayer* system these family members are not covered by any employment conditions or aligned compensation. Apprentices are also employed as workers in the transport sector (transporting cocoa beans).

Code Element: FORCED LABOR

There shall not be any use of forced labor, including prison labor, indentured labor, bonded labor or other forms of forced labor.

Forced labor is addressed in Nestlé's supplier code, by certain codes of Tier 1 suppliers and by certified cooperatives. Several studies¹⁰¹ have established the presence of forced / bonded labor and even child slaves in the cocoa sector. According to the SSTE certification/verification study, around 12% of adult workers were indebted and; around 25% of child laborers reported some coercion from parents/extended family members to work in the farms.

During this assessment we observed gaps in the worker hiring and compensation processes that increase the risk of forced labor. As mentioned with respect to the employment relationship, the documentation that migrant workers bring is kept with "brothers," who then force the workers to work on their farms. Since these "migrant" trainees are never paid, they may feel forced (mentally coerced) to complete their training in order to seek employment at the same farm (otherwise they fear losing the time they have already served). Children and women are especially vulnerable to forced labor, as they generally depend on the household head (a *métayer*, farmer or worker). In the farms where the family works alongside the family head only the latter is remunerated and even if the workers in the group technically have the freedom to leave, they are bound to the group because they risk losing their wages if they leave. Forced labor is also high risk for children, especially those who have arrived from other regions and countries. According to our survey, 24% percent of the children working at farms come from outside the Ivory Coast.

There are no clear objectives and indicators set for monitoring, reporting and remediation of forced labor. Most of the monitoring that occurs relates to child labor. Forced labor for *adults* is not even considered as an issue. At present there are no measures to check for compliance at the farm level, where this risk is probably highest. Cooperatives only track (if at all) the number of workers engaged by each farmer member without looking into the employer-employee relationship (with *métayers* and workers) and its effect on forced labor.

Code Element: CHILD LABOR

No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher.

Laws regarding Child Labor in the Ivory Coast:¹⁰²

On September 30, 2010, the Ivory Coast passed a comprehensive law pertaining to Worst Forms of Child Labor (LOI No. 2010-272 du Septembre 2010 portant interdiction de la traite et des pires formes de travail des enfants¹⁰³). The act prohibits the trafficking of children, outlaws certain practices including child pornography, and provides a stronger legal framework against hazardous work (in line with ILO Convention 182, Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour¹⁰⁴). The law sets the minimum age for work at 14 (young workers). Hazardous tasks are not allowed below the age of 18. On January 19, 2012, The Ivory Coast officially defined all hazardous tasks for children (ARRETE no 009. du 19/01/2012 révisant l'arrêté no 2250 du 14 mars 2005 portant détermination de la liste des travaux

dangereux interdits aux enfants de moins de dix huit ans¹⁰⁵). The following tasks are considered hazardous on cocoa farms: carrying heavy loads (weight is defined depending on age), cutting trees, sale/transport/application of plant protection products, burning fields. NGOs also consider using machetes in general as hazardous (e.g. for cabossage), but this is not included in the law.

Child labor is by far the most commonly addressed issue related to labor conditions in the cocoa supply chain and policies related to this are visible in certified cooperatives. Everyone is well informed about the problems “foreigners” have with child labor. Even young people who speak little or no French can state their age as if they had been asked on many occasions. Young workers always say their age is between 19 and 21. There are usually no documents establishing age. Many children in the Ivory Coast (and also many adults) are not registered at birth, according to local NGOs, because the registering offices are far away and/or a payment has to be made for registration. Migrants often arrive without papers. Thus, a lot of people cannot prove their identity or age. Other than “looking at the person” or “believing the age a person says he or she is,” there are no other measures for age verification that are taken by employers, according to farmers interviewed.

Child labor sensitization is included in farmer trainings and in contracts (for nurseries, in some cases in sales agreements between Nestlé’s Tier 1 suppliers and their suppliers). Farmers of non-certified cooperatives and in the traitant/SARL/pisteur system are generally left out of farmer trainings but even if training were received, there is no comprehensive monitoring, reporting and remediation strategy in place. Farmers who receive training and are part of sensitization campaigns do understand that children should not carry out hazardous tasks. However, it is normal for farmers and their families to expect that children help on the farms when they are not going to school.¹⁰⁶ Sensitization programs of government and local NGOs (financed via government or organizations as the ICI and companies) operate on a small scale and reach a very limited number of people. Successful scaling-up efforts are very rare, according to local NGOs, as transportation is lacking. At the very least bicycles would be needed for trainers to be able to reach more farmers.

Many NGOs mentioned that sensitization can only go so far. One NGO stakeholder said: “Now is the time to invest in new plants and plant protection products. If farmers cannot increase their yield and income, sensitization [about child labor] cannot have much effect.” Another mentioned: “We do a lot of sensitization, but people have no alternatives, so we have to create alternatives like vocational training and job opportunities for them.” This is in line with what farmers told the assessment team. Farmers said they are tired of foreigners coming to their villages to tell them that they are not allowed to have their children help them without providing any alternatives.

According to the farmers, young people 16 years and above migrate to cities in search of employment opportunities and they are not available to help on the farms. As the farmers do not have money to employ workers, their families (including children) end up working on farms. If children go to school, they might still help on the farms during days off (Wednesday, Saturday, Sunday) and holidays.

The lack of school infrastructure (buildings, teachers) poses another challenge. Sending children to school is challenging even if parents want to do so. According to local NGOs, primary schools can be as far as 40km from camps and there is a general lack of secondary schools and teachers. According to many interviewees, the norm is that if there is no school near where a child lives, children can help on the family farm.

Communities where the development programs of NGOs operate sometimes build and organize their own primary school.¹⁰⁷ The lack of regular and bridge¹⁰⁸ schools poses problems for rehabilitation. Children cannot be brought into the mainstream school system once they are removed from the farms, and bridge schools have to be developed.

Some parents with relatives/friends in nearby villages equipped with schools sometimes send their children to live with them but this is only possible when there is enough income to afford it. NGOs

and companies finance and organize the construction of some schools (primary, secondary, vocational formation), the education of teachers and the distribution of school kits in cocoa-growing regions. Some cooperatives also finance the school kits for their members' children or help building schools.

When farmers belonging to a cooperative were asked whether there is a relationship between their cooperative and the schools, only 13% responded in the affirmative. When there is a relationship, it is usually established via the school canteen. These results make it difficult to establish monitoring systems based on school enrollment and attendance data, without further fostering the relationship between the cooperatives and schools.

Seventy-six percent of persons who responded to the question “is there a relationship between NGOs and schools” confirmed that such a relationship existed. These relationships are manifested by the construction of schools, sanitation facilities and canteens. If these relationships are maintained continuously, they could be used to foster school enrollment.

Lack of school infrastructure combined with the low income of farmers¹⁰⁹ leads to a high risk of child labor. Children accompany parents to the farms when (1) there is no school available; (2) women also help in the farms; and (3) parents do not want their children to stay alone in the village/camp when they go to the farm (to avoid dangers such as rivers, snake/scorpion bites). Even when there is a school available, not all children may be able to attend, as parents may not be able to afford it (school starts before harvesting season when farmers have no money and therefore cannot afford school kits).

Additionally, parents often want their children to learn the work on cocoa farms to someday take over the family farm (especially if they have no chance to go to school and learn some other skill).

Children are exposed to plant protection chemical products on the farms when these products

are applied in the villages/camps (as they are stored in rooms where children sleep), and when they re-enter the farm soon after the application of these products. Well-managed cooperatives build a storage room for these products so that children do not come into contact with them, but there is no monitoring to detect whether farmers still keep some chemical products at home.

Hazardous work/child labor might also be an issue in transportation activities. Drivers are often accompanied by a young apprentice who may carry heavy loads (65 kg cocoa bags).

The assessment team observed children working in some nurseries (not in TNCP nurseries, however) where they fill soil in polythene sleeves and shift them from one place to the other. The contract Nestlé has with the cooperatives prohibits workers below 21 years of age at nurseries. Children perform many tasks in nurseries (all tasks in nurseries together 43%: Graph 9). This should be considered as a risk for TNCP nurseries as well. In addition, other than the visits



Children doing their homework



Machetes are used by everyone—girl peeling yam in a camp

of the Nestlé R&D staff, no consistent monitoring system exists. Young workers (15+) could, in the opinion of experts, be engaged for non-hazardous tasks (such as nurseries) to learn about cocoa culture as apprentices.

The analysis in the villages and camps of TNCP farmers shows the following picture related to child labor and child protection:

When asked “what do you consider as family,” 78% of interviewees in our sample stated that “family” corresponds to all blood relatives; only 22% consider “family” as mother, father and children. This is important to note, as this means that farmers might consider all children working on their farm as “their” children, even though they may not be the biological parents.

In our sample, 81% of the adults interviewed reported that their children are enrolled¹¹⁰ in school, while 19% reported that they are not.

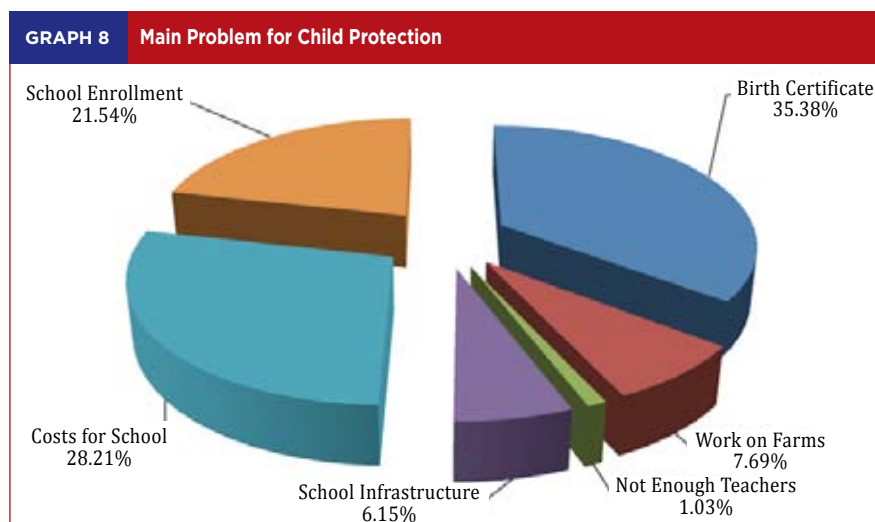
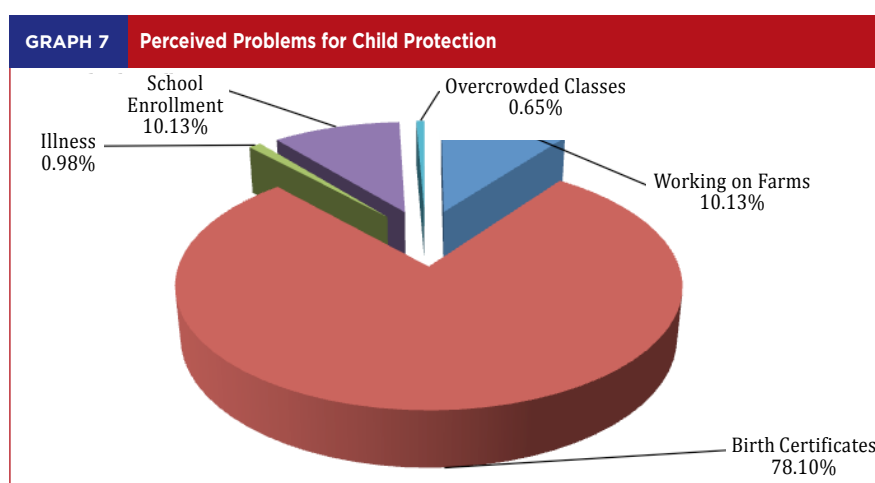
Interviewees were asked about what they perceived as the reasons that lead to lack of protection for children. They were allowed to indicate as many reasons as they thought were applicable. As shown in Graph 7, the majority of respondents (78%) identified the lack of birth certificates as the main problem, followed by lack of school enrollment and work on the farms (each 10%). In some villages, all persons interviewed mentioned missing birth certificates as a problem. Missing birth certificates are also a root cause of lack of school enrollment, as they are required and especially crucial to be able to take the final exams.

In a subsequent question, when the interviewers asked respondents to list *the* main hindrance (only one) to child protection, the results shown in Graph 8 emerged.

Missing birth certificates (35%) remained the single most listed problem; however, if we combine the problems listed that relate to school (high costs, 28.2%: problems in enrollment, 21.5%, school infrastructure, 6.15%; and lack of enough teachers, 1.03%), the problems related to school account for more than half of the perceived hindrances (54%).

When interviewees were asked, “Do children work on cocoa farms in your area?” of the 243 respondents, 222 (91%) confirmed that children do work on farms. In some villages in the regions of Soubre and Buyo, 100% of interviewees confirmed the presence of child labor on farms.

Graph 9 breaks down all the tasks performed by

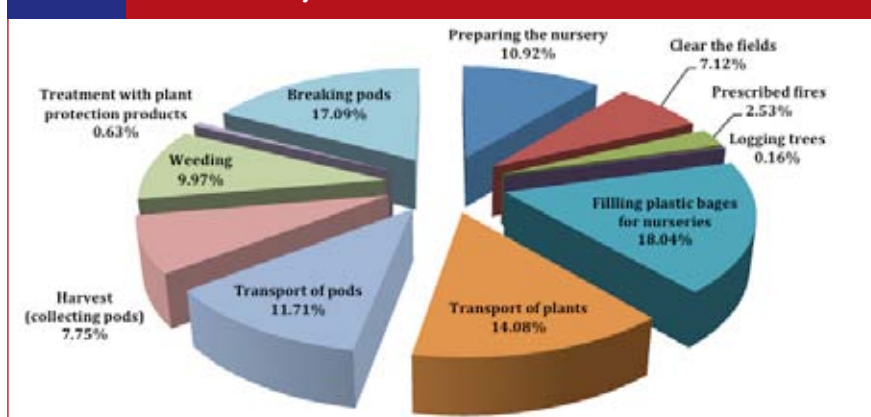


children in cocoa production.

It shows that filling plastic bags for nurseries (18%), breaking pods (17%), transporting plants (14%) and transporting pods (12%) are the 4 main tasks. Other tasks mentioned are preparing the nurseries (11%), weeding (10%), collecting pods (8%) and clearing fields (7%). While fires and logging trees to prepare the field for

plantation, as well as treating plants with plant protection chemical products were mentioned only in a few cases, these tasks are still performed by children in certain villages.

GRAPH 9 Tasks Performed by Children in Cocoa Production



The following tasks identified by interviewees are considered as worst forms of child labor by law:

- Transport of plants and pots (depending on the weight considered as “carrying heavy loads”)
- Transport of plants and pots (depending on the weight)
- Prescribed fires
- Logging trees
- Treatments with plant protection products

Additionally, breaking pods (using machetes and knives) as well as weeding and clearing fields (using machetes) are considered as hazardous tasks for children by the NGOs working on the ground.

Of the 184 interviewees who answered the question about the number of hours that children who are not enrolled in school,¹¹¹ work on farms, 63% answered that children work 8 hours per day, 17% mentioned that children work 10 hours per day, and 20% answered that children work 9 hours per day. Work on farms can start as early as 7am or 8am and end by 6pm latest.

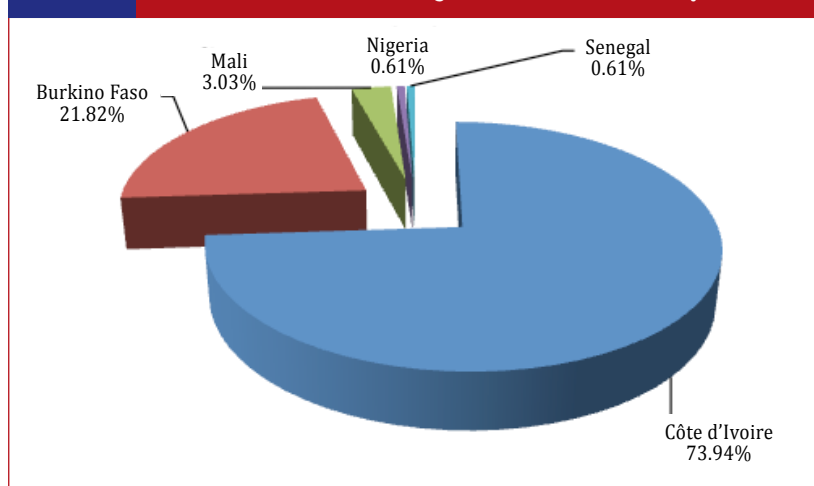
The following graph (Graph 10) provides a breakdown of the nationalities of children working on the cocoa farms.

By far the largest share of children working on farms are reported to be from the Ivory Coast (74%),

while 22% are from Burkina Faso. Smaller shares of children on the farms are regarded as Malian, Nigerian or Senegalese.

Although there are several policies regulating child labor agreed to by the government, private sector and NGOs, child labor is still prevalent throughout the country and on cocoa farms in particular. The policies are incomplete, their objectives are unclear and KPIs are lacking. The worst forms of child labor are still present (as mentioned above).

GRAPH 10 Nationalities of Children Working on Cocoa Farms in the Ivory Coast



Code Element: HARASSMENT OR ABUSE

Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.

Various factors (civil war, ethnic conflicts, poverty) that have plagued the country in the last decade have also affected security in general and in the cocoa sector in particular. There has been an unofficial curfew (after darkness) and violence has increased. In general, anyone who carries/stores money (pisteurs, traitants, cooperatives) is at risk of being robbed. Fully loaded cocoa trucks of traitants, cooperatives or other actors involved in transport are valuable, and therefore an ideal target for gangs. These risks affect parts of the supply chain and have an effect on its sustainability.¹¹²

Restricted rights and voice at work (especially of women, children and migrant workers) add to the risk of harassment and abuse. The presence of forced labor¹¹³ and child labor heightens the risk further. Unfortunately harassment and abuse is not included in farmer trainings and is not sufficiently explicit in the applicable codes of conduct (Nestlé, 1st tier suppliers), although it is part of the principles of certification for cooperatives.

Generally speaking, there are no systems in place whereby victims of harassment or abuse could report on these issues. To the extent they might exist, they are not widely known. During field visits we were not able to identify any non-compliance reporting mechanism at the farms or the cooperatives.¹¹⁴

Grievance redress mechanisms in cooperatives and on farms are non-existent and any intervention in a given situation is the prerogative of the supervisor. Training about progressive disciplinary measures is not conducted at any level (Tier 1, cooperative or farmer). Based on the above-mentioned indicators (or lack thereof) there is a strong risk of harassment or abuse at all levels of the supply chain.

Code Element: NON-DISCRIMINATION

No person shall be subject to any discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin.

A non-discrimination clause is included in Nestlé's supplier code of conduct and at certified cooperatives/farms. Nevertheless many indicators point towards the risk of discrimination. Two categories of workers are especially vulnerable to discrimination: women and people belonging to different ethnic groups (who in most cases are migrants).

According to a "women farmers association" with whom the team met, women usually do not own land and are completely dependent financially on their husbands. Women were rarely seen in cooperatives. Of the 26 cooperatives the assessment team talked to, only 3 had women in management positions. At the cooperative level, there are risks of discrimination against people of different ethnicity due to the power relations in communities¹¹⁵ and the importance of family ties. This is relevant for the allocation of posts, distribution of plants, distribution of premiums and other support received.

Membership in a cooperative is sometimes restricted to farmers who can show ownership (property rights) papers. Many farmers do not have such documents and are therefore excluded from

membership. Although this is a procedural requirement, it could be discriminatory against migrant farmers who arrive without papers and acquire land without the papers to show rightful ownership.

Discrimination is a risk with regard to wage payments. According to farmers, experts and local NGOs, the family head (man) working on a farm is paid for the work of the entire family and there is discrimination in wage rates paid. Women and children are most often paid less than their male counterparts for the same work, which in turn adds to the problem of child labor.

Discrimination can also occur because of language barriers. The medium of instruction at schools in the Ivory Coast is mostly French. However, French is often not spoken at the farm level (during the interviews, local languages had to be used in many cases to talk with farmers).¹¹⁶ The languages of migrants are not necessarily understood and spoken. Most documents at the cooperative level and farms exist only in French, which poses a real obstacle to illiterate farmers. Pictograms are used to explain the worst forms of child labor or how certified and non-certified beans have to be stacked, but the assessment team did not come across any that are used to explain other labor standards. There are no processes in place to encourage women to attend farmer trainings.

There is no monitoring of discriminatory practices with clear objectives and indicators at any level (Tier 1 supplier, co-operatives and farmers). Discrimination is a prevalent issue in the Ivory Coast at large and on the cocoa farms. Even though some systems to address discrimination are in place in certain areas, the risk of non-compliance is high.

Code Element: HEALTH, SAFETY, ENVIRONMENT (HSE)

Employers shall provide a safe and healthy workplace setting to prevent accidents and injury to health arising out of, lined with, or occurring in the course of work or as a result of the operation of employer facilities. Employers shall adopt responsible measures to mitigate negative impacts that the workplace has on the environment.

HSE principles are included in Nestlé's Supplier Code, principles and codes of Nestlé's Tier 1 suppliers, and in the certification systems. These issues are also included in farmer training (depending on the certification system). Issues regarding HSE arise, however, at all levels of the supply chain.

Cocoa harvest is labor intensive during peak season and working conditions are very demanding, with low skilled work, high job demands, and poor ergonomic and physical conditions. Children are more vulnerable due to their stage of physical and mental development. Therefore, a certain task carried out by children can be more hazardous than for adults (see above for hazardous work by children). However, adults are also exposed to hazardous tasks. Some of the risks identified are listed below.

Plant Protection Products:

The chemical plant protection products that the government provides are, according to cooperatives and farmers, never sufficient for the farms. According to NGOs interviewed, farmers therefore buy other products (e.g., from China or Ghana), which do not have written instructions in the language understood by farmers. Even if written instructions in the language understood by farmers exist, illiterate farmers may not seek help from literate persons. Therefore, chemical products may not be mixed and applied properly and could prove risky for the person using them. Furthermore, products are often not stored properly. They are usually kept in homes, and people (including children) often sleep near them. Spraying tanks are washed in water sources from which

communities draw drinking water. The assessment team observed that cooperatives that participate in TNCP usually have a storage room for crop protection products and employ “spraying brigades” who mix, apply, and clean up on the same day, using protective equipment (which are not always free of cost to the farmers and therefore some farmers choose not to use them). It, however, does not ensure that farmers do not keep additional products at home or apply more products themselves. The assessment team found, for example, a herbicide bag with powder left in it lying in a certified farm. Improper storage also poses risks for people working at cooperatives. The team visited a warehouse of a cooperative (new in TNCP and not certified) where backpack spraying units and empty gasoline containers were kept right next to cocoa bags and (open) containers of drinking water.

Personal Protective Equipment:

Farmers (not only workers) may not have the awareness, knowledge or funds to use personal protective equipment when pesticides / fertilizers are applied or other hazardous work is carried out at the farms.

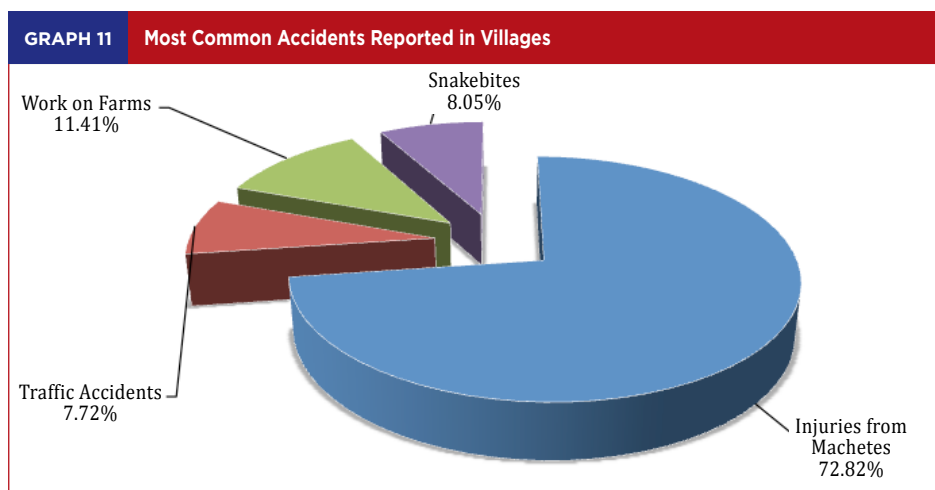
Carrying Heavy Loads:

The handling of heavy weights is another risk. Cocoa bags weigh up to 65kg, and no assisted lifting techniques were visible only at the factories of Nestlé’s Tier 1 suppliers.

Accidents:

People working at the farms are (according to farmers) exposed to several other HSE risks. They include: (1) risk of falling dead trees (burnt by landowners for planting or fuel) is acute in some areas; (2) snake and insect bites, some poisonous, some bearing diseases (e.g. malaria); other biological hazards such as parasites are also common; and (3) cuts and subsequent infections from using machetes. Graph 11 summarizes accidents (not only related to cocoa) reported by interviewees during the survey carried out by ASA. Injuries from machetes were most prevalent, with nearly 73% of respondents indicating that this was the most common form of accidents. Workers were seen with machete bruises in the fields. In spite of the trainings that explain to farmers that they should use a hand-held crusher (hard piece of wood) to open the cabosses, workers continue to use machetes (the assessment team saw this practice in the field and it was reported by the NGOs and exporters). Even though using the crusher also leads to improved bean quality, workers continue to use machetes because using the crusher is harder work. People engaged in transportation are

exposed to road accidents; streets are not paved properly (mostly dirt roads with ruts), especially in rural areas, and may pose dangers to the drivers. The maintenance of trucks also poses a risk. According to the cooperatives, very little money is available for the renewal of the vehicle fleet.



Access to Medical Help:

The remoteness and isolation of the farms makes the transportation of patients in case of an accident difficult. First aid kits are rarely seen. Some cooperatives have built a health center/hospital/clinic with Fairtrade premiums. In one cooperative, for example, all members of the cooperative are treated at such a facility at subsidized rates (20% of the cost of the treatment). The local residents, who are not members of the cooperative, can also avail themselves of the medical facilities but at full cost. However the cooperative management informed the team that the stock of medicines at this health center was very limited.



Bean-collecting trucks in a cooperative

Hygiene and Sanitation:

The assessment team noticed unhealthy living conditions in camps and villages with very rudimentary sanitation facilities, no electricity, and no improved drinking water.¹¹⁷ Garbage is disposed in streets. Camps/villages in which a majority of the members participate in TNCP appeared cleaner and better maintained than average. Nestlé has a program for good sanitation practices at some TNCP cooperatives through an arrangement with the Red Cross.



Lack of basic hygiene and sanitation in villages

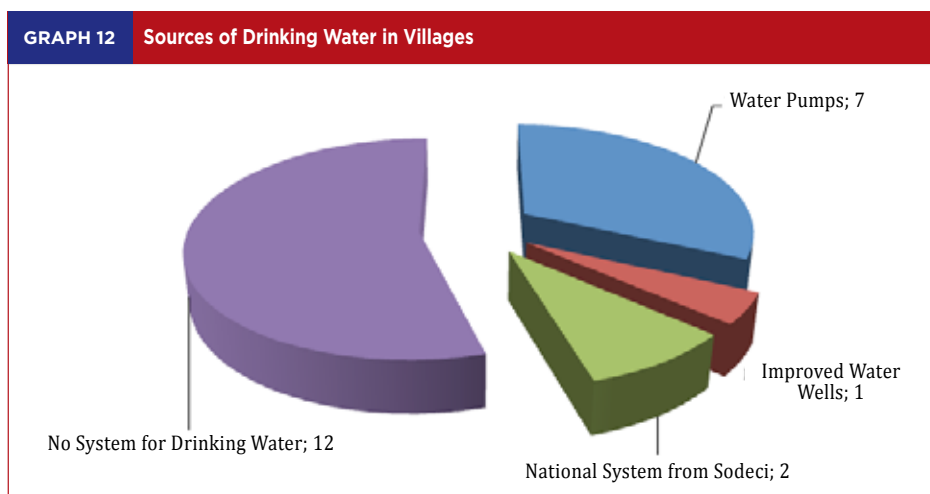


Clean camp of certified TNCP farmers

Potable Water:

Access to clean drinking water is a major problem in most villages/camps visited. Of the 24 surveyed communities,¹¹⁸ 7 villages had water pumps, although not all of them were working.

Only 3 villages have access to the national system Sodeci or have improved water wells (Graph 12). Washing clothes or instruments that were used for the application of plant protection products often contaminates water sources.



Code Element: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Employers will recognize and respect the right of employees to freedom of association and collective bargaining.

Freedom of association and collective bargaining principles are included in Nestlé's Supplier Code and in the certification systems. There are farmer associations/unions, and *pisteur* unions operating in the Ivory Coast. The assessment team did not come across farmers or *pisteurs* who expressed difficulties in joining one of these associations.

Most farms visited were less than 5 hectares and therefore employed very few workers permanently. There are no unions of workers on cocoa farms. The team was informed that larger cocoa farms exist in the east (in areas the team did not visit during this initial investigation) and there may be union organizing activity there. This will be researched at a later stage. Apart from the village-level committees, no other worker committees exist in the villages or farms.

The team also met with a women farmers association who told them that women had some problems in joining the association as their families were against it. With time, however, it became more acceptable for women to participate because they were seen as potential income earners.

Farmers are free to join any cooperative but the cooperatives mentioned that farmers could only belong to one cooperative. Formal processes of communication, consultation and negotiation are missing at the cooperative and farm level. Farmers (in the case of cooperatives) and workers (in the case of farms) told us that they seldom have a say in the decision-making process,

Given the lack of weak dialogue and organizing activities in the visited farms, collective bargaining agreements rarely exist.

Code Element: HOURS OF WORK

Employers shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. The regular work week shall not exceed 48 hours. Employers shall allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work shall be consensual. Employers shall not request overtime on a regular basis and shall compensate all overtime work at a premium rate. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours.

Working hours policy forms part of Nestlé's Supplier Code and is included in certification standards. The contracts Nestlé has with cooperatives related to the nurseries also include working hours requirements. According to Nestlé's policy: "The Supplier must ensure that its employees work in compliance with all applicable laws and mandatory industry standards pertaining to the number of hours and days worked. In the event of conflict between a statute and a mandatory industry standard, the Supplier must comply with the one taking precedence under national law." However, the Government of the Ivory Coast does not prescribe hours of work for cocoa farms or for the agriculture sector at large. Nestlé's policy is only applied at the processing facilities of Tier 1 supplier and to some extent at the (certified) cooperatives.

As the cocoa harvest is a seasonal business, with the major harvest taking place in December to January and a minor harvest taking place in May to June there could be excessive hours of work (more than 60 hours per week) during these two time-periods at the cooperatives, buying centers and farms. At one buying center, the supervisors said that in peak seasons the center is usually open until 8pm, rather than the usual 6pm. This longer schedule is not planned, but may be needed to accommodate the number of trucks loaded with beans waiting outside to be off-loaded. Guards in the nurseries work a shift of 12 hours a day 5 days a week (60 hours in total) for 8 months of the year.¹¹⁹

According to farmers, better pre- and post-harvest practices (e.g., weeding, parasite tree removal, insect control without chemicals) involve more work and combined with the shortage of workers in rural areas and the lack of money to pay workers, these improved practices could potentially foster the use of unpaid workers (family members) working excessive hours.

In addition since most of the workers employed during peak season are seasonal / casual workers, they want to work and earn as much as possible. Most often they are paid based on the activity they undertake (e.g., breaking of pods or harvesting of pods) and want to finish as quickly as possible so that they can move to the next farm. There is at present no system to check or accurately measure the total number of hours workers work.

None of the interviewees mentioned that overtime hours are ever recorded and eventually paid in accordance with the local law on overtime (see more in the following section on Compensation). As many actors in the cocoa supply chain are self-employed and do not keep records it is not possible to determine if they worked overtime and if it was paid. For the ones who are employed are engaged for an activity (for e.g. weeding, chemical application or harvest) and receive payments according to the activity as opposed to the total number of hours they worked.

Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. Where compensation does not meet workers' basic needs and provide some discretionary income, each employer shall work with the FLA to take appropriate actions that seek to progressively realize a level of compensation that does.

Policy on compensation is part of Nestlé's Supplier Code and is also included in the certification standards. The contracts Nestlé has with the cooperatives that run nurseries prescribes the following wage rates for individuals working in the nurseries: 2500 CFA/day (approximately 5 USD) for supervisors and 1500 CFA/day (approximately 3 USD) for workers and guards.

Nestlé's policy on compensation refers to the payment of wages for farm workers according to local law. According to the Ministry of Labor, there is no minimum salary for the agricultural sector in the Ivory Coast. The minimum salary for work in the professional sector (SMIG: salaire minimum interprofessionnel garanti) is 36'000 CFA/month (approximately 73 USD). The indicative wage (not law) determined by the local government in the agricultural sector is 333 CFA/day plus housing and food. According to the farmers interviewed, farmers usually harvest between 400 and 600kg of cocoa per season¹²⁰ on one hectare and earn between 400 and 900 CFA per kg¹²¹ (between USD 0.8 and 1.85 per kg). This is, according to farmers and other stakeholders, not a low income. The problem is, however, that costs for maintaining the farms and living costs are increasing, and that many people in a family depend on one income. The indicative price (not binding) for cocoa set by the government at the time of the study was 1100 CFA/kg (USD 1.25).¹²² When beans are sold via a cooperative, the cooperatives keep between 50 and 100 CFA/kg for management and transport costs; *pisteurs* have a margin of around 30 CFA/kg, according to the *pisteurs*' association.

Nestlé's in its contracts with cooperatives specify the costs that the cooperatives can invoice them, including compensation to workers in nurseries. They do not specify if the entire compensation to workers has to be paid in cash or some part may also be paid in kind. According to Nestlé R&D, tasks and payments are explained to the team leader (supervisor) when the nursery is built. Nestlé R&D monitors the payments made and if it is not the normal rate, the cooperative is asked to top it up. The assessment team found one example of a supervisor who said that he only received two-thirds of the salary that was promised to him in the contract. He went to the extent of saying the cooperative officials made him sign payment slips indicating a higher wage than he actually received. We did not have the opportunity to verify this claim through a documentation review.

Nestlé's Tier 1 suppliers do not monitor payments to farmers in cooperatives (for beans or premiums) or payment to workers in the farms (according to Tier 1 suppliers). According to the Tier 1 suppliers, it is the responsibility of the certification bodies to do so as they check receipts of payments made. But as illustrated in the above-mentioned case, that may not always verify that legal (or fair) compensation is made.

In general, compensation (wages and premiums) of actors in the supply chain is not linked to performance on labor standards (e.g., incentive on health and security, regular school attendance of children. etc.). All participants in the supply chain are rewarded based on volume and quality. Premiums paid to cooperatives and farmers are a motivating factor for farmers to participate in TNCP and are therefore very well received, according to cooperatives and farmers. Income enhancement

through better quality beans (better quality beans have more butter content, they are heavier, and the harvest weighs more) is not seen as a direct benefit by the farmer, as the price per kg fluctuates quite a lot, and they only see the absolute income they have from their harvest. The assessment team noticed the following gaps in the payment of premiums:¹²³

- Evidence existed that premiums were paid to the cooperatives, but they could not always find documentation to show that the premiums actually reached the farmers. The best practice would be to have three receipts for premium payments: 1 for the farmer, 1 for the delegate that pays the premiums, 1 for the cooperative.¹²⁴ In some instances, group payments to a farmer delegate were made with signatures on the receipts, in other cases only fingerprint signatures were available. Nestlé's suppliers usually attend the ceremony at which premiums are distributed to make sure that farmers know that they get a premium¹²⁵ but the actual distribution is not monitored (either by Nestlé, Tier 1 supplier or the cooperative). In some interviews with farmers, the team was informed that they did not even know about premium payments.
- There is some mistrust between farmers and cooperative management. Many farmers mentioned that they do not trust the cooperatives "because they always promise something and then don't keep the promise." The farmers therefore prefer to receive premiums when they deliver the beans and not at the end of the season.
- Premiums are paid to the farmers (owners) and if there is a métayer and other workers involved they might get a part of the premium if the relationship with the farmer is good (according to NGOs involved in certification). According to the cooperatives, farm owners often keep the whole premium and do not share it with others. This is not against the rules, but from the point of view of incentives (for quality and other standards to be complied with), it would be fair for owners to give a part to the sharecropper and workers in order to motivate them.
- Depending on the MoU between Nestlé and the Tier 1 supplier, the premiums that are paid could vary. The assessment team visited villages where farmers belong to different cooperatives and receive different premiums for the same quality resulting in misunderstandings among farmers and cooperatives.
- Nestlé pays a premium for good quality even before the cooperatives are certified. Once the cooperative is certified, the premium—especially the part for the management of the cooperative—is increased. If the difference between the two premiums is not high enough, cooperatives and farmers become less motivated to achieve certification.
- In the interviews with exporters, cooperatives and farmers it was identified that many cooperatives were indebted and farmers usually had no savings. To help them manage their money better, some of Nestlé's Tier 1 suppliers offer to hold part of the premiums or cocoa prices they have to pay to the cooperatives each year and make that money available to the cooperatives for investments at the start of the new season. One cooperative visited created a small bank for their members. Another cooperative built a health center using the premium money. All these schemes appear to have a positive effect on the community, but we came across farmers who mentioned that they were never consulted by the cooperative on how the premium money should be used and the decision was made unilaterally by the cooperative.

Many farmers mentioned that they prefer to sell to *pisteurs* instead of cooperatives (even if they are members of the cooperatives) because they get paid directly at the time of delivery, which is an important factor when farmers have no savings. When delivering to cooperatives, they have to wait up to 2 weeks to receive their payments because the cooperative has to fill a truck before delivering to the buying center of Nestlé's Tier 1 supplier, which in turn does its own quality checks before determining

the premiums to be paid. According to Tier 1 suppliers, the deliveries of all TNCP cooperatives are pre-financed by Nestlé or the Tier 1 supplier and therefore they should actually be able to pay farmers directly at delivery as well—and they should have an interest to do so, as *pisteurs* are their main competitors. Yet, according to cooperatives interviewed, this pre-financing money is also used to buy cocoa from non-members of the cooperatives (by pre-financing *pisteurs*) and other associated costs of the cooperative, and is therefore not used to pay farmers directly at the time of delivery.

Farmer income is likely to increase because of the higher yields associated with the new plants distributed through TNCP. Farmers are generally happy with the new plants as they grow and produce faster and they are able to renew their plantations.¹²⁶ However, there are four issues associated with the plant distribution: (1) maintenance in some nurseries is not sufficient for the survival of plants; (2) many plants perish once they are transplanted in the farms; (3) empty polythene sleeves (lack of supply of plantlets);¹²⁷ and (4) farmers have difficulties in complying with the criteria for receiving plantlets.¹²⁸

According to interviews with all the different stakeholder groups, efforts to increase income generation in the cocoa farming areas have to be developed holistically and one has to look at the family as a whole. Alternative income generation opportunities should especially target women providing them with better opportunities to generate an income outside from the harvesting season.

j. Conclusions on Labor Standards Risks

Most FLA Workplace Code of Conduct elements can be found in the Nestlé Supplier Code, in the certification standards of cooperatives and farmers, and to a lesser extent in the standards set by the Tier 1 suppliers of Nestlé. Cooperatives that are not in TNCP or certification programs, SARLs, traitants, *pisteurs* and the farms from which they are procuring cocoa may be targeted by standards or campaigns against child labor (either through the government, suppliers, cooperatives or civil society organizations), but not with respect to other labor standards.

At the cooperative level, compliance with the standards and implementation depends very much on the individual from the Tier 1 supplier who monitors the implementation of labor standards in the cooperatives and the functioning of the certification system. The different elements in TNCP are well adapted to the issues faced by the cocoa sector in the Ivory Coast. Farmers are motivated to participate in TNCP because of the benefits they receive when cooperatives are well managed. Farmers and cooperative management, however, are generally aware only about the plant propagation part of TNCP. They relate all other aspects (premiums, training, social projects) to certification or Nestlé's Tier 1 supplier. This poses a problem because farmers and cooperatives make no link between plant

propagation and social standards. Cooperatives that are exposed to any form of program (TNCP or certification) have some management systems in place. These are currently insufficient, but can be further built up in order to reduce the risk of non-compliance with labor standards.

The work done so far within TNCP to improve labor management systems has mostly taken place at the cooperative level and in few instances extends to the farm level. At the farm level, implementation of, and compliance with labor standards depends very much on the cooperative management and the functioning of certifications systems (in the case of Fairtrade, UTZ and Rainforest Alliance), as well as the individual from the Tier 1 supplier that monitors the application of training received on the farms. In the instances where it has taken place it was restricted to child labor and health and safety monitoring and remediation. Capacity building for all actors in relation to the action planning of corrective measures for other labor issues (such as hours of work, compensation, harassment and abuse, discrimination) was not found during the assessment visits. The current monitoring and reporting of cash flow and adherence to labor standards at the farm level is not sufficient to have an effect on the beneficiaries (especially when there is a *métayer*, workers, and

family members involved). Furthermore, the presence of several labor compliance issues (as reflected in this report) proves that more work needs to be done in the upstream supply chain.

V. Overall Conclusions

As the largest food company in the world, Nestlé is well positioned to make a difference in the lives of millions of workers. The company directly sources from some 680,000 farms globally and indirectly from even more. Improvements in the rights, compensation and working conditions of farmers and workers in Nestlé's supply chain will directly affect millions of workers and their families, but potentially could affect millions more by raising the bar for the sector as a whole.

As this report has documented with regard to the Ivory Coast, there are opportunities for Nestlé to improve the way the company embeds labor standards in its cocoa supply chain. Improvements in this regard would make a major contribution to tackling the plight of the children working in cocoa production in the Ivory Coast, to mention just one immediate objective, and would also improve working conditions and labor standards for workers. The work done by Nestlé through TNCP and the company's participation in various initiatives are building blocks for a more robust and deep reaching program. Our assessment is that with some adjustments and improvements, TNCP has the makings of a well-rounded developmental program. Nevertheless, enhanced monitoring and increased accountability from the various tiers of supplier is a must to make the supply chain more sustainable.

Having said that, one company alone cannot solve the problems of labor standards that prevail in the cocoa sector of the Ivory Coast. The current state of working conditions—and specifically child labor, which regrettably is still a reality in the cocoa sector—has its roots in a combination of factors, including the socio-economic situation of the farmers and their families, the cultural perceptions of the workers, *métayers* and growers, and migration issues. These conditions have been compounded by the recent civil war in the country. Any realistic strategy to eliminate child labor in the Ivory Coast would have to start with the attitudes and perceptions of the various participants in the supply chain and communities at large, something that will take a considerable amount of time to achieve.

As confirmed during the assessment, many other companies and traders source cocoa from similar regions in the Ivory Coast as Nestlé, and it makes sense for all of these parties to combine forces in enhancing supply chain mapping and transparency, monitoring and capacity building programs. The programs should have clear performance indicators, impact assessment and public reporting.

The role of government and other stakeholders in the Ivory Coast's cocoa sector cannot be overlooked. Even though numerous efforts are being made in the area of monitoring, infrastructure development, and general assistance, there is need for closer coordination and independent evaluation of progress. Transparency and periodic public reporting of the results is crucial to establish credibility and to share best practices.

VI. Recommendations

a. To the Government of the Ivory Coast

To enhance the actions and steps currently being taken by the government of the Ivory Coast, the assessment team based on this survey has the following recommendations for them, in order to support the development of a sustainable cocoa sector with a focus on labor standards, and foster activities of the private sector:

1. The government should **consider filling regulatory gaps** with respect to labor standards in the agricultural sector. Specific policies and regulations on compensation, hours of work and rights and benefits of workers in the agricultural sector are currently missing. Currently the entire focus is on child labor and worst forms of child labor. Keeping in mind that the root causes of child labor can be found in a number of other labor conditions, a comprehensive legal framework is needed and the Government of the Ivory Coast should consider adopting and enforce a comprehensive law for agricultural work that stipulates the standards on child labor, forced labor, health and safety, compensation and hours of work.
2. The government should consider establishing a **registration system** for people active in the agriculture sector (for e.g. farmers and pisteurs). Transparency, monitoring services and remediation activities can be established and followed much better when the actors are registered. Additionally, this helps to have an overview on the quantity of extension services needed by locality.
3. Currently several organizations with individual labor standard requirements exists in the cocoa sector. Not all standards are comprehensive, could be contradictory and are confusing to the implementing partners. In order to avoid duplication and confusion, the government could consider **establishing a sector wide sustainability standard for cocoa sector and agriculture in general**, that potentially serves as a base for other certification standards, but is reliable as “stand alone” standard as well. Multi-stakeholder engagement (esp. from the

upstream supply chain) should form an integral part of the development process of the standard.

4. In addition to the existing efforts to monitor child labor through National Surveys, the government should **continuously improve the child labor monitoring and rehabilitation system** and link it to remediation with appropriate services. If this monitoring system can be rolled out and scaled up continuously, child labor conditions in the non-transparent standard supply chains, be managed better. As part of the continuous improvement, the government should offer free services for registration of children at a local level.
5. The government should evaluate opportunities to **broaden the scope of the “Relais”** (agents with orange T-Shirts) under the Système de Suivi de Travail des Enfants (SSTE) to sensitize communities for additional labor issues besides child labor, along side scaling up the program.
6. During field visits, the assessment team noticed lack of intervention and challenges in the execution of extension services in remote communities. The government should consider various options to **target the remotely located communities**. The solutions could range from building infrastructure, providing transportation means to community workers, establishing local implementing structures. Various options should be carefully weighed and deployed according to the needs of various locations.
7. Rural to urban migration due to lack of employment opportunities and other income generation prospects have been identified as few of the potential root causes for child labor. The government should explore options to **foster alternative income generation and employment generation** at the village level.
8. Substantial efforts are required to **address the problems posed by lack of schools**. The government will have to ensure provision of cost free school education, books and study material, proper staffing and functioning of the schools so

that the children of the farmers and workers can safely be in schools when their parents go to work.

b. To Nestlé and Other Industry Members

The assessment team has the following recommendations. Although these recommendations have been drafted keeping in mind Nestlé's supply chain and the gaps in the TNCP, other industry members could also benefit from the following suggestions.

- 1. Strengthen Nestlé Supplier code** by further refining code elements where local law is silent (hours of work and compensation). Clarify the definitions, benchmarks and key performance indicators for each code element.
- 2. Increase awareness and understanding** about the Nestlé Supplier Code beyond child labor and health and safety requirements and about TNCP among Nestlé's immediate suppliers and upstream supply chain up until farm workers for both standard cocoa supply chain (as far as possible) and partners under TNCP.
- 3. Define clear roles and responsibilities** and division of work between Nestlé staff, Tier 1 suppliers, cooperatives and farmers covering all aspects of TNCP and increase internal collaboration at the Nestlé HQ, Abidjan office and the R&D center. Strengthen the role of the TNCP oversight committee at the HQ level.
- 4. Review and strengthen contracts with suppliers** (and eventually with cooperatives) to **include comprehensive KPIs and reporting requirements** for labor standards in order to ensure that labor standards receive the same emphasis as quality. As far as possible publically report on performance (KPIs). Certification reports and SMETA reports should be transparent to all Nestlé staff managing TNCP.
- 5. Currently farmers only associate premiums with quality and quantity and ignore the underlying social aspects. Increase awareness among farmers about the policy of premium allocation** and significance of maintaining social

standards as a minimum requirement. Clarify that lack of maintenance of these standards can make them ineligible for any premiums irrespective of quality and quantity of beans, and continuously engage with farmers in a positive and progressive manner to define the way forward.

- 6. Nestlé needs to develop a robust and comprehensive internal monitoring and remediation system** that covers all actors (including farmers, métayers, farm workers and their families) in the supply chain. The monitoring should go beyond the monitoring of propagation of plants and include labor standards and premium payments. This by far will be the biggest challenge but also the one with greatest returns. The programs and results should be independently externally verified.¹²⁹ At a minimum the internal program should have the following features:
 - a.** Clear program objectives;
 - b.** Defined policies and definitions;
 - c.** Implementation plan with respect to frequency of monitoring visit, depth of information gathering, personnel responsible, tools for data collection, data analysis, course of follow up action and remediation;
 - d.** Defined key performance indicators and reporting requirements;
 - e.** Non-compliance reporting mechanism where workers, growers could report severe non compliance issues such as harassment and abuse, discrimination, retaliation, forced and bonded labor etc.;
 - f.** Grievance handling mechanisms;
 - g.** Training of internal staff and staff of upstream suppliers. Nestlé should: (1) enhance training for TNCP farmers to include other labor standards; (2) link premium payments to training attendance; (3) foster training for family members (including women and children) as well as to métayers and workers (and their families) so that they all know their rights; (4) introduce training on progressive discipline and (5) get personnel handling complaints trained on grievance handling;
 - h.** Define impact assessment methodology and public reporting mechanism on progress made.
- 7. Nurseries, the only direct contact point between**

Nestlé and cooperatives and farmers, play an important role in the development of a sustainable cocoa sector in the Ivory Coast. The **role that cooperatives and other established localities could play as a hub** for additional extension services (e.g., plant protection products, information services for farmers via mobile phones,¹³⁰ micro credits/saving, irrigation systems, innovative technologies), including monitoring and reporting, should be seriously explored.

8. Facilitate collaboration and communication

between local and international stakeholders, working through Nestlé (such as ICI, WCF, Red Cross) to share information, complement efforts and improve overall program performance. The program with ICI should be strengthened and scaled up, with performance indicators through social impact assessments.

9. Scale-up efforts for TNCP in the standard supply chain by the following means:

- a.** Nestlé should evaluate the options to include middlemen (other than cooperatives) under the TNCP through registering of all Tier 2 supplier, their traitants and their pisteurs starting from next season. Even though a portion of Nestlé's Tier 1 suppliers change every year, there is a loyal base to start with and some already work on sustainability issues.
- b.** Nestlé should invest in training of registered traitants and pisteurs on code awareness, responsible sourcing practices and monitoring labor issues (especially child labor and health and safety).
- c.** This may also require some consolidation of the supply chain so that the Tier 1 suppliers work with fewer partners who are known to them, and their suppliers do the same. Knowing your business partners should be a maxim observed at every level of the supply chain.
- d.** With other industry partners, Nestlé should explore the opportunities to organize joint monitoring of shared supply chains (farmers associations, traitants, SARLs). If industry-wide collaboration were attained, the standard supply chain could also be monitored for labor standards.

10. Address the issue of child labor in TNCP

supply chain through immediate steps

involving bottom-up approach. These could include but are not restricted to having awareness campaign at the farm level against the use of child labor, rehabilitation of identified cases of child labor through interfacing with appropriate local authorities and working with international and local civil society organizations to devise short and long term strategies for prevention, rescue and rehabilitation of child laborers identified in TNCP supply chain.

- 11.** In the longer term, compliment government's efforts to **create alternatives for farmers and their families** (e.g. vocational training, alternative income sources such as local energy generation with cocoa pods) and relate social projects to the core business of Nestlé to create shared value.

C. Future Research

- 1.** Further research needs to be conducted regarding the standard supply chain starting from Tier 1 and Tier 2 suppliers, *traitant* and *pisteur* systems, in order to determine potential monitoring and remediation systems for Nestlé.
- 2.** Further research should be conducted on KPIs for labor standards in the cocoa sector and see their applicability to TNCP and standard supply chain.
- 3.** Further research should be conducted on the effect of various certification systems on the overall performance of cooperatives. This could tie in research on the differences between TNCP farmers and communities and non-TNCP farmers and communities with respect to labor standards.
- 4.** Future labor risk assessments should cover in detail Tier 1 suppliers and conditions in center-west and eastern regions of the Ivory Coast.
- 5.** Further research should be conducted on the role that communities can play in Nestlé's internal monitoring program.

Annex 1: Pictorial Journey of Cocoa Beans



1. Cocoa plant nurseries



2. "Mercedes" cocoa plants in the farms



3. Cocoa pods on trees



4. Cocoa pod harvest



5. Fresh beans



6. Fermentation of beans



7. Bean drying at farm (Good Agriculture Practice)



8. Bean drying at cooperative



9. Weighing of beans at a cooperative



10. Quality check of beans at a buying center



11. Standard cocoa warehouse



12. Large warehouse of cocoa beans (TNCP and Standard) in Abidjan

FOOTNOTES

- ¹ Direct suppliers to Nestlé, exporters of cocoa beans and processed products.
- ² On February 29, 2012, the FLA Board of Directors accepted Nestlé's application to affiliate with the FLA and become a Participating Company.
- ³ CIA World Fact Book, July 2012 estimate.
- ⁴ Poverty: < 2 USD PPP/day (2005 baseline); Extreme poverty: < 1.25 USD PPP/Day (2005 baseline); World Bank Data 2008, <http://databank.worldbank.org>.
- ⁵ According to national poverty lines. World Bank data 2008.
- ⁶ CIA World Fact Book.
- ⁷ See for example: http://en.wikipedia.org/wiki/Félix_Houphouët-Boigny.
- ⁸ <http://faostat.fao.org>.
- ⁹ This is only estimation based on interviews conducted and research done. Farmers are not registered in the Ivory Coast.
- ¹⁰ See for example: http://www.africanews.com/site/list_message/33031.
- ¹¹ See for example: <http://www.imf.org/external/np/hipc/pdf/cotefin.pdf>.
- ¹² See for example: <http://www.journaldafrique.com/?p=41>.
- ¹³ According to exporters, because of the low quality, beans often have to be dried and cleaned before they can be exported. This reduces the value created at the farmer level.
- ¹⁴ Many are around 40 years old. Yields of trees start decreasing at 22 years.
- ¹⁵ For a new study, including maps, see: http://www.ciat.cgiar.org/Newsroom/Documents/ghana_ivory_coast_climate_change_and_cocoa.pdf.
- ¹⁶ For progress made in implementing the Protocol see, for example: http://www.childlabor-payson.org/meetings/Ghana_Consultative_Meeting_2010/Presentations4.html.
- ¹⁷ The most recent stakeholder briefing meeting of the CLCCG took place on January 23, 2012, in Washington, D.C.
- ¹⁸ For more information see for example the Tulane Report or the SSTE report.
- ¹⁹ According to representatives of governmental institutions interviewed, application of the law is now planned. The First Lady wants to implement a "detection system" at the farm level. Discussed penalties range from jail to excluding the farmer from selling its cocoa beans. Even though there is a law against child labor in general (below 14 years) and against worst forms of child labor (below 18 years of age; see here for the law, and here for the specification of WFCL), all actors usually refer to eliminating the worst forms of child labor.
- ²⁰ <http://www.ilo.org/ipecinfor/product/viewProduct.do?productId=9410>.
- ²¹ <http://www.childlabor-payson.org/>.
- ²² In the Ivory Coast, ADM, Barry Callebaut, Cargill and Olam and are the largest exporters by volume.
- ²³ A *traitant* is a licensed entrepreneur that trades cocoa beans; SARL (société à responsabilité limitée) is a registered company that trades cocoa beans. They work with *pisteurs* who collect the cocoa beans at the village/camp/farm level. See more in chapter IV (Supply Chain Mapping).
- ²⁴ <http://www.nestlecocoplant.com/>.
- ²⁵ Nestlé has a subsidiary present in the Ivory Coast for last 50 years (Nestlé Côte d'Ivoire). They manage a Maggi noodles and a coffee production facility (including buying centers for coffee) in the country. Around 1000 employees work for Nestlé Côte d'Ivoire. Nestlé R&D in Abidjan has 40 employees, of which 6 exclusively work for TNCP.
- ²⁶ High potential plantlets meaning: stronger, less vulnerable to disease, high yield, good bean quality (more butter) and taste.
- ²⁷ Big farms (plantations) usually have their own nurseries. But as there are so many small-scale farms, a collective solution is needed.
- ²⁸ All materials needed for the construction and maintenance of the nursery, for example: Bamboo or wood poles, nets, bags for the plantlets, soil, masks, back sprayers, masks, boots etc.
- ²⁹ On average, a cocoa farmer in the Ivory Coast harvests around 140 kg on 1/3 hectare per season.
- ³⁰ See for example <http://www.fao.org/prods/gap/>.
- ³¹ Certification systems used are: UTZ, Rainforest Alliance, Fairtrade.
- ³² For more details on the concept of Farmer Field Schools see for example: http://www.worldcocoaoundation.org/scientific-research/researchlibrary/pdf/FFS_implementation_manual1.pdf.
- ³³ According to Nestlé only one co-operative was already certified when it started with TNCP. All the other currently certified co-operatives under the TNCP were groomed through TNCP to acquire a certification status.

- ³⁴ Not always paid by Nestlé, but by Nestlé's Tier 1 supplier.
- ³⁵ <http://www.flo-cert.net/flo-cert/>.
- ³⁶ Certification status of these cooperatives is described later in the report.
- ³⁷ <http://www.utzcertified.org/>.
- ³⁸ <http://www.rainforest-alliance.org/>.
- ³⁹ See Fairtrade standards for details.
- ⁴⁰ See UTZ, Fairtrade and Rainforest Alliance certification principles.
- ⁴¹ A total of four study-specific tools and questionnaires were developed in collaboration with subject matter experts and local organizations.
- ⁴² A camp is akin to a little village closer to the farms and with no official municipal administration (usually also no electricity, no sanitation facilities and no school) and difficult to reach.
- ⁴³ The visits were announced for the following reasons: Due to the recent civil war and unrest in the country, the teams were advised to follow certain security requirements that involved following specific routes and visiting disclosed locations. A driver and security personnel accompanied each team. Furthermore, due to the remote location of the farms, it was difficult to locate the camps and the farms without support. Lastly since it was an assessment to improve conditions and identify gaps (as opposed to an audit), the Tier 1 suppliers were able to explain to the cooperatives the objective of the visit and the cooperatives were ready with their staff and documents when the teams arrived.
- ⁴⁴ For details of these meetings, please contact the FLA.
- ⁴⁵ The Nescafé Plan is similar to TNCP, but for coffee sourcing. For more information see: www.nescafe.com.
- ⁴⁶ One was a trader; others operate on low scale from offices in other countries or again via exporters.
- ⁴⁷ The cooperative directly supplying to Nestlé is included here as well.
- ⁴⁸ One additional cooperative is in TNCP, but so far has not supplied beans.
- ⁴⁹ There are not many hotels up country in the Ivory Coast, and many closed during the civil war.
- ⁵⁰ Source of the original map: <http://www.ezilon.com/maps/africa/ivory-coast-maps.html>.
- ⁵¹ Not necessarily ending up in Nestlé's supply chain. As there is no transparency, beans could also be sold to buyers other than Nestlé.
- ⁵² With the exception of one Fairtrade cooperative, which already had a certification when entering the program, all cooperatives were certified while participating in TNCP.
- ⁵³ As there were often big groups of farmers when the teams arrived in a camp, gathering together to be included in the discussions, it is difficult to make an estimate of the total interviews. When farms were visited, often farmers from farms nearby also joined to see what was going on and the team also talked to them. The statistical findings rely on the farmers interviewed by the local NGO during the 2nd assessment in the field.
- ⁵⁴ There are disputes over land property rights, which go far back in time. Félix Houphouët-Boigny, the first president of the Ivory Coast (1960-1993) stated that "the land belongs to the one that cultivates it," and therefore land titles were sparse. This was no problem with a small population (1960: 3.5 million.). Farmers sold parts of their land to others with not clear indications on the size ("from this river to this tree") or official papers. But since then, population grew to 22 million, fertile land became scarce and the lack of property rights documents currently poses a problem, which results in violent conflicts, especially in the center-west.
- ⁵⁵ 4 cooperatives are not certified, 4 cooperatives are certified (either UTZ, Rainforest Alliance, Fairtrade, or a combination). 3 cooperatives were new in TNCP (season 2011/2012) and 5 cooperatives in TNCP since one year (season 2010/2011). One of the cooperatives in the sample sells directly to Nestlé, 2 sell to one of Nestlé's Tier 1 supplier, 2 to another, and 3 to another Tier 1 supplier of Nestlé.
- ⁵⁶ The names of the cooperatives are not disclosed due to confidentiality reasons vis-à-vis the cooperatives.
- ⁵⁷ Partners for projects related to labor standards on cocoa farms and reporting/control duties.
- ⁵⁸ New project plan for this program not available yet. But it contains, for example, the treatment of farms with plant protection products.
- ⁵⁹ Décret no 2011-365 from November 3, 2011.
- ⁶⁰ Décret no 2011-366 from November 3, 2011.
- ⁶¹ ANADER was heavily involved in the farmer training done by the Sustainable Tree Crops Program of the World Cocoa Foundation. This project ended in 2011 but the knowledge continues to be used in farmer trainings not organized via the WCF. Payments for ANADER trainings depend on the contractor. Government pays where supply chains are not well organized, but usually companies pay for the trainings. They were heavily affected by the civil war (lost their main building, computers and cars, which were looted by rebel forces) and experienced a personnel decrease from 3000 to 2000 in the last few years. We talked with experts who mentioned that ANADER has financial problems. The assessment team could not verify this, as we did not receive the annual report, which is, according to the Ministry of Agriculture, supposed to be public.
- ⁶² Only NGOs active in implementation of programs mentioned. Focus on NGOs that were mentioned in the conversations during the assessment. Campaigning NGOs were involved before the assessment in the Ivory Coast started (see methodology).
- ⁶³ For example, "*Seeds of Bondage: Female Child Bonded Labor in Hybrid Cotton Seed Production in Andhra Pradesh*", Dr. Davuluri Venkateshwarlu (2001).

- ⁶⁴ For details see the website of the FDPCC: <http://www.fdpcc.ci/presentation.php>.
- ⁶⁵ For details on this see the chapter on child labor in the risks assessment part.
- ⁶⁶ Depending on the programs and systems used by the Tier 1 supplier, training and management costs are shared.
- ⁶⁷ Nestlé's Supplier Code can be found at www.nestle.com.
- ⁶⁸ About 15% of cocoa volume in the Ivory Coast comes from cooperatives and the remaining 85% from the "unorganized" sector (*traitants*/SARLs). Around 2,500-3,000 cocoa cooperatives exist in the Ivory Coast. According to some interviewees, the number of cooperatives has been quite stable, others say the number has increased steadily, and still others say it has decreased because farmers do not see the advantages of belonging to a cooperative (a farmer: "the only difference between a *traitant* and a cooperative is that cooperatives belong to the farmers").
- ⁶⁹ For details about the requirements see: http://www.agriculture.gouv.ci/index.php?option=com_content&view=article&id=126&Itemid=406.
- ⁷⁰ Several interviewees mentioned that cooperatives established by *traitants* usually work better (more reliable when it comes to payments) than those of farmers, because farmers have no money to invest. Yet, farmers brought up the idea of using old, and now empty, production facilities for coffee and cocoa, which were built under President Felix Houphouët-Boigny warehouses.
- ⁷¹ According to some farmers interviewed, this might pose a problem, as ownership property papers are rare.
- ⁷² Also called "acheteurs" or "particulier" by the farmers. Comments based on field interviews.
- ⁷³ Also called "Aboussan." The word comes from the local Baulé language and means "dividing into three."
- ⁷⁴ Also called "entre-aid." Migrant workers might come with their whole family to work in the farm and live in camps.
- ⁷⁵ Farmers interviewed mentioned that they pay workers between 12'000 and 20'000 CFA/month plus food/housing.
- ⁷⁶ The main crop season is from October until March, with a peak in December and January. The intermediary crop (also called light or mid-crop) is from May until August. Harvests occur throughout the whole year, but with different volumes.
- ⁷⁷ Alternatively, *pisteurs* buy the products from the farmers and bring them to the *traitants*. No documents are involved up to this point.
- ⁷⁸ Not all buying centers have the same processes. One interview partner, for example, mentioned that they would like to inform suppliers better about quality and other issues, but written information does not work as many suppliers are illiterate.
- ⁷⁹ Cooperatives have to wait until they can fill up a truck load to go to the buying center. Well-managed cooperatives usually pay a part of the price right away.
- ⁸⁰ In the interviews, exporters told us that they lose up to EUR 0.5 million (each) per season in pre-financing cooperatives that afterwards disappear or change to another buyer. Besides cocoa beans, larger investments such as trucks or warehouses are pre-financed as well.
- ⁸¹ This was mainly mentioned by cooperatives and farmers, but also by exporters, experts and NGOs.
- ⁸² The assessment team was told by several farmers and *pisteurs* that they sell directly to exporters.
- ⁸³ See for example: <http://www.theestafrican.co.ke/news/-/2558/1080998/-/okj4x9z/-/index.html>.
- ⁸⁴ Only referring to 2 villages/camps.
- ⁸⁵ See www.fairlabor.org.
- ⁸⁶ For more details see risk assessment on Health & Safety.
- ⁸⁷ School enrollment is free-of-cost in the Ivory Coast. However, parents have to buy school kits (books, pens, note books) and in some cases school uniforms for their children attending school.
- ⁸⁸ For details see: <http://www.nestle.com/Investors/CorporateGovernance/CodeOfBusinessConduct/Suppliers/Pages/SuppliersHome.aspx>.
- ⁸⁹ When the interview partners of Nestlé's Tier 1 suppliers were asked about the Nestlé Supplier Code, only 2 could show it. One exporter did not know about the Supplier Code at all; other answers were: "We have our own code"; "Nestlé's code should be on their website;" and "The code is with another team."
- ⁹⁰ Fairtrade and UTZ have (different) standards on premiums, whereas Rain Forest Alliance (RFA) has no standard on premiums. According to RFA, it is up to the cooperative to define premiums. The reason for this policy, according to CEFCA, who accompanies cooperatives to RFA certification, is to motivate farmers in other ways rather than with premiums.
- ⁹¹ <http://www.sedexglobal.com/ethical-audits/smeta/>.
- ⁹² Nestlé's 1st tier suppliers have access to the audit reports.
- ⁹³ Research on the effect of various certification programs is currently underway in the cocoa sector, sponsored by the Ivorian Government. The research is not yet public.
- ⁹⁴ Fairtrade (FLO-CERT) also conducts unannounced audits that are based on risks and not undertaken on request of the cooperative. If the certification is suspended, audits occur up to 12 times a year or could be reduced to 8 times and depending on the non-compliance could be a mix of announced and un-announced visits.
- ⁹⁵ Additionally, due to the recent civil war, training was sometimes not possible because of security concerns.
- ⁹⁶ The document that flows from cooperatives to buying centers is called "connaissance" (list of all farmers and volume).

- ⁹⁷ There is a very high probability that more farmers interviewed were TNCP farmers, but they did not indicate it and did not know more about TNCP.
- ⁹⁸ For example, that farmers who are not closely related to cooperative management, do not receive their premium.
- ⁹⁹ According to the CERAP professionals, it is not only those with whom they have family ties that are called “brother”. Any compatriot encountered there is called “brother” to reinforce the bonds between compatriots and to help each other to deal with problems. They like to live in a community and the political situation of the country strengthens cohesion between them. These so called “brothers” or “uncles” could also be labor brokers involved in supplying labor. Further research is required to understand their mode of operation and relationships to the workers.
- ¹⁰⁰ During our research one of the migrant workers told us that his training period lasted 6 years, during which he was not paid. Two years before his “training” was supposed to finish, his “brother” asked him to marry a girl, since he still lived on the farm with his family. Now it has been 10 years that he has worked on this farm. Since the families of many migrants live on the farms (camps) all family members including children “help” in cocoa production.
- ¹⁰¹ http://en.wikipedia.org/wiki/Children_in_cocoa_production.
- ¹⁰² The Ivory Coast has ratified ILO convention 182 and 138, whereby the minimum age for work specified is 14 years.
- ¹⁰³ <http://www.ilo.org/dyn/natlex/docs/MONOGRAPH/85243/95376/F693526342/CIV-85243.pdf>.
- ¹⁰⁴ For the text of the Convention see: <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C182>.
- ¹⁰⁵ <http://www.ilo.org/dyn/natlex/docs/MONOGRAPH/89333/102599/F2046941423/CIV-89333.pdf>.
- ¹⁰⁶ There are certain times (around 70% of harvest between December and January) when there is a lot of work on the farms and farmers need help.
- ¹⁰⁷ According to several interview partners, it is easiest to motivate communities to take responsibility and action when they originate from the same place. An interview partner, for example, stated: “Their home is always where they come from, they do not invest where they are at the moment, but where they come from.” This poses additional challenges for remediation in camps with mainly migrants.
- ¹⁰⁸ Called “classes passerelles.”
- ¹⁰⁹ See more on wages under Labor Risk Assessment.
- ¹¹⁰ We could not verify how many children who mentioned that they are enrolled in school actually attend school regularly.
- ¹¹¹ As explained before, parents face several problems enrolling their children to school, even if there is a school available. According to the interviews held with farmers, we cannot conclude that parents do not send their children to school because they need them on the farms, but rather that they work on farms because they cannot go to school.
- ¹¹² Information received from exporters, traitants and cooperatives. While the assessment team was in the Ivory Coast, we were told about 3 robberies of cooperative trucks in the Center-West. A traitant interviewed showed us bullet wounds in his torso from an attack when visiting farms. According to cooperatives, during the civil war, the risk was very high of not being able to export cocoa beans (road blocks, export stop), so only few took the risk of buying cocoa from farmers and obviously to a risk-adjusted, low price.
- ¹¹³ According to the SSTE certification/verification study, indebtedness affected around 12% of adult workers; around 25% of child laborers reported some coercion from parents/extended family members to work in the farms.
- ¹¹⁴ The only grievance mechanism we noticed in the field was related to child labor. In one camp we noticed some SSTE agents wearing a orange t-shirt with the following message printed on the front: “Child labor monitoring system within the framework of certification of the cocoa production process,” and on the back, “HALTE” to the worst forms of child labor in cocoa cultivation in the Ivory Coast.”
- ¹¹⁵ A farmer mentioned: “The person with the highest volume in a coop often determines what happens with the premiums.” Others mentioned that only “friends” of the director are employed by the cooperatives.
- ¹¹⁶ The Ivory Coast has many different local dialects (see for example: http://www.ethnologue.com/show_country.asp?name=ci), and persons that did not go to school often do not learn French.
- ¹¹⁷ Improved as in terms of the UN Millennium Development Goals.
- ¹¹⁸ In two communities, this question was not addressed by ASA.
- ¹¹⁹ “Guardians” are security guards who are posted at the nurseries at night to watch for potential theft of plants.
- ¹²⁰ Average yield in the Ivory Coast is between 200 and 500 kg/hectare. According to Nestlé R&D, better trees, good agricultural practices, pesticides and fertilizers can result in up to 200% yield increase.
- ¹²¹ This is the range that was reported to the assessment team for the 2011/2012 season, 400 CFA was the minimum mentioned when selling beans to pisteurs before fermentation.
- ¹²² See: <http://www.irinnews.org/fr/Report/94282/CÔTE-D-IVOIRE-Les-producteurs-de-cacao-espèrent-que-les-réformes-leur-seront-bénéfiques>.
- ¹²³ Also see note on Premiums under Policies under the section Risk Assessment of Internal Management Systems.
- ¹²⁴ Receipts are always in French. Farmers often do not understand French.

¹²⁵ According to the interviews with cooperatives, in some cases, these ceremonies had to be changed to smaller meetings, as the premiums distributed attracted local politicians who also wanted their share. Other cooperatives reacted to the danger of robberies of farmers, when everybody knew how much which farmer gets, by holding part of the premiums back (like a savings account in a bank).

¹²⁶ The farmers locally call the plantlets “Mercedes” plants as they grow very fast and produce cocoa in a relatively short time.

¹²⁷ Reasons could be: CNRA does not deliver the plants, Nestlé does not deliver the plants, too many plants have died, the cooperative gave away the seeds that they received.

¹²⁸ Difficulties that farmers mentioned in complying with the criteria for receiving plantlets include: the requirements to clear (cut down old trees) at least one-third hectare of the field (as they lose a season on that parcel) and the fact that banana trees have to be planted in between the cocoa trees to help with the fertility of the ground (there is a lack of banana trees and farmers do not have enough money to buy them). Even though the cocoa plants are free of cost for the farmers, they have to make some form of investments as noted above, which encourages longer-term commitment.

¹²⁹ By becoming a Participating Company of the Fair Labor Association, Nestlé has undertaken the obligation of conducting internal monitoring and of allowing external verification as part of the FLA’s Principles of Fair Labor and Responsible Sourcing.

¹³⁰ Information about weather, market prices, new services available, best practices. This communication channel with farmers could also be used as a grievance mechanism and to report standards violations. Many people met during the assessment (including farmers) had mobile phones, and the coverage is increasing.

Glossary for This Report

Assessment: the process of documenting a specific situation, project, or process.

Risk assessment: the determination of quantitative or qualitative value of risk related to a concrete situation and a recognized threat or hazard.

Audit: a formal, systematic and disciplined approach designed to evaluate and improve the effectiveness of processes and related controls. Auditing is governed by professional standards and completed by individuals independent of the process being audited.

Monitoring: an ongoing, structured and well-defined process to ensure systems are working as intended.

Bottom up processes: begin at the community, village, camp, or farmer level and work their way downstream through the value chain.

Top down processes: start at Nestlé's headquarter level (or generally at international levels) and work their way upstream via Tier 1 suppliers, cooperatives, traitants, pisteurs, and farmers.

Camp: a small village close to a farm, typically in remote locations and with poor infrastructure and no official municipal administration. Farmers, workers and their families are permanent camp residents, not just seasonal.

Child labor: The term “child labour” is often defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development.

It refers to work that is mentally, physically, socially or morally dangerous and harmful to children; and interferes with their schooling by:

- depriving them of the opportunity to attend school;
- obliging them to leave school prematurely; or
- requiring them to attempt to combine school attendance with excessively long and heavy work.

Labour that jeopardises the physical, mental or moral well-being of a child, either because of its nature or because of the conditions in which it is carried out, is known as “hazardous work”.

Child protection: activities that are put in place to promote and protect the rights of children to conform to international conventions and other relevant regulation for the rights of children. This includes, for example, sensitization regarding the right to education, and activities to combat the abuse of children (child labor, trafficking).

Focus group (interviews): a form of qualitative research in which a group of people are asked about their perceptions, opinions, beliefs, and attitudes towards a product, service, concept, advertisement, idea, or packaging. Questions are asked in an interactive group setting where participants are free to talk with other group members.

Métayers: sharecroppers who manage a cocoa farm on behalf of its owner. Métayers typically receive one-third of the harvest profits as remuneration.

Reentry intervals: the period of time immediately following the application of plant protection products on farms, during which unprotected workers should not enter a farm. The reentry interval for children is usually longer than parents' intervals.

Root cause: a harmful factor resulting from a fundamental or underlying issue. Difficult problems typically have multiple root causes.

Stakeholder: an organization, individual, or group of people that can affect or be affected by the actions of the business or industry.

Standard supply chain: Nestlé's supply chain, which is not included in the Nestlé Cocoa Plan, consists of Tier 1 suppliers, cooperatives, traitants, pisteurs, and farmers.

Tier 1 supplier: a direct provider of products to Nestlé.

Traitant: an entrepreneur, licensed by the government, who trades cocoa beans. Traitants may source beans from cooperatives, but more often from pisteurs.

Pisteurs: individuals commissioned to buy cocoa beans from farmers.

Coxers: individuals who live in villages and camps and inform pisteurs when there is a harvest ready to be collected.

Transparent supply chain: the ability to easily identify which cooperative and potentially which farmers the cocoa beans come from.

Upstream value chain: Tier 1 suppliers, cooperatives, traitants, pisteurs, and farmers (the beginning of a stream).

Downstream value chain: distributors, retailers, end-customer, and disposal of the product (the end of a stream).

FOOTNOTE

¹ Source: International Labour Organization ILO