

# Working conditions in OFI's cocoa supply chain in Indonesia

**FLA Member/Affiliate Update**

ofI ended its membership as an FLA  
Participating Company in January 2026.  
The company's reports can still be found  
at [Fairlabor.org](https://Fairlabor.org)

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## GLOSSARY

Child labor	Work that deprives children (any person under 18) of their childhood, their potential and dignity, and that is harmful to their physical and/or mental development. It refers to work that is mentally, or morally dangerous and harmful to children; and/or interferes with their schooling ( <a href="#">International Labour Organization</a> )
Collection agent	A private individual who has signed an agreement with OFI (Indonesia) to receive cocoa beans from OFI-registered farmers.
Employer	A farmer or collector or intermediary who is involved, directly and indirectly, in cocoa production. A farmer or collector may also be referred to as the “own-account worker” in accordance to the <a href="#">ILO's Classification of Status in Employment (ICSE)</a>
Family worker	An individual who is a household member or relative of a farmer, involved in cocoa production, directly or indirectly. This broad definition is aligned with a specific term “ <i>contributing family workers</i> ” reflected under Section III of the <a href="#">ILO's Classification of Status in Employment (ICSE)</a>
Forced labor	A situation in which a person is coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities ( <a href="#">International Labour Organization</a> )
Informal collector	An individual who is not registered and/or does not have any form of agreement with OFI to receive and process cocoa beans from farmers

- Informal worker     A worker who works in a cocoa collector’s facility, and receives some forms of compensation (i.e. monetary and non-monetary) in exchange for their labor, but is excluded from social protection ([International Labour Organization](#))
- Self-help group     A worker who engages in cocoa production on the basis of mutual help (locally known as *gotong royong*), aid and support among farmers
- Registered farmer     A farmer who is registered with OFI through its OFI Farmers Information System (OFIS). Further information about OFIS is available [here](#).

Note: Currency conversions made in this report (from IDR to US\$) were calculated using the online currency converter tool available [here](#), for the period between July 9 - 20, 2021.

## I. EXECUTIVE SUMMARY

**Fair Labor Association®** (FLA) conducted a baseline assessment of OFI's cocoa supply chain in Indonesia from June 2020 to September 2021. Indonesia was selected after considering OFI's internal labor risk prioritization matrix, coupled with the known social and labor rights issues in the country. The baseline assessment is part of FLA's evaluation of OFI's global cocoa program evaluation which covers Indonesia, as well as other countries such as Papua New Guinea, Nigeria, Uganda, and Brazil.

The baseline assessment comprises several data collection steps such as desk-based research, assessment of OFI's internal management system (IMS), stakeholder consultations, community profiling, as well as farmers' and workers' surveys. Pesawaran Regency, Lampung provinces were selected as the sampling site for the field assessment. From May 2021 to June 2021, FLA conducted a series of IMS interview sessions with OFI Cocoa Indonesia (Sustainability): four consultations with stakeholders, 18 sessions of focus group discussion, and seven key informant interview sessions. Additionally, FLA conducted a farmers' and a workers' survey, involving 177 farmers and 60 respondents (consisting of 27 family workers, 25 workers from communities on cocoa farms, and 8 informal workers with cocoa collectors) from six villages in Pesawaran Regency, Lampung province. Both farmers' and workers' surveys were conducted based on [FLA's Workplace Code of Conduct \(CoC\)](#).

The findings are divided into two parts,

- (i) findings at country (headquarters) level; and
- (ii) findings at the field level (Pesawaran Regency, Lampung province).

As an FLA member, OFI is committed to respect the rights of all employees through implementation of a code of conduct, standards, and responsible sourcing practices that align with FLA standards. Even as OFI works to implement these international standards, challenges persist in managing cocoa procurement mainly due to the informal nature of employment practices in cocoa production.

There are four types of workers on cocoa farms: employer/own-account worker, family worker/contributing family worker, informal worker, and self-help worker. The informal workers are the most vulnerable to labor abuses. The assessment found that two informal workers worked seven days per week during peak season, while eight informal workers worked between nine to twelve hours per day. Six informal workers were found to have been compensated below the applicable minimum wage.

The assessment found risks of child labor such as when parents bring their children to the workplace and the children helped the parents with light work such as beans sorting. Other risks of child labor were found when children performed more hazardous and labor intensive tasks such as slashing and harvesting.

A summary of the field level assessment findings, along with the findings of FLA's IMS assessment are presented in the final section. OFI develops its Corrective Action Plan (CAP) based on the key findings from both FLA's IMS and field-level assessments in Lampung province, Indonesia – both of which are presented in Section 6.

## II. INTRODUCTION

In addition to its commitments to labor standards as a member of FLA, OFI has made sustainability commitments in its OFI Livelihood Charter and the Cocoa Compass and committed to procuring 100% traceable and sustainable cocoa from its direct supply chain in 2020.<sup>1</sup> This requires conducting cocoa tracing and assessing social and labor rights risks in the countries where it operates, enabling OFI to prioritize its efforts and manage resources. Indonesia was selected for an FLA assessment based on a labor risk prioritization matrix, coupled with the known social and labor rights issues in the country. The objectives of the 2021 baseline assessment in OFI's cocoa supply chain in Indonesia included:

- (i) To assess the evolution of the cocoa sector and stakeholders involved in cocoa production; to identify legal and policy infrastructure governing social and labor standards, and the social and labor standards risks associated with cocoa production in the country. This will provide the foundation for better understanding of OFI's cocoa supply chain and future intervention and risk management in the country;
- (ii) To identify OFI's cocoa supply chain in Indonesia, its country-level management system, with greater emphasis on its labor risk management and remediation system; and
- (iii) To assess and corroborate social and labor standard issues at the farm level. This requires field-level assessment, engaging a wide-array of stakeholders, including farmers, workers, community, supply chain actors, local authorities, and non-governmental organizations.

For this assessment, FLA benchmarked the field data against its two standards [FLA Principles of Fair Labor and Responsible Sourcing for Companies with Agricultural](#)

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<sup>1</sup> OFI International. 2020. Press Release - OFI Cocoa hits 100% traceability target across its direct global supply chain. Available [here](#).

[Supply Chains](#) and the [Workplace Code of Conduct \(CoC\)](#). The field assessment is supported by a range of tools such as stakeholder consultation tool, workers' and farmers' survey and community profiling. Upon completion of the field assessment, OFI provided its corrective action plan (CAP) addressing gaps identified during the assessment. This report contains both the baseline assessment and OFI's corrective action plan.

This assessment took place during the COVID-19 pandemic. By June 2021 Indonesia had recorded 2.16 million cases and over 58,000 deaths. The strict enforcement of local standard operating procedures (SOPs) influenced the selection of sample sites for field assessment, the duration of the assessment, and the data collection method. The methodology used for this assessment is presented as Annex 1, while the background to the cocoa sector, and known labor risks, regulatory framework in Indonesia and community profiling are presented as Annex 2. Stakeholder Mapping is provided in Annex 3. The findings are divided into three parts: OFI's supply chain mapping and Internal Management System (IMS) assessment, field-level assessment, and the key findings and CAP.

### III. METHODOLOGY

This assessment was done using a combination of various qualitative and quantitative data collection techniques. Qualitative information was collected through field visits, semi-structured individual interviews, observations, and focus group discussions (FGD). Quantitative data were collected from the field during peak activities through worker surveys and farmers surveys and the internal monitoring system (IMS) evaluation with OFI Indonesia staff. See Annex 1 for the details of the baseline assessment.

The selection of sample sites and stakeholders (such as villages, farmers, workers) was done primarily by the assessors, in close consultation with FLA staff. Pesawaran Regency in Lampung province, Indonesia was selected as the sample site for the field assessment. OFI sources cocoa from nine villages in Lampung province. Six of the nine villages were selected for field assessments: Desa Pesawaran Indah, Desa Poncorejo, Desa Mulyo Sari, Desa Wates, Desa Gunung Rejo and Desa Harapan Jaya. The three villages not sampled in the survey are Desa Sumber Jaya, Desa Way Urang, and Desa Bunut. The selection of villages is based on the significant number of farmers registered by OFI – whose basic profiles were provided to FLA prior to conducting the field-level assessment.

From May 2021 to June 2021, FLA conducted a series of IMS interview sessions with OFI Cocoa Indonesia (Sustainability): four consultations with stakeholders, 18 FGD sessions, and seven key informant interview sessions. The farmers' survey was conducted from May 31 to June 5, 2021, in Lampung province, and involved a total of 177 farmers from six villages, which represents 5% of the total number of OFI-registered farmers.

The assessment was conducted by an FLA accredited assessor, who was supported by a local associate and six enumerators. Prior to the field visit, FLA staff participated in most virtual engagements with OFI and other stakeholders.

## IV. FINDINGS

### 4.1. Internal Management System

#### 4.1.1. Company Profile and Cocoa Supply Chain

According to OFI, their sustainability work is grounded in three overarching objectives, namely, (i) contributing to prosperous farmers and sustainable food system; (ii) thriving communities; and (iii) regeneration of the living world.

In the cocoa sector OFI employed a total of 842 workers as of June 2020. About 83% (698) of them are male workers, and another 17 per cent (144) are female workers. OFI works with approximately 87,000 cocoa farmers across different cocoa-producing provinces in Indonesia. OFI's owns its cocoa operations in Indonesia across four key operations: cocoa processing, warehouse, collection points and plantations.

In the processing unit located in Tangerang, OFI hired a total of 430 workers, 86% (369) of which are male workers, and 14% (61) female. The breakdown on worker composition in warehouses, collection points and cocoa plantations. Workers employed in OFI's processing unit in Tangerang are directly recruited by OFI (no third party), and workers are provided with accommodation and transportation.

Figure 1.1 below shows OFI's cocoa supply chain in general. It starts with the farmers, before cocoa is brought to collection centers by the collectors. From collections centers, cocoa is taken to OFI's warehouses and refineries before being delivered to customers.

**Figure 1. Map of OFI's (Indonesia) Cocoa Supply Chain**



Source: OFI-Cocoa (Indonesia), 2021

Note: 'FG' refers to farmer group, and 'WH' refers to warehouse

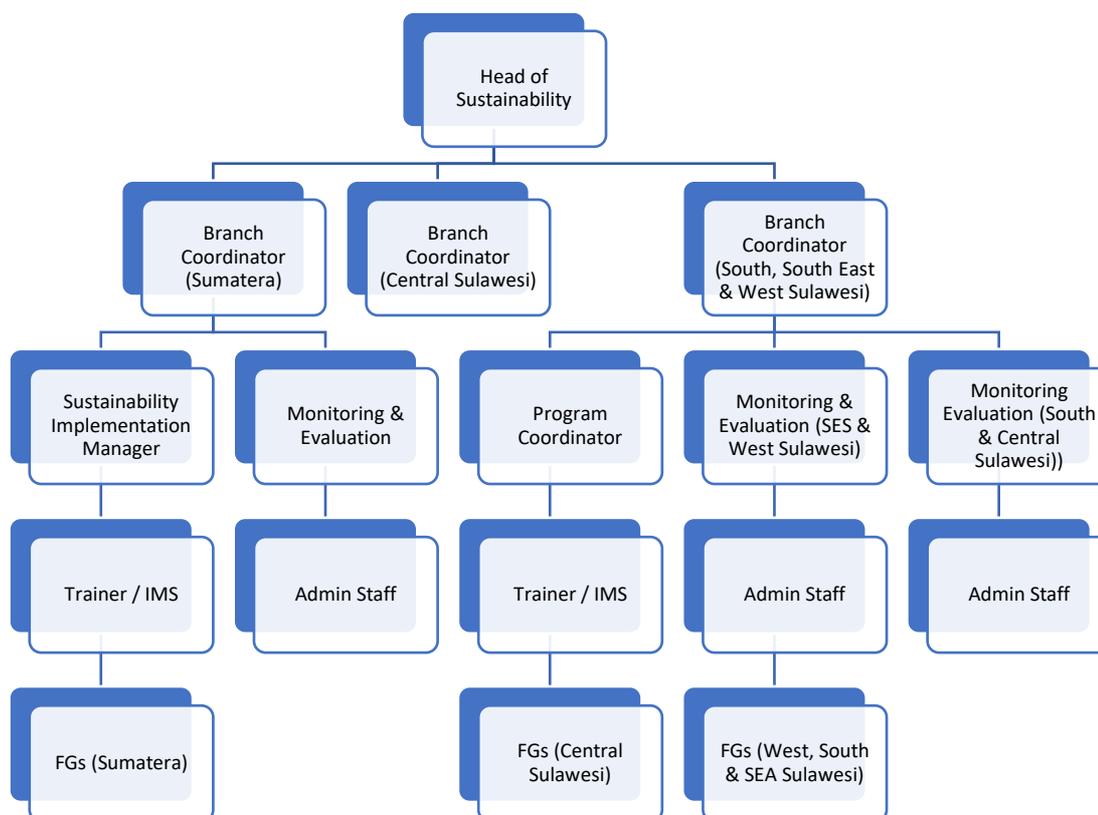
As of the end of 2019, there were a total of 700 traders (non-certified) supplying cocoa to OFI (Indonesia). During the same period, OFI (Indonesia) reported a total of 87,000 small farmers (certified) who supplied cocoa to the company through collectors and OFI's owned buying stations. With these enormous actors in its supply chain, OFI (Indonesia) sourced 77% non-certified, and 23% certified cocoa.

#### **4.1.2. Sustainability Management Structure**

In Indonesia, OFI's Sustainability is headed by the country's Head of Sustainability, with the primary responsibility to oversee the country's sustainability program and coordinate external relations. The Head of Sustainability is supported by three Branch Coordinators covering operations in regions, namely, (i) Sumatera; (ii) Central Sulawesi; and (iii) South, Southeast and West Sulawesi. Depending on the geographical scope and supply chain actors in each of the three regions, each Branch Coordinator is supported by a Sustainability Implementation Manager, Monitoring and Evaluation Officer and Program Coordinator. Figure 2. depicts the organizational structure (general) of OFI's Sustainability in Indonesia.

OFI reported that its sustainability team members receive training on a range of good agriculture practices (GAP), leadership and communication skills, specific program knowledge depending on their respective work responsibility, and health and safety training and skills. OFI (Sustainability) organizes a monthly meeting with the head of units, regional coordinators, and other relevant employees. During the monthly meeting, the sustainability staff members are informed and/or updated on matters related to sustainability.

**Figure 2. OFI's Cocoa Indonesia Sustainability – Organizational Chart**



Source: OFI-Cocoa Operations (Indonesia), 2021

Note: 'IMS' refers to internal management system; 'FGs' refers to farmer groups

### 4.1.3. Labor policies and standards

OFI has developed policies, code of conduct and standards to govern its global business across different agricultural commodities, including in Indonesia<sup>2</sup>. Through these policies, OFI is committed to respect and uphold the right of all employees and ensure responsible sourcing practices in accordance with internationally recognized standards.

<sup>2</sup>. These include [OFI Living Landscapes Policy](#), [OFI Supplier Code](#), [OFI Code of Conduct](#), and [OFI Fair Employment Policy](#). While many of the human rights and labor standards (shown in Table 4.1 below) are applicable to its suppliers (including small farmers), OFI reported that it has yet to have a concrete commitment on (i) ethical recruitment of workers, including international and domestic migrant workers; and (ii) zero cost of recruitment.

#### 4.1.4. Responsible Sourcing and Supplier Management

OFI (Indonesia) has a written contract with its direct suppliers. The agreement contains basic information such as the volume supplied, price, and range of environmental and social requirements. While the contract with direct suppliers may differ between regions, all suppliers are bound to commit to [OFI's Supplier Code](#). There is no written contract between OFI and small cocoa farms. OFI only has direct sustainability program outreach with small farms. Small farms are free to sell their products to any traders (i.e. free trade). However, OFI's Indonesia provides incentives to the farmers, including covering transportation costs.

Communication of OFI's sustainability codes and information to suppliers (including farmers) are undertaken by OFI's field staffs. OFI reported that it has an internal management system to record and update the list of suppliers and farmers for future engagement.

As of early 2021, OFI was still in the process of undertaking a risk assessment (i.e. analysis) to identify risk levels of its cocoa suppliers in Indonesia. OFI reported that the assessment will also consider the risks based on geographical location of its suppliers. OFI (Indonesia) conducts labor risk assessment on a regular basis. The labor risk assessment is usually done using the sustainable farming certification standard by Rainforest Alliance.

When it comes to suppliers' selection and engagement, OFI prioritizes local suppliers and the volume they can supply to OFI. Other factors that OFI considers in the selection of suppliers include cost of delivery (transportation) and quality of beans. During the selection process (i.e. pre-sourcing), OFI walks suppliers through its Suppliers Code, a copy of which is given to suppliers. OFI expects all its suppliers and farmers to be sustainably certified by the RA certification standards. If OFI receives complaints about working conditions at the workplace or farm level, it usually deploys its own trained inspectors to undertake the assessment. At the same time, the RA certification scheme may also initiate its independent assessment. Between 2015-2019 no supplier or

farmer was terminated by OFI's due to infringement of labor standards and/or human rights.

### **Collection agents and buying stations**

From May 31 to June 5, 2021, several interview sessions were conducted with four of OFI's collection agents in the Pesawaran Regency, Lampung province. Additionally, a virtual interview was conducted with OFI's Head of Lampung Warehouse on June 2, 2021.

Collection agents are private individuals, and they are considered to be OFI's partners (*mitra*). Each collection agent has a verbal or written partnership agreement with OFI, usually renewable on an annual basis. Each collection agent is responsible for managing a buying station. A buying station is the nearest collection point where registered farmers sell and deliver dry cocoa beans.<sup>3</sup> Typically, one buying station covers one village, or a combination of several villages, dependent on the number of registered farmers and size of the geographical coverage (usually within a radius of three to eight kilometers). All buying stations located in the selected villages are owned by OFI and rented to collection agents.

Two of the four collection agents noted that during peak season when the work volume spikes, they hire workers to load and unload bags of beans. Workers usually work five to eight hours a day, with an estimated salary of IDR 50,000 (\$3.45) to IDR 75,000 (\$5.18) per day. For collection agents that do not hire workers, they manage the buying stations on their own.

All collection agents are required to operate the buying station according to OFI's procurement standards. In doing so, all collection agents noted that they received training from OFI on a range of topics, including general administration, purchasing documentation, maintaining lists of farmers, and arranging transport to OFI's

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<sup>3</sup> Motorcycle is the common mode of transportation used by farmers to deliver cocoa beans to a buying station. Typically, farmers deliver up to 100 kilograms of beans in one trip to a buying station.

warehouse. Collection agents also receive training on measuring bean quality.<sup>4</sup> One of the four collection agents noted that he received a labor standard training (specific on minimum wage and use of PPEs) from OFI.

Administration and documentation at the buying stations are conducted manually and/or are paper-based. Once smallholders deliver their beans, collection agents weigh and determine the bean quality, and prepare the necessary documentation. For quality assurance, this process is performed twice, firstly by the collection agents at buying stations and secondly at OFI's warehouses. Collection agents usually prepare a delivery note before OFI's warehouse transportation pick-up the beans.



*A buying Stations in Pesawaran Regency, 2021*

## OFI warehouse

OFI's warehouse in Lampung province is owned, operated, and managed by OFI (Indonesia). The warehouse only receives cocoa beans from collection agents in Lampung province, specifically from regencies such as Pesawaran, Tangamusi, and East Lampung. The distance between the warehouse and collection agents is between 55 and 150 kilometers.

<sup>4</sup> One of the collection agents noted that the bean quality check is conducted firstly by the collection agent, and later at OFI's warehouse. The warehouse check confirms the total payment to farmers based on their quality check result. This means that in some cases, farmers may not know how much they will receive for the delivered beans until the quality check at OFI's warehouse. As is standard practice, collection agents send cocoa beans on the same day or latest next day to the warehouse.

OFI's warehouse does not have direct communication and business relationship with farmers. Process-wise, once the delivery truck arrives at the warehouse, the warehouse staff only records the number of products (i.e. beans) and the origin of the beans (e.g. Pesawaran, Tangamus, and East Lampung areas). All records and documentation are paper-based. All employees working at OFI's warehouse are employed directly by OFI.

### **Informal collector or middleperson**

The field assessment found a consistent application of procurement standards and supply chain management in Pesawaran Regency, aligned with OFI applicable standards. Registered farmers deliver and sell their cocoa beans to OFI buying stations operated by the collection agents (collection agents are OFI's partners). Farmers usually use their own transportation, with their own cost to deliver beans to buying stations. The transportation cost to deliver beans from buying stations to OFI's warehouse is borne by OFI. Field assessments also confirmed a consistent application of standard purchasing and pricing across all buying stations.

Despite the standard process mentioned above, the field assessment found occasions where registered farmers did not sell or deliver cocoa beans directly to OFI's Buying Stations. Instead, some registered farmers sold their wet or half dry cocoa beans to "informal collectors" or "middleperson". The "informal collectors" usually provide services such as the post-harvest process of drying and sorting cocoa beans to enhance the quality. OFI (Indonesia) clarified that OFI's registered farmers are free to sell their cocoa beans to the collectors of their preference.

In the present purchasing standard, OFI only receives and buys cocoa beans from registered farmers. The field-level assessment also found that some "informal collectors" are also among OFI registered farmers who are buying wet or half dry cocoa beans from unregistered farmers. The "informal collectors" then add value to the wet or half dry beans from unregistered farmers and sell to OFI's buying stations.

The field assessment found that in several instances, the "informal collectors" visit the unregistered farmers' houses and actively promote their services. This is seen as a

widespread business model, especially during peak season. The “informal collectors” also provide a pick-up service to transport the beans to the workstation where the “informal collectors” operate their business.

Engagement with farmers and collectors found that the involvement of “informal collectors” is a typical phenomenon in the context of Indonesian smallholders-dominated agriculture sector, including the cocoa sector. The field assessment observed several potential reasons for such a business model.

- Geographical and transportation issue: Often farmers live in remote areas and have no means to deliver their beans to collection points. “Informal collectors” fill the gaps by offering transportation;
- Lack of good agricultural practices: Some farmers do not have the necessary skills and good agricultural practices. This hinders cocoa production that meets the expected quality standard;
- Market high-quality standard: Often farmers do not have the necessary capability to produce cocoa beans of the quality standard. Some farmers rely on other parties (e.g. informal collectors) to add value to their cocoa beans and finally enable farmers to access wider market; and
- Financial support: In some instances, farmers did not have direct access to financial support, including micro-credit to support farming activities. This indirectly hinders farmers ability to produce cocoa beans to the expected standards.

Importantly, the field assessment found that the involvement of “informal collectors” creates traffic in the supply chains. As there are many links (including “informal collectors”) in the supply chain, each one adds a margin. This potentially reduces the cocoa bean price paid to farmers. Where the “informal collectors” serve as the only gateway to sell cocoa beans, the “informal collectors” may determine the cocoa beans price to farmers. This may not only destroy the good purchasing standards and practices

but influence cocoa price, subsequently reducing the income of many smallholder farmers.

### **Cooperative and farmer groups**

OFI noted that they work hand in hand with cooperatives in Pringsewu and Tanggamus districts, however, the cooperatives did not cover the Pesawaran district, where the FLA's field-level assessment was conducted.<sup>5</sup> Interviews with farmers found that there are other groups of farmers (unregistered) and community members in selected villages, which provide saving platform and loans (credit services) to farmer members. Farmers reported that unregistered farmers and community groups offer a credit service with a relatively low interest rate, and schemes including using a commission model to enable farmers to repay their credit. Women-led farmer groups exist in at least five out of the six selected villages. These farmer groups do not have a direct relationship or affiliation with OFI.

#### **4.1.5. Internal Monitoring System**

An internal monitoring system is in place to record suppliers' information and monitor labor standard practices regularly. There is one dedicated employee who is responsible for the internal monitoring system. Additionally, OFI has a monitoring and evaluation team to analyze collected field data. At the field level, field officers collect information from suppliers and farmers. OFI collects basic profiles of the suppliers such as name, location, age, farm area and coordinate, estimated production, and copy of their personal identification information, as well as trainings provided to suppliers.

#### **4.1.6. Information Management**

OFI (Indonesia) has several ways of recording and maintaining its supply chain information. These include its own internal database, OFI's direct system and data processing system (SAP system). Supply chain information is collected at different

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<sup>5</sup> OFI (Indonesia) also noted that each of these registered cooperatives produce about 100,000 cocoa seedling on an annual basis, delivered (sold) to farmers and government. FLA's field-level assessment however was conducted at Pawasaran district, Lampung regency.

stages of the supply chain. Different OFI employees are responsible for collecting and recording this information, including the respective unit heads, regional coordinators, and field staff. OFI (Indonesia) collects information such as farmers name, village, yield estimation, actual volume, and farm area (including hectarage) for tracing purposes. OFI (Indonesia) clusters the small farmers based on their region (province).

### Farmer Profiling

Of the 177 farmers in the survey group, more than two-third are male (77.9%), and slightly less than one-third are female (22.1%) (see Table 1 below). This gender composition reinforces the existing literature about the limited role women play in the agricultural sector, including in cocoa production. The role of women in cocoa production, however, has been increasingly acknowledged in view of strengthening their status in society and independence.

**Table 1. Farmers' Gender, Age Group and Level of Education**

<b>Gender</b>	<b>No. of Respondents</b>	<b>%</b>
Male	138	77.9
Female	39	22.1
<b>Age Group</b>	<b>No. of Respondents</b>	<b>%</b>
18 to 30	26	14.6
31 to 40	57	32.2
41 to 50	45	25.4
51 and above	49	27.6
<b>Education</b>	<b>No. of Respondents</b>	<b>%</b>
Primary school	71	40.1
Secondary school	75	42.3
Technical or vocational school	18	10.1
Diploma or similar level education	2	1.1
Bachelor's degree	2	1.1
Never went to school but literate	6	3.3
Never went to school and illiterate	3	1.6
<b>Total respondents</b>	<b>177</b>	<b>100</b>

Source: Farmers' Survey, 2021

In terms of age, the survey collected a relatively balanced sample according to farmers' age group. The percent of young people farming cocoa, especially those aged 18 to 30 years (14.6%), remains low. With respect to farmers' educational background, most respondents (82.4%) have attained both primary and secondary level of education. Cocoa farming has attracted individuals with relatively competitive educational attainment such as those that have technical or vocational certificates (10.1%), diploma (1.1%) and bachelor's degree (1.1%).

The farmers' survey also found that most of the respondents (78.5%) reported having their household members involved in cocoa production (see Table 2). This includes three respondents who reported that their children (aged 15 to 17 years) are involved in cocoa activities on farms, undertaking common cocoa activities while still enrolled in secondary education. Another group of respondents (21.5%) noted that none of their household members were involved directly or indirectly in cocoa production. The survey also found that all 38 farmers whose household members are not involved in cocoa production are among the total 43 farmers who have informal workers assisting them to undertake cocoa activities. This indicates that farmers who do not involve their household members are likely to engage informal workers to assist in cocoa production.

**Table 2. Involvement of Household Members in Cocoa Production**

Involvement of household members in cocoa activities	No. of Respondents	%
Yes	139	78.5
No	38	21.5
Total	177	100

Source: Farmers' Survey, 2021

### Cocoa Farming Background

The farmers' survey found that most respondents (72.9%) are relatively experienced farmers, with over 10 years of experience (see Table 3). Slightly less than 10% respondents have between six and 10 years cumulative experience in cocoa activities,

and nearly 20% between two and five years' experience. Further analysis of villages found that Desa Pesawaran Indah has the highest number of farmers (15.3%) with cumulative experience more than 10 years in cocoa production, but also has the lowest number of farmers (1.1%) with less experience (i.e. two to five years).

**Table 3. Farmers' Years of Involvement in Cocoa Production (in %)**

Years (range)	Desa Gunung Rejo	Desa Mulyo Sari	Desa Pesawaran Indah	Desa Poncorejo	Desa Wates	Desa Harapan Jaya	Total
2 to 5 years	2.8%	1.7%	1.1%	6.2%	4.5%	2.3%	18.6%
6 to 10 years	4.0%	0.6%	1.1%	0.6%	1.7%	0.6%	8.5%
More than 10 years	10.2%	14.7%	15.3%	10.7%	10.7%	11.3%	72.9%
Total # of respondents by village (%)	30 (16.9%)	30 (16.9%)	31 (17.5%)	31 (17.5%)	30 (16.9%)	25 (14.1%)	100%

Source: Farmers' Survey, 2021

Slightly more than half of the respondents (51.9%) have cocoa land ranging from 0.5 to 1 hectare (see Table 4). Nearly one-third others (30.5%) operate cocoa farm less than 0.5 hectare, followed by 14.6% with slightly larger land between 1 to 2 hectares. Only a few farmers (2.8% or 5 farmers) reported operating cocoa land more than 2 hectares. With respect to land ownership, most of the respondents (94.3%) own their cocoa land, and another 5.7% respondents informed that the lands they cultivate cocoa on are owned by other individuals or private land (see Table 5). For those that do not own the cocoa land, they may either rent the land from others, or manage the cocoa cultivation on others' behalf with a profit-sharing scheme.

**Table 4. Farmers' Size of Cocoa Farm (in hectare)**

Size of individual cocoa farm	No. of Respondents	%
Less than 0.5 ha	54	30.5
0.5 to 1 ha	92	51.9

1 to 2 ha	26	14.6
More than 2 ha	5	2.8
Total	177	100

Source: Farmers' Survey, 2021

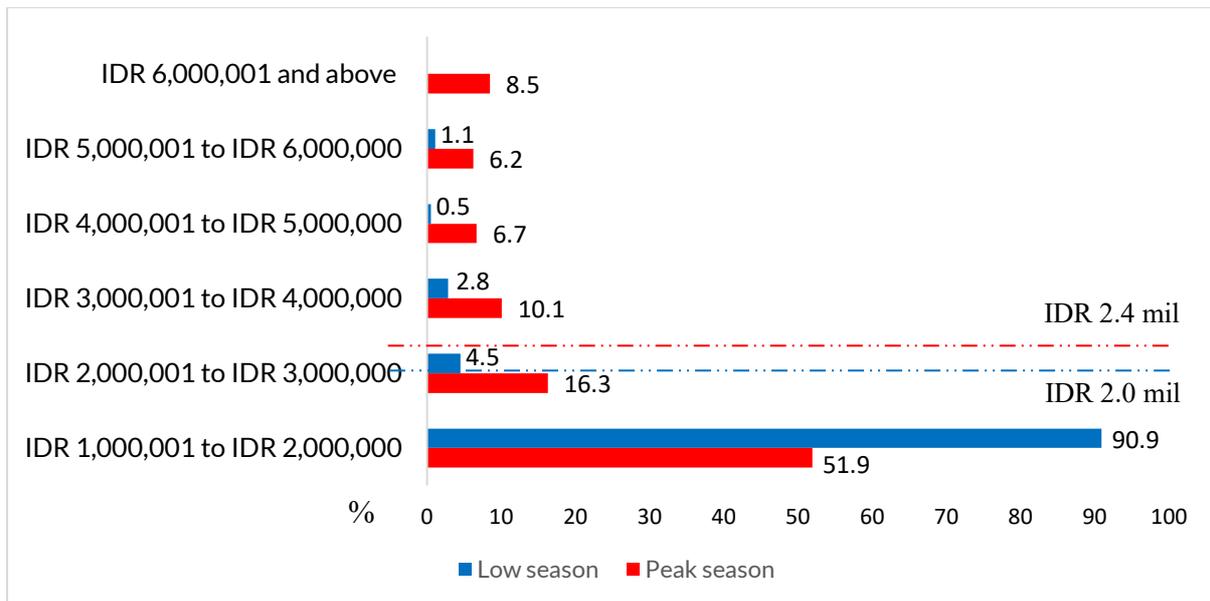
**Table 5. Land Ownership among Farmers**

Land ownership	No. of Respondents	%
Cocoa land owned by the farmers	167	94.3
Cocoa land owned by others / private land (rent)	10	5.7
Total	177	100

Source: Farmers' Survey, 2021

The survey found that the farmers' average monthly income during low season is around IDR 2,000,000 (\$138) (see Figure 3) and increases about 16.7% during peak season to IDR 2,400,000 (\$165). This indicates a significant change of farmers' average monthly income between low and peak season. At the individual farmer level, about 91% (161 farmers) reported having an average monthly income from IDR 1,000,000 (\$69) to IDR 2,000,000 (\$138) during the low season. The number of farmers in this income bracket reduces to 51.9% (92 farmers) during peak season. This means that more farmers receive higher average monthly incomes during peak season. During peak season, 15 farmers reported having monthly average income more than IDR 6,000,000 (\$412) of which six (3.3%) reported having monthly average income more than IDR 10,000,000 (\$690).

**Figure 3. Average Monthly Income among Farmers between Low and Peak Seasons**



Source: Farmers' Survey, 2021

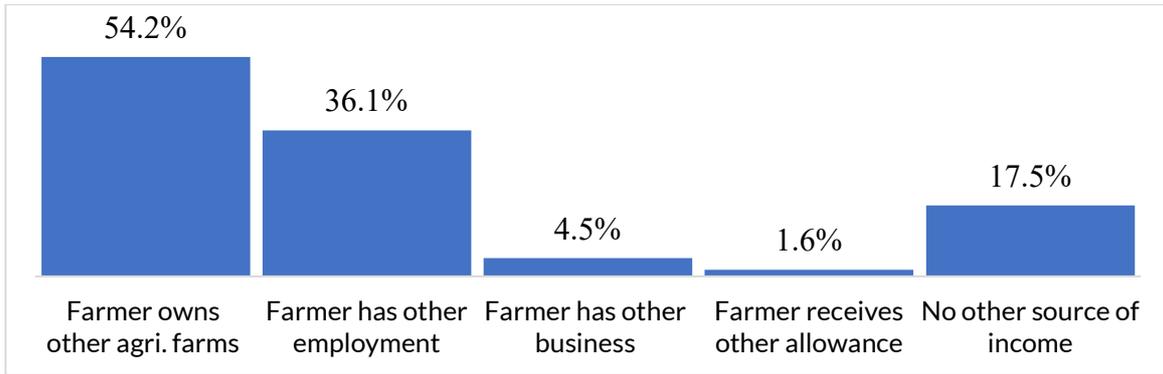
Note:

--- refers to average income during peak season

--- refers to average income during low season

The survey also found that most respondents (82.5% or 146 farmers) have other sources of income beyond the income generated through cocoa activities. These include farmers who own or manage other agricultural lands (54.2% or 96 farmers); farmers with other employment (36.1% or 64 farmers); farmers with other businesses (such as a grocery shop) (4.5% or 8 farmers); and farmers who receive income from other sources including allowances (pension) (1.6% or 3 farmers). About 17.5% (31 farmers) reported having no other source of income other than generated through cocoa activities (see Figure 4).

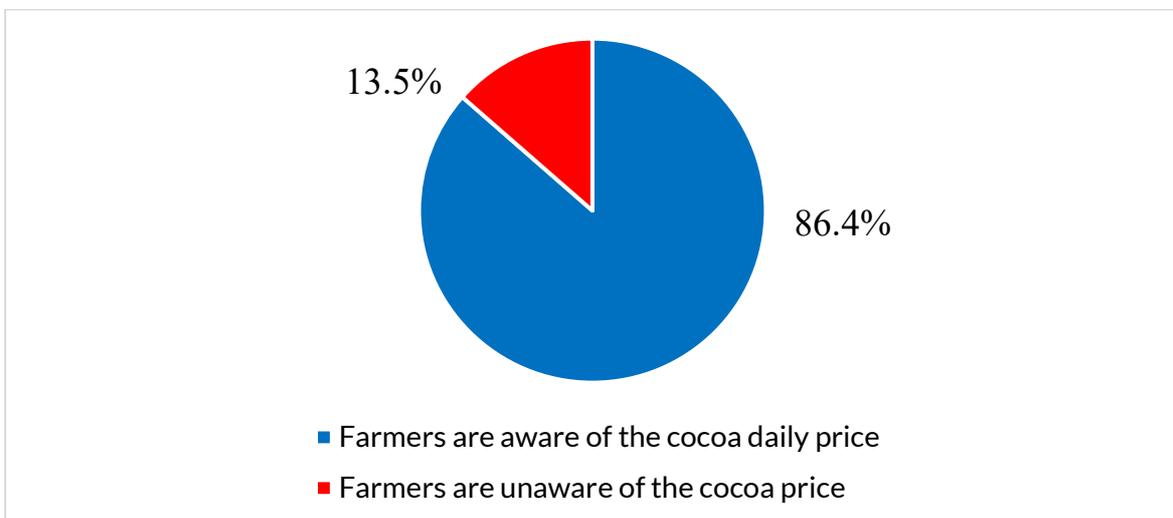
**Figure 4. Farmers' Other Source of Income**



Source: Farmers' Survey, 2021

When asked about their awareness of cocoa's current or daily price, most respondents (86.4% or 153 farmers) reported that they are aware. About 13.5% (24 farmers) other respondents reported that they are unaware of the cocoa's daily price (Figure 5). The farmers who reported that they are aware of the cocoa price, about 74.5% (114 farmers) of them informed that they rely on information on the cocoa price from the collector. About 29.9% (32 farmers) reported that they receive information on cocoa price from other intermediaries, including from individuals who are buying cocoa products at the nearby market. About 4.5% (7 farmers) noted that they rely on information on cocoa price from their friends and relatives who stay abreast on the market volatility.

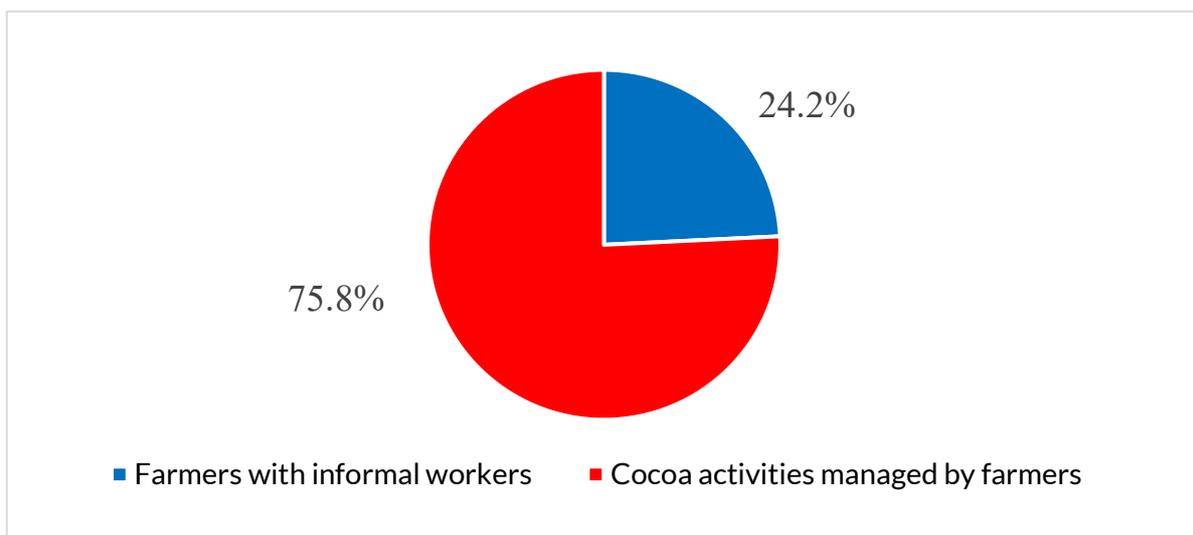
**Figure 5. Farmers' Awareness on Cocoa Current/Daily Price**



Source: Farmers' Survey, 2021

In terms of hiring practices, the survey found that one in every four farmers (24.2% or 43 farmers) still rely on informal workers to support cocoa farming activities. The majority of respondents (75.8% or 134 farmers), self-manage their cocoa activities (Figure 6). For farmers with informal workers, more than half of them (58.1% or 25 farmers) have at least two informal workers assisting them in undertaking cocoa activities. About 20.9% (9 farmers) reported having at least one informal worker; 18.6% (8 farmers) with three workers; and 2.3% (1 farmer) reported having four informal workers assisting them in cocoa activities.

**Figure 6. Farmers' Hiring Practices**



Source: Farmers' Survey, 2021

#### **4.2. Workers Profile**

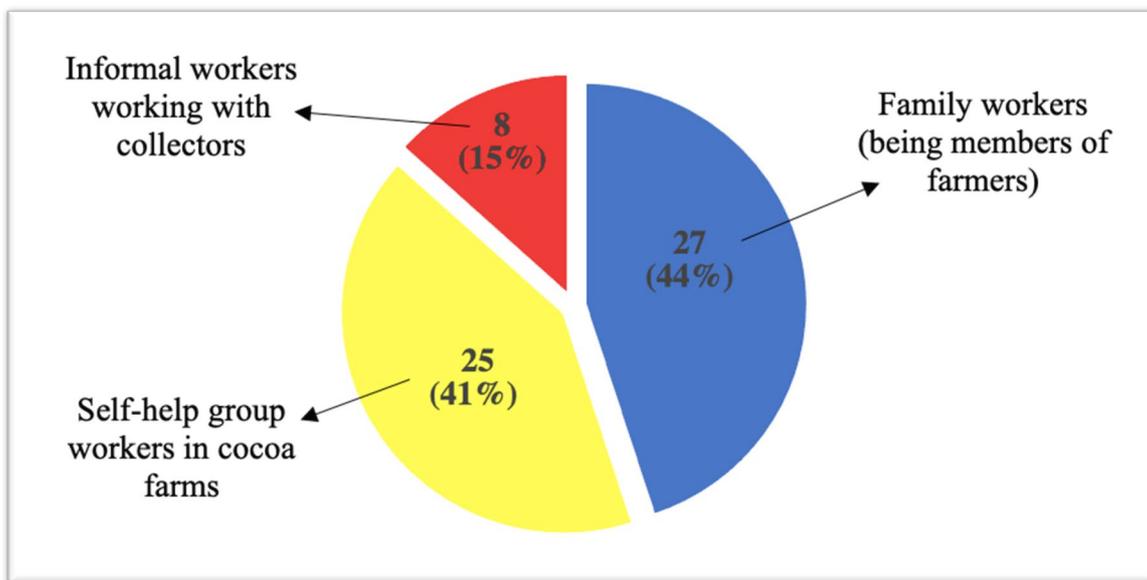
The workers' survey was also conducted during the same period as the farmers' survey from May 31 to June 5, 2021, in six selected villages in Lampung province, Indonesia. A total of 60 respondents were surveyed. The respondents are categorized into three groups, namely:

- (i) family workers who are also household members and close relatives of farmers;

- (ii) self-help group workers on cocoa farms; and
- (iii) informal workers who are working with collectors or intermediaries.

Breakdown of the respondents are presented in Figure 5.5 below. The survey found that nearly half of the respondents are family workers (44.3%), followed by self-help group workers on cocoa farms (41%); and informal workers working with collectors/intermediaries (15%) (see Figure 7).

**Figure 7. Informal Workers' (Respondents) by Category**



Source: Workers' Survey, 2021

Note: Total number of respondents is 60

The most common cocoa activities performed by respondents in all three categories include harvesting, slashing, bean sorting and grading, drying, pruning, weeding and chemical spraying. The least common activities include seedlings, and other cocoa activities such as selling cocoa and transport.

Generally, all respondents are descendants of Javanese and Sundanese transmigrants or first generation of transmigrants. Regarding origin (by province), the majority of respondents (88.5%) originate from Lampung province. A small number of respondents originate from other provinces such as Central Java (4.9%), West Java (3.2%) and East

Java (1.6%) (see Table 6 below). This illustrates that cocoa farming in Lampung province does not rely on domestic migrant workers from other provinces.

**Table 6. Respondents' Origin by Province**

By Province	No. of Respondents	%
Lampung	54	88.5
Central Java	3	4.9
West Java	2	3.2
East Java	1	1.6
<b>Total</b>	<b>60</b>	<b>100</b>

Source: Workers' Survey, 2021

By gender composition, slightly more than a half (51.7%) of the respondents were female, and 48.3% male (see Table 7). In terms of age group, those aged between 31 and 40 form the largest group of respondents (34.4%), followed by respondents aged between 18 and 30 (22.9%), respondents aged 51 and above (21.3%), and finally respondents aged 41 to 50 (19.6%). In terms of education, most respondents (76.7%) have formal education – both at primary and secondary level. Another 21.7% respondents reported that they have attended technical or vocational education system. One respondent reported not having any formal education, but is literate.

**Table 7. Respondents' Gender, Age Group and Level of Education**

Social Lenses	No. of Respondents (%)	No. of Respondents by Category		
		Family Workers	Self-help Group Workers on Cocoa Farms	Informal Workers with Collectors
<b>Gender</b>				
Male	29 (48.3%)	2	19	8
Female	31 (51.7%)	25	6	0
<b>Age group</b>				
18 to 30	14 (22.9%)	6	5	3

31 to 40	21 (34.4%)	8	11	2
41 to 50	12 (19.6%)	7	5	0
51 and above	13 (21.3%)	6	4	3
<b>Educational background</b>				
Primary school	20 (33.3%)	9	7	4
Secondary school	26 (43.3%)	14	10	2
Technical or vocational school	13 (21.7%)	3	8	2
Never went to school but literate	1 (1.7%)	1	0	0
<b>Total</b>	<b>60 (100%)</b>	<b>27</b>	<b>25</b>	<b>8</b>

Source: Workers' Survey, 2021

### **4.3. Labor Risk Assessment**

Labor risk assessment involves analysis of farmers' and workers' surveys which were conducted from May 31 to June 5, 2021, across six selected villages in Pesawaran Regency, Lampung province, Indonesia. This chapter presents the labor risk assessment based on the FLA's Workplace Code of Conduct (CoC), covering eight code elements such as employment relationship, nondiscrimination, forced labor, child labor, freedom of association and collective bargaining, health, safety and the environment, hours of work, and compensation.

#### **4.3.1. Employment relationship**

Despite the significant contribution of cocoa smallholder farmers, challenges persist in managing cocoa activities, including the informal nature of labor management.

##### **Informal labor structure**

For some cocoa smallholder farmers in the six villages in Pesawaran Regency, they still rely on others to assist in day-to-day cocoa activities. Specifically, the farmers' survey found that at least 43 (24.2%) of the total 177 farmers still rely on family workers and self-help group workers to perform a range of cocoa activities (pruning, drying, harvesting, etc.). These workers are sourced primarily from within the farmers' household (or family workers) and neighborhood (within the village or Pesawaran Regency).

One key aspect underpinning the informal nature of labor management is the absence of a formal written contractual agreement between farmers and workers. The farmers' survey found that almost all respondents (97.6%) rely on verbal agreement with their respective informal workers (see Table 8). One farmer (2.3%) reported having neither written nor verbal agreement with informal workers.

Similarly, findings from the workers' survey found that 29 or 88% of the total 33 workers (excluding family workers) rely on verbal agreements with farmers/collectors.

The survey, however, did not assess whether such verbal agreement between farmers/collectors and informal workers include aspects such as conditions of employment, job description, compensation and working hours. One (3%) respondent (who is an informal worker with collector), reported having a written agreement with a collector. About three (9%) other respondents (who are among the self-help group workers) informed having no agreement, including verbal.

**Table 8. Employment Relationship between Farmers / Collectors and Workers**

Employment Relationship	<u>Farmers' Survey</u>	<u>Workers' Survey</u>
	No. of Respondents (%)	No. of Respondents (%)
Farmers / collectors do have some kind of verbal agreement with workers	42 (97.6%)	29 (88%)
Farmers / collectors do have a written contractual document with workers	0 (0%)	1 (3%)
Farmers / collectors do not have any verbal agreement with workers	1 (2.3%)	3 (9%)
Total respondents	*43 (100%)	**33 (100%)

Sources: Farmers' Survey 2021; Workers' Survey 2021

\* Farmers who rely on family workers and self-help group workers.

\*\* All workers, excluding family workers (27 workers).

### Recruitment of informal workers with collectors

The workers' survey involving informal workers with cocoa collectors found two common modes of recruitment. First is through walk-in, involving three (38%) respondents; second is through informal referral system, involving five (69.8%) respondents. 'Walk-in' refers to a situation where the prospective informal workers directly approaching the cocoa collectors. In contrast, through the informal referral

system, cocoa collectors play a proactive role in finding prospective individuals who would be willing to work in the cocoa collectors' facility.

Through informal referral, collectors often rely on connection and information from relatives and farmers about the prospective individuals who will be engaged or willing to work in the cocoa collectors' facility. It was not determined whether informal workers are required to compensate the individuals (monetary or non-monetary) who are involved in connecting them with farmers. The workers' surveys did not find the involvement of employment agencies / labor contractors in recruiting workers for cocoa collectors.

***Table 9. Recruitment of Informal Workers with Collectors***

<b>Recruitment of Informal Workers</b>	<b><u>Workers' Survey</u> No. of Respondents (%)</b>
Through walk-in interview	3 (38%)
Through informal referral (relatives and other farmers)	5 (62%)
No response / not applicable	0 (0%)
Total number of respondents	8 (100%)

Sources: Workers' Survey 2021

### **Access to grievance mechanism**

The workers' survey found that most respondents (67%) reported that they usually raise matters related to labor management verbally to farmers/collectors (see Table 10). There is no clear process on how verbal grievances can be made. Other workers indicate they usually raise it to friends or relatives (3.3%); raise it to head of village (3.3%); and raise it to cocoa cooperative or association. Importantly, one in every four respondents (25%) informed that they did not know where to complain if they have employment-related issues.

**Table 10. Respondents' Practices on Grievance Raising**

<b>Worker's Response</b>	<b>No. of Respondents</b>
Raise it to employer/farmer verbally	40 (66.7%)
Raise it to friends or relatives	2 (3.3%)
Raise it to head of village / community leaders	2 (3.3%)
Raise it to cocoa cooperative / association	1 (1.7%)
Worker does not know where to raise	15 (25%)
Total respondents	60 (100%)

Source: Workers' Survey 2021

When asked whether respondents have previously made a complaint, five of them (8.3%) informed that they had raised grievances before. All five respondents are among the informal workers with cocoa collectors who informed that they raised their complaint(s) to cocoa collectors. Among the complaints being raised include miscalculation of workers' wage, issues related to working overtime (such as workers' request for overtime work was rejected), and misunderstanding with other workers.

When asked whether they are satisfied with the resolution of their complaints (if any), three out of five workers reported satisfied with the resolution. One respondent noted that he was not satisfied with the resolution, and another respondent informed that there is no solution at all to his complaint. No further evidence was sought to better understand the workers' dissatisfaction with the expected resolution.

### **Worker's training**

The workers' survey found lack of awareness among the respondents on a range of labor standards, including the set minimum age (for employment) and minimum wage (i.e. regardless of the status of workers). When asked if there was any training related to labor management and/or cocoa activities provided to them in the past 12 months, only 26.7% (16 respondents) informed that they have been provided with such training. Topics of the training are shown in Table 11. The majority of respondents (73.3%), noted that no training was provided in the past 12 months. OFI (Sustainability) clarified that these workers may not be individuals who are registered in its OFI Farmers Information

System (OFIS), and that they are not included in the training and capacity-building provided by OFI.

**Table 11. Training Provided to Respondents**

<b>Respondents' Responses</b>	<b>No. of Respondents (%)</b>
Training about cocoa cuttings	5 (31.3%)
Training to grow cacao	2 (12.5%)
Training to collect cocoa seeds	1 (6.3%)
Sorting cocoa beans and understanding worker's wage	3 (18.8%)
Understanding cocoa market and wage	1 (6.3%)
Drying and cutting processes	1 (6.3%)
Training to harvest and sort beans	2 (12.5%)
Training about cocoa process (general)	1 (6.3%)
Total respondents (who were provided with training)	16 (100%)

Source: Workers' Survey 2021

#### **4.3.2. Non-discrimination**

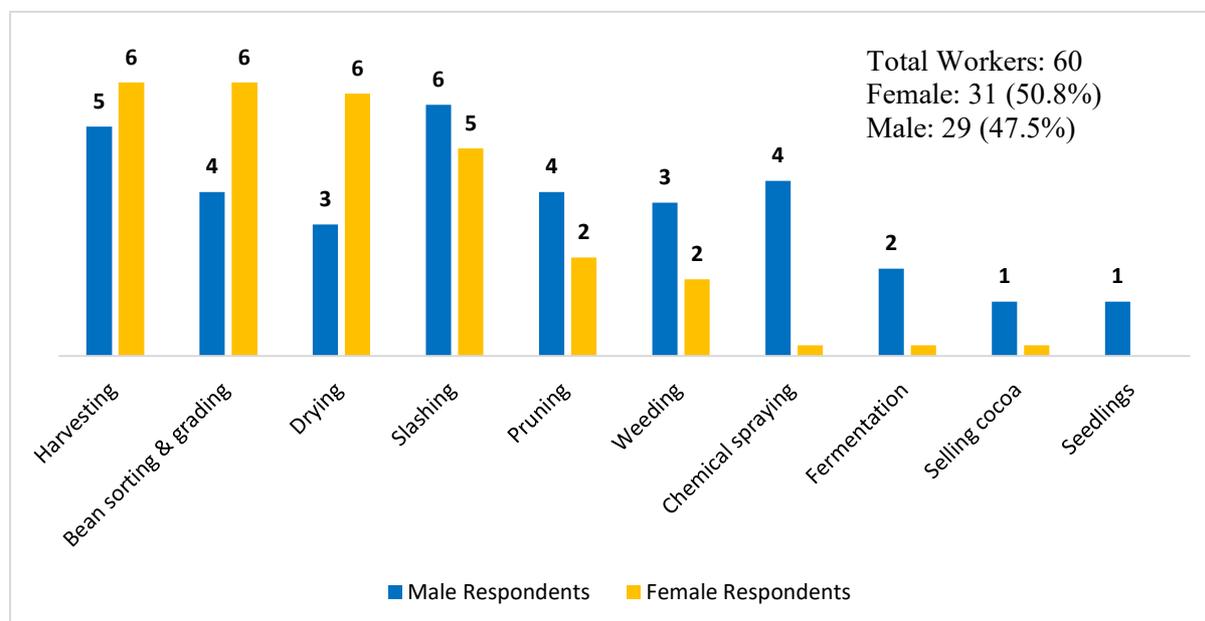
Neither farmer's nor workers' surveys included a specific question relating to discrimination. However, the workers' survey provides insights, at least in two aspects concerning gender equality and empowerment. These include: (i) workers' participation in cocoa production based on gender; and (ii) type of occupation based on gender.

#### **Gender balance in cocoa production**

As shown in Figure 8, the number of female respondents (50.8%) is slightly higher than male (47.5%). This indicates higher participation rate among women in cocoa production in the selected villages. This also suggests that there is no indicator of 'discrimination' that hinders female participation in cocoa activities based on gender.

However, important to note that of the total 31 female respondents, the majority (81%) of them are family workers.

**Figure 8. Respondents' Participation (Number) in Cocoa Production by Gender**



Source: Workers' Survey 2021

### Type of Occupation (Gender)

The workers' survey found that female workers tend to perform a mix of tasks – both heavier and lighter cocoa activities. For example, six of the total 31 female respondents reported undertaking 'harvesting', while only five male respondents were involved in the same task. In many agricultural sectors, heavier tasks such as 'harvesting' are predominantly performed by male workers, while women only perform lighter tasks such as collecting fruits, grading, and sorting, etc. The field assessment indicates a reduced separation of gendered cocoa farming activities. Equally important is the need to ensure such activities do not lead to safety and health issues especially involving vulnerable women (such as pregnant workers).

### 4.3.3. Child Labor

FLA's Workplace CoC prohibits the use of child labor, consistent with the ILO Convention 138 (Minimum Age) and the ILO Convention 182 (Worst Forms of Child Labor). Considering the informal labor structures in cocoa farming in Lampung province, the findings presented below focus on workers' awareness and practices concerning children in cocoa farms.

#### Awareness on minimum age (Employment)

From the workers' survey, lack of awareness was found among the respondents on the minimum working age in Indonesia. Of the total 60 worker respondents, only 4 (6.7%) of them provided accurate an answer when asked about the minimum working age. Most respondents (58.3% or 35 workers) provided an inaccurate answer, and another 35% (21 workers) noted that they were not aware of the set minimum age.

#### Age validation

When asked about whether the farmers/collectors have checked and validated their age prior to being involved in cocoa activities, 28 (85%) out of 33 informal workers (excluding family workers) reported that the farmers/collectors did not check, validate and/or confirm on their age. The other five workers (15%) who have said that the farmers/collectors checked on their age, noted that the farmers/collectors usually confirm the workers' age through their identity card.

#### Children on site

The workers' survey found that three (5%) of the total 60 respondents reported saying that they often bring their children on site (i.e. cocoa farm). When asked further the reason(s) why they brought children to their workplace, the respondents answered that the children helped them undertaking light work such as beans sorting. When asked whether respondents have witnessed other children brought onto nearby cocoa farms (or any workplaces), four (6.7%) out of 60 respondents reported witnessing school-age

children being brought to cocoa farms. When asked about the type of activities the children do when they are on cocoa farms, the respondents informed that the “children are helping parents with slashing and harvesting cocoa pods.”

In addition to the findings derived from the workers’ survey, the farmers’ survey further identified the children’s profiles involved directly and indirectly in cocoa production, as shown in Table 12. From the farmers’ surveys, it was found that children also tend to perform relatively heavier and hazardous tasks such as slashing and harvesting.

*Table 12. Children Involvement in Cocoa Production – Selected Child Profiles*

Children	No. of Respondents	Age	Gender	Education	Type of activities	Hours of work	Compensation
Grandchild	1	15-17	Male	Secondary	Harvesting	7-8	No direct compensation
Grandchild	1	15-17	Female	Secondary	Other cocoa activities at home or other workplaces	1-2	No direct compensation
Son	1	15-17	Male	Secondary	Harvesting	7-8	No direct compensation
Grandchild	1	5-11	Male	Primary	Other cocoa activities at home or other workplaces	Less than an hour	No direct compensation
Daughter	1	12-14	Female	Secondary	Other cocoa activities at home or other workplaces	1-2	No direct compensation

Source: Farmers' Survey 2021

Note: Children profiles above were described by three farmers during the farmers' survey.

#### 4.3.4. Forced Labor

FLA's Workplace CoC prohibits practices that indicate incidence of forced labor, including prison labor, indentured labor, bonded labor or other forms of forced labor. The prohibitions are consistent with the ILO Forced Labor Convention (No. 29) and Abolition of Forced Labor Convention (No. 105). Some of these prohibitions are also applicable to farms with informal labor structures.

#### Possession of workers' identity document

With respect to possession of workers' identity documents, the workers' survey found no unreasonable possession or control of workers' identity documents by farmers/collectors.

*Table 13. Retention of Identity Documents by Farmers / Collectors*

<b>Farmers' and Collectors Practices related to Retention of Workers' Identity Documents</b>	<b>No. of Respondents (%)</b>
Farmers and collectors do not keep the workers' identity document	60 (100%)
Farmers and collectors keep the workers' identity document	0
Total respondents	60 (100%)

Sources: Workers' Survey 2021

#### Workers' freedom of movement

With respect to workers' freedom of movement, both farmers' and workers' surveys found almost identical responses. From the farmers' survey, most respondents (90.7%) informed that workers usually inform farmers if they wish to go outside the farm and/or the village (see Table 14). One farmer (2.3%) however informed that worker(s) cannot

go outside the farm or village. There was no further explanation as to the reason why worker(s) cannot go outside the farm or village. Similarly, the workers' survey found that about 87% respondents informed that they usually inform farmers/collectors if they wish to go outside the farm and/or the village. Notably, three self-help group workers (5%) informed that they need to also inform the head of village/community leaders if they wish to go outside the village.

**Table 14. Workers' Practices relate to Freedom of Movement (multiple choice)**

<b>Workers' Freedom of Movement</b>	<b><u>Farmers' Survey</u> No. of Respondents (%)</b>	<b><u>Workers' Survey</u> No. of Respondents (%)</b>
Workers inform farmer verbally	39 (90.7%)	52 (86.7%)
Workers inform head of village / community leaders	N/A	3 (5%)
Workers inform others (e.g. friends and relatives)	1 (2.3%)	1 (1.7%)
Workers do not need to inform anyone	12 (27.9%)	8 (13.3%)
Worker cannot go outside the farm / village	1 (2.3%)	N/A
Total respondents	43 (100%)	60 (100%)

Sources: Farmers' Survey 2021; Workers' Survey 2021

\* "workers" include all categories namely family workers, self-help group workers and informal workers with collectors.

### **Access to communication**

The workers' survey found that while most respondents informed that they have access to mobile devices (83.3%) and internet connection (15%) – about 13.3% other respondents reported that they do not have any means to communicate with their parents and relatives outside the farm, workplace or village (Table 15). Though this does not directly indicate incidence of forced labor, the lack of available mediums for regular

communication may hinder respondents' access to reach out for help, especially in case of emergency and when a grievance needs to be raised.

**Table 15. Respondents' Practices relate to External Communication**

<b>Respondents' Responses on External Communication*</b>	<b>No. of Respondents (%)</b>
Through mobile phone	50 (83.3)
Through internet call / virtual interaction	9 (15%)
No channel of communication or not communicating with parents or relatives	8 (13.3%)
Others (e.g. visiting family / relatives physically)	6 (10%)
Total respondents	60 (100%)

Source: Workers' Survey 2021

\* Note multiple choice answers



**Main Road inside Cocoa Farm, Pesawaran Regency, 2021**

#### **4.3.5. Health, Safety and Environment**

##### **Provision of PPE**

Regarding the provision of personal protective equipment (PPE), the workers' survey found that nearly half (48.3%) of the total 60 respondents informed that they were not provided with appropriate PPE by farmers/collectors. About 51.7% other respondents informed that they were provided with PPE for free by farmers/collectors. When asked what those PPE were, most respondents answered that they were provided with mask, hand gloves, boots, as well as other work equipment (non PPE) such as machete, pruning scissors and bucket.



**Picture 3: Respondents on Cocoa Farms, Pesawaran Regency, 2021**

### Monitoring of safety at work

Twenty nine (48%) of the total 60 respondents reported that the farmers/collectors did not monitor safety practices at farms and other workplaces. The remainder (51.7% or 31 respondents) however reported that the farmers/collectors monitored safety and other work practices on site.

For those that reported that farmers/collectors monitor safety and work practices on site (31 respondents), about 38.7% (12 respondents) informed that the farmers/collectors monitored safety and work practices directly on site (see Table 16). The other 29% (9 respondents) noted that the farmers/collectors are working along with the workers, hence monitoring is done simultaneously. Other respondents informed that the farmers/collectors are usually giving instruction remotely (12.9% or 4 respondents); farmers and collectors remind workers during rest time (9.7% or 3 respondents); and 9.7% (3 respondents) did not provide a response.

### ***Table 16. Monitoring of Safety and Work Practices***

Respondents' Responses	No. of Respondents (%)
Farmer / collector monitors on site	12 (38.7%)
Farmer / collector is working along with workers (monitoring is done simultaneously)	9 (29%)
Farmer / collector gives instruction remotely	4 (12.9%)
Farmer / collector reminds workers about safety during rest time	3 (9.7%)
Unanswered / no response	3 (9.7%)
Total respondents (who informed that farmers/collectors) monitored safety practices on site	31 (100%)

Source: Workers' Survey 2021

### Training on health and safety

From the workers' survey, it was found that most respondents (40 or 66.7%) informed that they were not provided with any kind of health and safety related training in the past 12 months. Only 20 (33.3%) respondents informed that they were provided with health and safety related training. When asked further what were those training about, 10 respondents answered that the training involved proper wearing of PPE such as gloves. Other respondents informed that the training include proper wearing of medical mask (for COVID-19 prevention) (8 respondents), general care, including prevention of diseases such as dengue fever (1 respondent) and general safety on the farm (1 respondent).

#### **4.3.6. Freedom of Association**

When asked whether the respondents have participated in, or been part of any form of association, most of the respondents (40 or 66.7%) answered that they are not part of any association, including a loose group such as community-based organization.

About 16 (26.7%) of the other respondents informed that they are represented broadly by the existing community-based organizations in their respective villages. Two (3.3%) other respondents answered that they are part of women farmer organizations and one (1.7%) respondent informed that he is a member of a cocoa cooperative. One (1.7%) respondent who is working with a cocoa collector reported that he is a member of a worker union. However no further information was provided on the background of the said worker union.

### 4.3.7. Hours of Work

#### Working days

The workers' survey found that most respondents worked less than three days in a week – both during peak season (51.7%) and low season (70%) (see Table 17). The number of respondents who worked between three and five days increased almost twofold (35%) during peak season as compared to during low season (18.3%). About six (10%) respondents worked six days in a week during peak season, and seven (11.7%) respondents worked for the same number of days during low season. Importantly, the workers' survey found that two (3.3%) respondents worked seven days in a week especially during peak season. Further analysis on the workers' background found that those that worked between six and seven days in a week are among informal workers who are working with collectors.

**Table 17. Number of Working Days in a Week during Low and Peak Seasons**

No. of Working Days in a Week	Low Season	Peak Season
	No. of Respondents (%)	No. of Respondents (%)
Less than 3 days in a week	42 (70%)	31 (51.7%)
Three to five days in a week	11 (18.3%)	21 (35%)
Six days in a week	7 (11.7%)	6 (10%)
Seven days in a week	0	2 (3.3)
Total respondents	60 (100%)	60 (100%)

Source: Workers' Survey 2021

## Working hours

The workers' survey found that most respondents worked between five and eight hours a day – both during low season (61.7%) and peak season (76.7%) (see Table 18). The other respondents, particularly family workers, worked less than five hours a day during low season (21.7%) and peak season (3.3%). The workers' survey also found several respondents worked between nine and 12 hours in a day. During low season, about 15% respondents worked between nine and 12 hours, and it increased to 20% respondents during peak season. Further analysis on the workers' background found that those working between nine and 12 hours are mostly among self-help group workers (4 respondents) and informal workers working with collectors (8 respondents).

**Table 18. Number of Working Hours in a Day during Low and Peak Seasons**

No. of Working Hours in a Day	Low Season	Peak Season
	No. of Respondents (%)	No. of Respondents (%)
Less than five hours	13 (21.7%)	2 (3.3%)
Between five and eight hours	37 (61.7%)	46 (76.7%)
Between nine and twelve hours	9 (15%)	12 (20%)
Total respondents	60 (100%)	60 (100%)

Source: Workers' Survey 2021

### **4.3.8. Compensation**

#### **Awareness on pay rate and minimum wage among informal workers with cocoa collectors**

Of the total eight informal workers who are working with the cocoa collectors, the workers' survey found that at least one respondent informed that he was unaware of his payrate. When asked whether the respondents were aware of the set minimum wage applicable in Pesawaran Province, only one of the total eight informal workers cocoa collectors reported that he was aware of the set minimum wage. The applicable minimum wage in selected villages is the Lampung Provincial Minimum Wage 2021 (IDR

2.432.001 = \$168). The daily rate amounts to IDR 97,280 (\$6.73), IDR 19,302 per hour (\$1.33).

### Payment of wage among informal workers with cocoa collectors

The workers' survey found that of the total eight respondents among informal workers with collectors, seven of them reported being compensated on a daily rate basis, while another respondent is compensated based on productivity. With regards to payment of wages, all eight workers with cocoa collectors noted that they are compensated in cash, without the involvement of any third party.

### Wage / income among informal workers with cocoa collectors

Of the total eight respondents among informal workers with cocoa collectors, more than half (75%) of them are compensated below the applicable minimum wage in selected villages during low season. One (12.5%) respondent receives a monthly income in line with the minimum wage, and another respondent (12.5%) slightly higher than the set minimum wage. The minimum wage in the selected villages in 2021 is IDR 2,432,001 (\$168 per month).<sup>6</sup>

The workers' survey found that the monthly income increased slightly during peak season. For instance, the number of respondents who received a monthly income between IDR 1,000,001 to IDR 2,000,000 during low season (i.e. 2 respondents), doubled during peak season. Similarly, the number of respondents who received a monthly income between IDR 2,000,001 to IDR 2,500,000 increased from one to two between the low and peak seasons.

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<sup>6</sup> Note that Article 32 of the Indonesian Government Regulation No. 36 of 2021, a derivative regulation mandated by the Job Creation Act No. 11 of 2020, may exempt micro and small businesses from paying the prevailing minimum wage. Article 33 paragraph 2 further stipulates that the amount of wage in micro and small businesses shall be based on agreement between employer and employee. Agreement in the Indonesia Labor Regulations concepts, apart from employment agreement that could be made verbally, shall be written. As the Indonesia Law system does not recognize retroactive principle of law, the provision of exempting minimum wage for micro and small businesses comes into effect at the time the Job Creation Act No. 11 of 2020 and the Government Regulation No. 36 of 2021 were enacted.

**Table 19. Workers' Average Monthly Income during Low and Peak Seasons**

<b>Worker's Average Monthly Income during Low and Peak Seasons</b>	<b>Low season</b>	<b>Peak season</b>
	<b>No. of Respondents (%)</b>	<b>No. of Respondents (%)</b>
Less than IDR 1,000,000	4 (50%)	1 (12.5%)
Between IDR 1,000,001 to IDR 2,000,000	2 (25%)	4 (50%)
Between IDR 2,000,001 to IDR 2,500,000	1 (12.5%)	2 (25%)
Between IDR 2,500,001 to IDR 3,000,000	1 (12.5%)	1 (12.5%)
Total respondents	8 (100%)	8 (100%)

Source: Workers' Survey 2021

When asked whether the workers had their salary deducted for more than two months, none of the informal workers reported such.

## KEY FINDINGS AND CORRECTIVE ACTION PLAN (CAP)

	Action Plan		Timeline
	<u>Output</u>	<u>Outcome</u>	
<b>Principle 2: Responsible Sourcing and Procurement</b> <i>Participating Company aligns its sourcing/procurement practices with commitment to workplace labor standards</i>			
K2.3(c): It was found that OFI only received issues regarding cocoa prices from farmers. However, no concrete evidence was received to confirm that senior management team and/or any significant efforts have been made to address the issues being raised by farmers, subsequently improving its sourcing/procurement practices.	K2.3(c): Enhanced SOP to receive, record and respond to complaints and suggestions raised by farmers. i: Review the complaint & suggestion mechanism to identify gaps in the current mechanism; ii: Improve the SOP by addressing the gaps identified through the review process; iii: Socialize the enhanced SOP among management team/relevant departments/business unit and farmers	1. Improved recording and remediation of complaints and suggestions by farmers  2. Empower the farmers with knowledge on labor standards	December 2021 (at least once a year for every farmer)
<b>Principle 3: Company Staff Training</b> <i>Participating Company identifies and ensures that the specific personnel responsible for implementing labor standards (at head office and in the regions) are trained and are aware of the labor standards criteria</i>			
K3.2(a): Selected OFI employees have participated in labour standards training, including FLA's labour standards training (virtual). However, no further information provided as to whether such trainings attended by selected OFI employees are cascaded to other employees, especially at the field-level.	K3.2(a) 1: Develop and implement training program for employers on FLA's labor standards and Block Chapter 5 training for RA standard. i: Identify a group of employees <b>to be trained;</b>	Employees trained FLA's labor standards and Block Chapter 5 training for RA standard.	December 2021 (Once a year training)

	Action Plan		Timeline
	Output	Outcome	
	ii: Prepare the training plan that includes the number of sessions and dates of the training; iii. Develop the training curriculum; iv: Prepare the learning evaluation plan (post-training evaluation); v: Prepare training implementation for field level employees vi: Document all training sessions for future reference..		
<b>Principle 4: Business Partner Training and Implementation</b> <i>Participating Company obtains commitment, and drives business partner awareness of labor standards</i>			
K4.2(a): While OFI is able to convey and receive concrete commitment to facilitate assessment and remediation for other business partners (e.g. collection centre or collectors), OFI is yet to have similar commitment from farmers.	K4.2(a) 1: Inclusion of farmers' commitment to facilitate assessment and remediation in the agreement between OFI and the farmer. i: Develop a communication package that contains information/infographic on the importance of farmers' commitment to facilitate assessment and remediation; ii: Farmers committed to facilitate assessment and remediation by signing a new agreement between OFI and the farmer; iii. Develop a monitoring plan to track the progress of the commitment made by farmers that will be verified during an internal audit process.	Awareness on the assessment and remediation on labor standards created.  Implementation of the agreement is monitored.	January 2022 (Once a year)

	Action Plan		Timeline
	<u>Output</u>	<u>Outcome</u>	
	K4.2(a) 2: Inclusion of a plan to monitor the implementation of the agreement in the overall monitoring plan. This monitoring activity will be included in the internal audit.		
K4.5(a): OFI provided training to farmers and hired workers as well as produce posters. However, OFI does not provide similar training or any forms of awareness-building activities on labor standards to other categories of workers, including self-help group workers and family members. FLA Principles requires OFI to reach out to all workers including family workers.	<p>K4.5(a) 2: Develop and implement a comprehensive training program for workers, self-help workers and family-member workers on labor standards and Block Chapter 5 training for RA standard.</p> <p>i: Identify the number of workers to be trained;</p> <p>ii: Prepare the training plan that includes the number of sessions and dates of the training;</p> <p>iii. Develop training module and materials for workers, self-help workers and family members;</p> <p>iv: Prepare the learning evaluation plan (post-training evaluation);</p> <p>v: Document all training sessions for future reference.</p> <p>K4.5(a) 1: Improve communication on labor standards among workers, self-help workers and family-member workers.</p>	Awareness among workers, self-help workers and family-member workers on labor standards improved	January 2022 (Once a year)

	Action Plan		Timeline
	Output	Outcome	
	i: Develop a communication package that contains information/infographic on labor standards targeting workers, self-help workers and family-member workers. ii: Socialize the information to the target audiences through various channels such as during awareness building activities or through field officers and collectors. iii: Record the number of communication materials distributed for future reference.		
<b>Principle 5: Monitoring</b> <i>Participating Company conducts labor standards compliance monitoring at the farm level</i>			
K5.1(b): No documentation was received to confirm that there is an increase in number or scope of farms monitored for labor standards. There was no data on this monitored (previously) to serve as the baseline to prove an increase.	K5.1(b) 1: Record the list of farmers being monitored for labor standard and create monitoring plan every year which will be included in an internal audit (specifically chapter 5 RA standard).  K5.1(b) 2: Farms are monitored for labor standards.	Improve the monitoring system by having monitoring plan	January 2022 (Once a year)
K5.2(a) Although OFI's has CLMRS, it does not include all FLA Workplace Standards.	K5.2(a) 1. Strengthen monitoring practices, specifically to include activities as required under FLA Principles (K.5.2.[b]), as follows: i. worker interviews including off site interviews (where needed),	Monitoring SOP is aligned with FLA's standards	January 2022

	Action Plan		Timeline
	<u>Output</u>	<u>Outcome</u>	
	ii. consultation with unions, worker representative structures, CSOs, and relevant local group (where relevant), iii. management/farmer interviews, iv. community profiling to determine social norms and root causes, v. documentation review, vi. visual inspection and vii. inspection of occupational safety and health records.  K5.2(a) 2: Inclusion of FLA’s workplace standards in the monitoring SOP.		
K5.2(b): OFI’s monitoring standards and practices did not include activities as required under FLA Principles (K5.2[b]) (such as community profiling, farmers, and workers interview).	Refer to K5.2(a) 1:	Refer K5.2(a) 1:	February 2022
K5.2(c): OFI’s monitoring standards and practices did not include FLA requirements under FLA Principles (K5.2[c])	Refer K5.2(a) 1:	Refer K5.2(a) 1:	February 2022
<b>Principle 6: Functioning Grievance Mechanisms</b> <i>Participating Company ensures workers, farmers, and their family members (where applicable) have access to functioning grievance mechanisms, which include multiple reporting channels of which at least one is confidential</i>			

	Action Plan		Timeline
	Output	Outcome	
<p>K6.1(a): Since 2020, OFI installed suggestion boxes at all OFI's buying stations. Suggestions raised by farmers are then collected and brought to the attention of OFI management. OFI thus far received suggestions and/or complaints on matters concerning cocoa prices, working conditions and facilities such as drinking water. However, FLA found that the existing suggestion and/or complaint mechanism is not fully aligned with the FLA standards, required under FLA Principal K.6.1[a].</p>	<p>K6.1(a) 1: "Suggestion" and "grievance" are clearly defined and included in the grievance mechanism SOP.</p> <p>K6.1(a) 2: Expression of non-retaliation and penalty for using such mechanism is clearly explained in the revised grievance mechanism SOP.</p> <p>K6.1(a) 3: Grievance mechanism SOP is strengthened by ensuring the following FLA standards are included:</p> <ul style="list-style-type: none"> <li>i. all farmers, workers, and other potential grievance raisers can access it for free and in a language they understand</li> <li>ii. grievance process and timeframe to address a grievance</li> <li>iii. farmers, workers and other potential grievance raisers will be informed about the progress and resolution achieved.</li> <li>iv. farmers, workers and other potential grievance raisers will have reasonable access to information, and advice, when needed</li> <li>v. any resolution achieved in the grievance process will strive to achieve internationally-recognized human rights</li> </ul>	<p>Grievance mechanism SOP is aligned with FLA's standards</p>	<p>February 2022</p>

	Action Plan		Timeline
	Output	Outcome	
	vi. OFI grievance result will also be used as a source of learning and to further improve labor standards on farms		
K6.1(b): No evidence to confirm that OFI facilitates a child-friendly grievance mechanism. OFI reported that children can access the grievance text message, but such a process is not fully aligned with the FLA Principle under K.6.1[b].	K6.1(b) 1: Include elements that are child friendly adopted from Unicef Child-Friendly Complaint Mechanism	Strengthen grievance mechanism SOP with child-friendly elements adopted from Unicef Child-Friendly Complaint Mechanism	February 2022
K6.1(c): OFI is currently not measuring the effectiveness of its grievance mechanism in its supply chains	K6.1(c) 1: Review of the existing grievance mechanism SOP based on the United Nations Guiding Principles (UNGP) Effectiveness Criteria  K6.1(c) 2: Strengthen monitoring of grievance mechanism including analysis on type of grievances received, remediation and pattern of grievances according to region-specific. The analysis will provide indication of the effectiveness of the grievance mechanism.	Centralised grievance analysis	February 2022
K6.2(a): At present, OFI does not have or initiate any forms of alternative grievance channel as required under FLA Principle K.6.2[c].	K6.2(a) 1: 3 <sup>rd</sup> party alternative grievance channels identified to support farmers with limited access to internet to lodge grievances. The alternative grievance channels will be identified in collaboration with the Department of Manpower,	Provision of alternative 3 <sup>rd</sup> party grievance channel for supply chain actors or communities	Jan – February 2022

	Action Plan		Timeline
	Output	Outcome	
	village government, PATBM, Kader PKK, local police (babinsa/babinkantibmas);  K6.2(a) 2: Build capacity for 3 <sup>rd</sup> party grievance channels to receive, report and respond to grievance and share with them the grievance procedure;  K6.2(a) 3: Socialise the 3 <sup>rd</sup> party grievance channels with farmers.		
<b>Principle 7: Collection and Management of Compliance Information</b> <i>Participating Company collects, manages and analyzes labor standards compliance information</i>			
K7.2(a)(b)(c): No evidence to confirm that OFI has undertaken an analysis of systemic issues and trends, and that findings are used to improve labor standards in supply chains.	K7.2(a)(b)(c) 1: Prepare annual report on grievance which will be used to improve labor standards and working conditions in the supply chain.	Social compliance trends analyzed	Jan – March 2022
<b>Principle 8: Timely and Preventative Remediation</b> <i>Participating Company works with business partners to remediate in a timely and preventative manner</i>			
This part summarizes the field-level findings in Lampung province, Indonesia. It corresponds with the findings presented from Section 5.4.1 to 5.4.8			
<b>5.4.1 Employment Relationship</b>  (i) More than 90% of the farmer respondents rely on verbal agreement with workers (of all categories), and one	5.4.1: Topics on child labor, hours of work, rest day and effective grievance to be included into the comprehensive training under Output K5.1(a) 2.	Awareness among farmers and workers on key labor issues such as working	February 2022

	Action Plan		Timeline
	<u>Output</u>	<u>Outcome</u>	
<p>farmer reported having neither verbal or written agreement with workers. There is no concrete evidence, however, to confirm that such verbal agreement cover conditions of employment, job descriptions, rules of compensation (if applicable), and working hours, as required under <i>Employment Relationship: Human Resources Management (E.R.1.1)</i>.</p> <p>(ii) For all eight informal workers working with cocoa collectors, there is no evidence to confirm whether such verbal agreement covers similar basic employment conditions under E.R.1.1</p> <p>(iii) About 40 (67%) worker respondents reported that they usually raise matters related to labor management verbally to farmers/collectors but there is no clear process on how verbal grievances can be made. About 15 (25%) other respondents noted that they do not know where to raise matters related to their employment or involvement in cocoa activities.</p> <p>(iv) Five out of eight informal workers who are working with cocoa collectors informed that they have previously raised labor-related issues to their employers verbally. Among the issues being raised include miscalculation of workers' wage, issues related to working overtime (i.e. workers' request for overtime work was rejected), and misunderstandings with other workers.</p>		<p>conditions, child labor, hours of work, rest day, grievance channels, etc. improved</p>	<p>(Once a year training)</p>

	Action Plan		Timeline
	Output	Outcome	
(v) About 44 (73.3%) reported that no training related to labor standards or general cocoa activities was provided to them over the past 12 months. For those that have received training in the past 12 months (16 respondents or 26.9%), none of the training topics are specifically related to labor standards (e.g. prohibition of child labor; addressing harassment and discrimination at work, etc.).			
<b>5.4.2 Non-Discrimination</b> (ii) Female workers (both family workers and self-help group workers) tend to perform both light and heavy activities. For example, six of the total 31 female respondents reported undertaking 'harvesting'; about five other female workers perform 'slashing'. While this finding indicates the reduced separation of gendered cocoa farming activities, this also raises a health concern for female workers especially vulnerable female workers (e.g. pregnant)	5.4.2: Topic on hazardous work for children and pregnant women to be included into the comprehensive training under Output K5.1(a) 2.	Awareness among farmers and workers on working conditions like hazardous work for children and pregnant women improved	December 2021 (Once a year training)
<b>5.4.3 Child Labor</b> (i) Of the total 60 worker respondents, about 58.3% (35 respondents) provided an inaccurate answer when asked about the minimum working age in Indonesia. Another 35% (21 respondents) answered that they were not aware of the set minimum age. This indicates	5.4.3: Topics on minimum age for employment and activities children can and cannot engage to be included into the comprehensive training under Output K5.1(a) 2.	Awareness among farmers and workers on minimum age for employment, activities children can and cannot engage, and age	January 2022 (Once a year training)

	Action Plan		Timeline
	Output	Outcome	
<p>a lack of awareness among the worker respondents on the set minimum age to work in Indonesia.</p> <p>(ii) Of the 33 workers (i.e. self-help group workers and workers with collectors), about 28 (85%) of them informed that the farmers and collectors did not validate their age prior to working on farms and in collection centers.</p> <p>(iii) Four (6.7%) of the total 60 respondents reported witnessing school-age children being brought to cocoa farms where some children were allegedly helping parents perform slashing and harvesting cocoa pods.</p>		verification process improved	
<p><b>5.4.3 Forced Labor</b></p> <p>(iii) While the majority of workers have access to mobile devices and internet connection, about 13.3% other respondents informed that they do not have any means to communicate with their parents and relatives outside the farm, workplace or village. Though this does not directly indicate incidence of forced labor, the lack of available mediums for regular communication may hinder respondents' access to reach out for help, especially in case of emergency and when a grievance needs to be raised.</p>	Refer to K6.2(a) 1, K6.2(a) 2, K6.2(a) 3.	Awareness among farmers and workers on alternative grievance channels improved.	Jan – February 2022

	Action Plan		Timeline
	Output	Outcome	
<p><b>5.4.4 Health, Safety and Environment</b></p> <p>(i) Nearly half (29 respondents or 48%) of the total 60 respondents recorded that they were not provided with appropriate PPE by farmers/collectors.</p> <p>(ii) Similarly, about 29 (48%) of the total 60 respondents reported that the farmers/collectors did not monitor safety practices at farms and other workplaces.</p> <p>(iii) The majority of respondents (40 or 66.7%) informed that they were not provided with any kind of safety and health related training in the past 12 months.</p>	5.4.4(a): Topic on the importance of PPE to be included into the comprehensive training under Output K5.1(a)	Awareness among farmers and workers on the importance of PPE improved.	March 2022 (Once a year training)
<p><b>5.4.5 Freedom of Association</b></p> <p>(i) The majority of the respondents (40 or 66.7%) informed that they are not part of any association, including a loose group such as community-based organization.</p>	5.4.5(a): Topics on the importance of farmers' and workers' participation in cooperative, associations and community-based organizations to be included into the comprehensive training under Output K5.1(a) 2.	Awareness among farmers and workers on farmers' and workers' participation in cooperative, associations and community-based organizations improved.	February 2021 – March 2022 (Once a year training)
<p><b>5.4.6 Hours of Works</b></p> <p>(i) Two (3.3%) of the total 60 respondents worked seven days in a week, especially during peak season. The two workers are among informal workers who are working with cocoa collectors.</p>	<p>5.4.6(a): Hours of work is aligned with the FLA's Workplace Code of Conduct.</p> <p>5.4.6(b): Topic on hours of work to be included into the comprehensive training under Output K5.1(a) 2.</p>	Awareness among farmers and workers on hours of work improved	February 2022 (Once a year training)

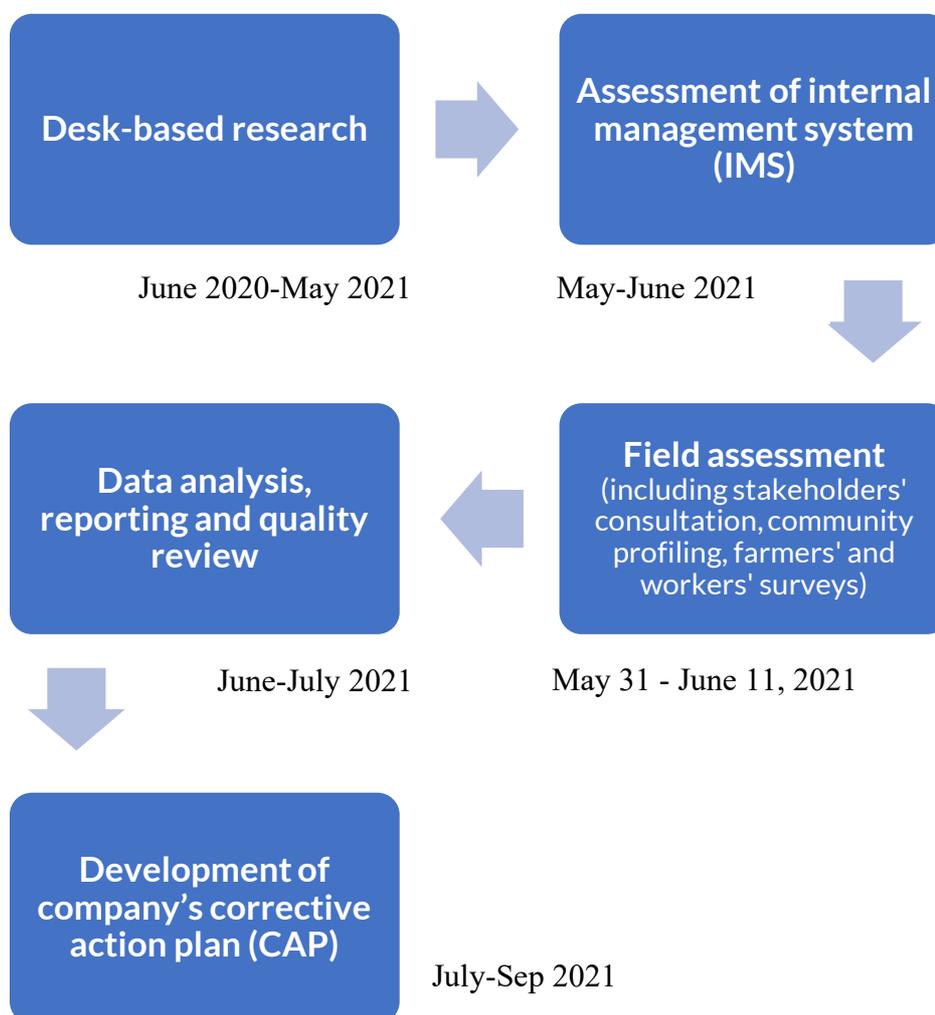
	Action Plan		Timeline
	Output	Outcome	
(ii) During low season, about nine (15%) respondents worked 9-12 hours, and it increased to 12 (20%) respondents during peak season. Those working 9-12 hours during peak season are mostly among self-help group workers (4 respondents) and informal workers working with collectors (8 respondents).			
<p><b>5.4.8 Compensation</b></p> <p>(i) Of the total eight workers who are working with the cocoa collectors, at least one respondent (12.5%) informed that he was unaware of his payrate.</p> <p>(ii) When asked whether the respondents were aware of the set minimum wage applicable in Pesawaran Province, seven of them reported they were not aware of the set minimum wage.</p> <p>(iii) Of the total eight respondents among workers with cocoa collectors, six of them are compensated less than the applicable minimum wage during low season. However, the number of workers receiving a monthly income lower than the minimum wage is reduced to five workers during peak season.</p>	<p>5.4.8(a): Topics on minimum wage to be included in the comprehensive training under Output K5.1(a) 2.</p> <p>5.4.8(b): Communicate with collectors on the need to have written contract between them and workers hired at collection centres. The contract must have information on the compensation rate.</p>	Awareness on minimum wage among farmers and workers improved	February 2022 (Once a year training)

## ANNEX 1: METHODOLOGY

### Baseline Assessment Approach

The baseline assessment is one of the five types of FLA Independent External Assessment (IEA) approaches and is conducted when a new country and/or commodity is brought under the remit of FLA's Agriculture Program. The baseline assessment follows the steps in the following figure.

#### *Steps in Baseline Assessment, 2020-2021*



## FLA Assessors

A locally-based, FLA accredited assessor led the assessment. The lead assessor was supported by a local associate and six enumerators. Prior to the field visit, FLA staff participated in most virtual engagements with OFI and other stakeholders.

### *Summary of Sample (Field Assessment)*

Sample group	Method / Location	Size / Frequency	Date
OFI Indonesia (Sustainability)	Scoping Engagement IMS Assessment (virtual)	2 sessions 3 sessions (Total 5 sessions)	June to December 2020 May to July 2021
Farmers	Survey (Pesawaran Regency, Lampung)	177 farmers	May 31 to June 5, 2021
Workers	Survey (Pesawaran Regency, Lampung)	60 workers	May 31 to June 5, 2021
*Local community	Focus group discussion (face-to-face)	18 sessions	May 31 to June 5, 2021
	Key informant interview (face-to-face)	7 individuals	May 31 to June 5, 2021
**Other stakeholders	Consultation (face-to-face & virtual)	4 organizations	June 1 to June 9, 2021

\*Local community consists of heads of villages, community and association leaders, members of cooperatives and farmer associations, school administrators and teachers, village paramedic, midwife/doctors.

\*\* Other stakeholders include representatives from local university, NGOs, local authority and international organization

## Methods of Assessment

- Desk-based research

Desk-based research was conducted to understand the evolution and importance of the cocoa sector in Indonesia, and the stakeholders involved in its production, processing and marketing. It aimed to assess the development of legal and policy infrastructure, issues around social and labor standards, and social and labor risks associated with Indonesia's cocoa sector.

Desk-based research considered a range of publicly available sources: reports published by relevant national authorities, publicly available statistics from international organizations such as the World Bank and the United Nations, independent reports published by local and international organizations, and OFI's public reports and policy documents.

- **Assessment of OFI's Internal Management System (IMS)**

The assessment of OFI's internal management system (IMS) was conducted using FLA's IMS tool, to understand OFI's management system, including labor standard compliance and remediation system, and supply chain management. Virtual IMS interviews and email correspondence took place with OFI, in May to July 2021. OFI provided relevant internal documents such as standard operating procedures and organizational structure, amongst others, for the FLA's review. Further online and desk-based research were conducted to corroborate and confirm information received from OFI. Key findings of the IMS assessment are presented along with OFI's Corrective Action Plan (CAP).

- **Stakeholders' consultation**

A series of stakeholders' consultations were organized to understand the role of other stakeholders such as local authority, non-governmental institutions, and international organizations in supporting and advancing social progression and labor rights in Indonesia. The stakeholders' consultations aimed at identifying sectoral and systemic

social and labor rights issues, and interventions already made to improve workers' rights and farmers' livelihoods.

- **Community profiling**

Community profiling was conducted in Pesawaran Regency, Lampung province to understand the socio-demography of the local farming community. This was used to determine the social fabric, norms and cultures, and existing infrastructure, public facilities and institutions in the selected villages.

- **Farmers' and workers' surveys**

Farmers' and workers' surveys were conducted in selected villages in Pesawaran Regency to assess working conditions and identify labor standard issues for improvement. The surveys' findings illustrate the issues and challenges facing farmers and workers, and the actors involved directly and indirectly in OFI's supply chain in Pesawaran Regency, Lampung province.

- **Sampling**

The selection of sample (e.g. villages, farmers, workers and other stakeholders) was done primarily by the assessors, in close consultation with the FLA staff. Six out of nine villages where OFI sources cocoa beans in Pesawaran Regency were selected for field assessment: Desa Pesawaran Indah, Desa Poncorejo, Desa Mulyo Sari, Desa Wates, Desa Gunung Rejo and Desa Harapan Jaya.

***Farmer Respondents based on Villages, Lampung province, Indonesia***

<b>Farmers' Villages</b>	<b>No. of Respondents (%)</b>	<b>% of total number of *registered farmers</b>
Desa Pesawaran Indah	31 (17.5%)	5.0
Desa Poncorejo	31 (17.5%)	7.4
Desa Mulyo Sari	30 (16.9%)	4.8

Desa Wates	30 (16.9%)	5.4
Desa Gunung Rejo	30 (16.9%)	4.1
Desa Harapan Jaya	25 (14.1%)	4.2
Total	177 (100%)	5.0 (on average)

Source: Farmers' Survey, 2021

\* Registered farmer refers to list of farmers whose basic information were provided to FLA during the desktop research phase.

Pesawaran Regency, Lampung province, Indonesia was selected as the sample site for field assessment for a range of factors. Peak season was from May to July 2021, when the field assessment was scheduled. Strict COVID-19 SOP included travel restrictions throughout Indonesia and Pesawaran Regency, Lampung province's proximity to OFI's headquarters in Jakarta, Indonesia was considered in the selection of the sampling site.

## ANNEX 2. COUNTRY AND COMMUNITY PROFILES

### a. Country Profile

Indonesia is a major global producer of a wide variety of tropical agricultural products.<sup>7</sup> In 2019, the agricultural products contributed about 13% in gross domestic product (GDP)<sup>8</sup> and 29% of Indonesia's employment.<sup>9</sup> In 2020, Indonesia's GDP was recorded as more than \$1trillion and nearly \$4,000 per capita.<sup>10</sup> Indonesia is the fourth most populated country in the world, with over 200 million inhabitants and an annual average population growth rate of 1.1%.<sup>11</sup>

Map of Indonesia



<sup>7</sup> Indonesia Investment. 2020. Agricultural Sector of Indonesia. Available [here](#)

<sup>8</sup> The Global Economy. 2020. Indonesia – GDP Share of Agriculture. Available [here](#).

<sup>9</sup> Statista. 2020. Indonesia - Distribution of Employment by Economic Sector from 2009 to 2019. Available [here](#).

<sup>10</sup> UN Data. 2020. Indonesia's Country Profiles. Available [here](#)

<sup>11</sup> *Ibid.*

Source: United Nations (UN), Country Map, Indonesia

Available at <https://www.un.org/Depts/Cartographic/map/profile/indonesi.pdf>

The major food crops in Indonesia include rice, corn, cassava, soybeans and peanuts.<sup>12</sup> Indonesia is also one of the world's largest producers and exporters of tree crops such as rubber, copra (coconut kernels), palm kernels, palm oil, coffee, cocoa and spices.<sup>13</sup> Between 35%-40% of cultivated land is devoted to the production of export crops.<sup>14</sup> The agricultural sector collectively employs almost 30% of Indonesia's citizens.

## **b. Cocoa Sector in Indonesia**

Indonesia currently has approximately 1.5 million hectares of cocoa plantations.<sup>15</sup> Sulawesi is the biggest cocoa producing island, which accounts for around 75% of Indonesia's total cocoa production. The other main locations of cocoa production are North Sumatra, West Java, Papua, and East Kalimantan.<sup>16</sup> Cocoa represents Indonesia's fourth largest foreign exchange earnings from exports in the agriculture sector (after palm oil, rubber and coconut).<sup>17</sup> The most important destination countries for Indonesia's cocoa beans are Malaysia, the United States of America and Singapore.<sup>18</sup>

Indonesia's cocoa sector provides the main source of income and livelihood for over 1.4 million smallholder farmers and their families,<sup>19</sup> contributing to 93% of national production. The remainder comes from state plantation and private estates.<sup>20</sup> With 200,000 tons of cocoa beans produced,<sup>21</sup> Indonesia was listed as the world's sixth biggest producer of cocoa in 2018/2019.<sup>22</sup> The majority of Indonesia's cocoa export

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<sup>12</sup> Food & Agriculture Organization (FAO). 2020. Indonesia. Available [here](#)

<sup>13</sup> *Ibid.*

<sup>14</sup> Nations Encyclopedia. Indonesia - Agriculture. Available [here](#)

<sup>15</sup> Indonesia Investment. 2020. Cocoa in Indonesia. Available [here](#)

<sup>16</sup> *Ibid.*

<sup>17</sup> *Ibid.*

<sup>18</sup> *Ibid.*

<sup>19</sup> Julian Witjaksono. 2016. Cocoa Farming System in Indonesia and Its Sustainability under Climate Change. *Agriculture, Forestry and Fisheries*, 5(5): 170-180. Available [here](#)

<sup>20</sup> Julian Witjaksono. 2016. Cocoa Farming System in Indonesia and Its Sustainability under Climate Change.

<sup>21</sup> Statista. 2020. Production of Cocoa Beans in Indonesia from 2012 to 2019, with A Forecast for 2020. Available [here](#)

<sup>22</sup> Statista. 2020. World Cocoa Production by Country in 2018/19 and 2019/20. Available [here](#)

constitutes raw beans rather than processed cocoa.<sup>23</sup> Some islands such as Sumatera and Papua apply fermentation on their cocoa beans before selling them. There has been an effort to encourage smallholder farmers in Sulawesi to expand the production of fermented beans, yet commercial incentives are inadequate. Generally, cocoa is harvested all year round, with the peak harvest season taking place between September and December, and March to July.<sup>24</sup>

### *Cocoa Task and Risk Mapping in Indonesia*

Key Tasks	(Farm Management) Sanitation, Production Pruning, Fertilization, Pest & Disease (P&D) control	Harvesting	(Farm Management) Pruning, Fertilization & P&D control	Replanting & Rejuvenation
Peak Period	June / July OR September	June / July OR September	June / July OR September	June / July OR September
Total time spent in performing the task	7-8 hours per person / per day	7-8 hours per person / per day	7-8 hours per person / per day	7-8 hours per person / per day
Estimated number of workers performing the task based on a typical size of cocoa farm owned by smallholders (less than 1 ha) <i>Note: the workers may perform multiple tasks on the same day</i>	1-2 persons	2-3 persons	2-3 persons	1-2 persons
Machines or tools used in performing each task	Hoe, machete, sickle, shears, basket/bucket and chemical spray tank	Harvest pole, shears, basket & stroller	Hoe, machete, sickle, shears, basket/bucket & spray tank	Hoe, machete, crowbar & scoop
Level of skills required to perform each task	Low to medium skills, except for P&D control (medium to expert skills)	Medium to expert skills	Low to medium skills, except for P&D control (medium to expert skills)	Medium to expert skills
Level of risk in performing each task	Low risk	Medium risk	Low risk	Low risk

<sup>23</sup> Indonesia Investment. 2020. Cocoa in Indonesia. Available [here](#)

<sup>24</sup> *Cocoa Harvest in Indonesia*. (July 19, 2019). Available [here](#)

Source: OFI-Cocoa (Indonesia, 2021)

**Cocoa Seasonal Calendar (Indonesia)**

Key Tasks	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Site selection									■	■	■	■
Clearing								■	■	■	■	■
Nursery creation	■	■	■	■	■	■	■	■	■	■		
Planting banana	■	■	■	■							■	■
Planting other food crops	■	■	■	■							■	■
Planting cocoa trees	■	■	■	■							■	■
Weeding	■	■	■	■	■	■	■	■	■	■	■	■
Plant treatment	■	■	■	■				■	■	■	■	■
Harvesting					■	■	■					
Pod opening					■	■	■					
Drying					■	■	■	■	■	■		
Bagging								■	■	■		
Marketing								■	■	■	■	■

Source: OFI-Cocoa (Indonesia, 2021)

**c. Summary of Regulatory Framework Governing Labor Standards**

- International obligations**

Indonesia has ratified all eight fundamental International Labour Organization conventions. These include conventions C029 (on forced labor), C138 (on minimum age), and C182 (on worst forms of child labor). In addition to that, Indonesia has also ratified two other conventions (Priority) namely C081 (on labor inspection) and C144

(on tripartite consultation). Indonesia has also ratified a range of technical conventions, including C187 (on occupational safety and health).<sup>25</sup>

Indonesia has also ratified other relevant UN treaties and protocols (in addition to the ILO's conventions). These include the United Nations Convention on the Rights of the Child (CRC), UN CRC Optional Protocol on Armed Conflict, UN CRC Optional Protocol on the Sale of Children, Child Prostitution and Child Pornography, and the Palermo Protocol on Trafficking in Persons.

- **Domestic legal framework**

Given its international obligations under the ILO and UN conventions, treaties and protocols, the Indonesian Government has enacted national laws and regulations to uphold international standards. Indonesia's principal legislation governing employment is Law No. 13 of 2003 on Employment (Employment Law). The Employment Law is complemented by other relevant laws (e.g. Law No. 21 on Labor Unions), and supplemented by government regulations and presidential decrees, ministerial regulations, circulars and instructions. The Employment Law applies to Indonesian employees only. For foreign nationals working in Indonesia, the employment relationship is governed by the terms agreed in their respective employment contract.

Generally, employment contracts are issued for an indefinite or a defined (fixed term) period. An employment contract for a fixed term may only be used where the work: is one-off and temporary in nature; will be completed within three years; relates to seasonal work; or is related to a new product, new activity or additional product that is still in the experimental stage or try-out phase.<sup>26</sup>

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<sup>25</sup> Available [here](#)

<sup>26</sup> Lewis Silkin. 2019. Employment Law in Indonesia – An Overview. Available [here](#)

### **Minimum Employment Rights Guaranteed under Indonesian Employment Law<sup>27</sup>**

There are a range of minimum employment rights guaranteed under Indonesian Employment Law. These include:

- Entitlement of 12 working days of paid vacation (after one year of service);
- Entitlement to receive the minimum salary stipulated annually by the authority in each province, which vary depending on the economic sector;
- Enrolment in the national social security program, which covers workplace accidents, death, retirement, pension, healthcare and medical expenses;
- Specific clauses on anti-discrimination on the grounds of sex, ethnicity, race, religion or political views, skin color and disability; and
- Workers' right to associate and/or form labor unions, which have to be registered with the government and regulated under Law No. 21 on Labour Union.

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<sup>27</sup> Ibid.

## Laws and Regulations related to Child Labor in Indonesia<sup>28</sup>

With respect to the prohibition and prevention of child labor, the government has established laws and regulations related to child labor. These include:

- Law No. 11/2020 concerning employment policy, promotion of employment and employment services;
- Law No. 13/2003 concerning Manpower as a comprehensive legislation on labor relations;
- Law No. 23/2002 on Child Protection to guarantee and protect rights of children, so as to ensure their survival, growth and development;
- Law No. 21/2007 on the Eradication of the Criminal Act of Trafficking in Persons setting forth a prohibition against the trafficking in females and underage males and qualifies such action as a criminal offence;
- Law No. 35/2014 concerning the elimination of child labor, and protection of children and young persons.

The Ministry of Manpower (MOM) has a substantial involvement in the enforcement of child protection laws, including prohibition and remediation of child labor, while the Ministry of Women Empowerment and Child Protection is mandated to execute the Guidelines for Integrated Community-based Child Protection.

### d. Labor Risks in the Cocoa Sector in Indonesia

- **Risks of child labor**

Child labor remains a significant risk in the agricultural sector in Indonesia. In 2009, Indonesia's Central Bureau of Statistics (BPS) estimated that 6.9% (about 4 million) of the country's 58.8 million children (aged 5 - 17) were working.<sup>29</sup> From this figure (about 4 million children), it is estimated that 61.6% of them are engaged in the agricultural

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<sup>28</sup> Ibid.

<sup>29</sup> Minister of Manpower, Republic of Indonesia. (Year Unspecified). Roadmap Towards A Child Labor-Free Indonesia in 2022. Available [here](#)

sector.<sup>30</sup> Indonesian children engaged in child labor had typically dropped out of school and were often subjected to neglect. While many of them were found to be working in various agricultural and plantation sectors, incidence of child labor also occurred in fisheries, on the streets, as well as mining, domestic work, drug trafficking and sexual exploitation.<sup>31</sup>

Recently, the United States Department of Labor (DoL) and ILO reported that children in Indonesia engaged in the worst form of child labor.<sup>32</sup> While the report does not specifically highlight the cocoa sector, it points out that children facing barriers to access education end up undertaking agricultural activities.<sup>33</sup> Besides, the lack of proper documentation hinder many children to access formal education at government schools. Agricultural work is often viewed as one of the most hazardous sectors. Most of the agricultural activities expose individuals to hazards, including extreme temperatures, pesticides and organic dust, as well as working long hours and using heavy and dangerous machinery and tools.<sup>34</sup>

A study conducted by Save the Children in Lampung, Indonesia found that more than one in every five children involved in cocoa small farming activities often begin assisting their parents at the age of 12 years. However, not all farming activities conducted by children constitute child labor. This is because activities on the cocoa farms mostly involve light work (e.g. watering the plant; cocoa drying) and takes less time compared to other agricultural products such as palm oil. With less hours needed to help parents on the farm, children's access to education is not severely affected.<sup>35</sup>

- **Women's role in cocoa**

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<sup>30</sup> United States Department of Labor's Bureau of International Labor Affairs. 2012. Findings on the Worst Form of Child Labor. Available [here](#)

<sup>31</sup> Minister of Manpower, Republic of Indonesia. (Year Unspecified). Roadmap Towards A Child Labor-Free Indonesia in 2022. Available [here](#)

<sup>32</sup> United States Department of Labor's Bureau of International Labor Affairs. 2018. Indonesia - Moderate Advancement. Available [here](#)

<sup>33</sup> *Ibid.*

<sup>34</sup> International Labour Organization (ILO). (Unspecified Year). Child Labor in Plantation. Available [here](#)

<sup>35</sup> Mondelez International. 2017. Children at the Heart. Available [here](#)

In many agricultural communities in Indonesia, women's role is not typically recognized.<sup>36</sup> Women also play a role cocoa farming, limited to helping their husband or any male members of the household.<sup>37</sup> Women are only considered as additional workforce, or to supplement the male workforce during peak season. In many situations, women are not asked to work or help undertaking cocoa farming activities. Instead, they are asked to undertake other income-generating activities such as managing stalls or producing handcrafts or undertaking unpaid household chores.

There are women involved prominently in cocoa farming activities, especially widows. It has been increasingly acknowledged by society that the role of women is instrumental not only to transform the productivity of cocoa farming, but as a means for many females to make a living, increase their status in society, and support their children (including education).<sup>38</sup>

- **Recent labor reform**

In November 2020, the Indonesian government enacted the Omnibus Law on Job Creation – a law that includes many new labor provisions impacting workers in many sectors of the economy.<sup>39</sup> The new labor law has arguably weakened the workers protection on a range of labor standards such as hours of work, contracts and wages that fall short of internationally-recognized standards. Various labor unions and non-governmental organizations (NGOs) challenged the new law in court.

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<sup>36</sup> *Ibid.*

<sup>37</sup> *Ibid.*

<sup>38</sup> *Ibid.*

<sup>39</sup> See *Nikkei Asia*. (November 3<sup>rd</sup>, 2020). Jokowi signs controversial omnibus bill into law. Available [here](#)

### FLA's Initial Review of Indonesia's Omnibus Law

The FLA highlighted several issues that might negatively impact workers' protection which conflict with several FLA's Workplace Code and Compliance Benchmarks. These include the following regarding labor standards:

- The limit on the maximum permitted period for fixed-term contracts (three years) has been removed, along with definitions of temporary and seasonal employment. This might create confusion over the use of "temporary" and "seasonal" employment categories.
- Provisions of the Labor Code on sectoral minimum wages (which were usually higher than existing city/regency level minimum wages) have been removed. There is a risk that employers will stop the payment of only freely negotiated minimum wages where unions can participate in the wage-setting process.
- The new law introduces piece-rate wages without detailed guidance, with several other risks such as giving employers the sole discretion to determine the piece-rate. This may also create a situation where workers are required to work longer hours to achieve the ideal daily wage.
- The maximum number of overtime hours has been extended from 3 hours per day and 14 hours per week to 4 hours per day and 18 hours per week. This potentially increases working hours above internationally-recognized standards.
- The law removes provisions that regulated the termination process, and does not provide proper guidance. This could lead to warning letters no longer being required for termination when a worker violates the employment agreement, company regulations, or a collective agreement.
- All company activities can now be outsourced without limitation. This can trigger the use of unauthorized subcontractors.

Source: FLA Joint Letter to Indonesian Government, available [here](#)

### e. Community Profiling

Pesawaran is one regency within the Lampung province. It covers about 1,173 square kilometers with a population of 477,468 people, according to Indonesian 2020 census. The regency administration and governmental agencies are in Gedong Tataan. This regency was formerly part of the South Lampung Regency, from which it was separated in 2007. The Pesawaran Regency consists of 11 sub-districts and 144 villages.

There are approximately 4,803 households living in the six selected villages (i.e. Desa Wates, Desa Gunung Rejo, Desa Ponco Rejo, Desa Mulyasari, Desa Pesawaran Indah and Desa Harapan Jaya). The total population of all six villages is 17,326. About 51% (or 8,878 individuals) are male, and 49% (8,448 individuals) are female. About 17.3% (2,992 individuals) are children below the age of 18 years.

The majority of the population (90%) is of Javanese ethnicity. The other 10% of the population consists of other ethnic groups such as Sundanese, Lampungnese and Bataknese. Of the community, 90% of the total population have basic literacy. Economically, the majority of the population (nearly 95%) relies on cocoa, other crops, farming and related activities (e.g. cocoa trading and other services). Other income-generating activities include operating small businesses and shops.

Regarding public health, apart from the COVID-19 outbreak, the selected villages recorded cases of dengue fever especially at Desa Gunung Rejo, Desa Wates (Kalirejo), and Desa Ponco Rejo in 2016, 2017 and 2019. One case of Hepatitis was recorded in Desa Harapan Jaya in 2016/2017. One Tuberculosis case was recorded in Desa Pesawaran Indah in 2010. Isolated cases of Filariasis occurred at Desa Gunung Rejo in 2013. In 2016, a significant outbreak of Chikungunya occurred at Desa Mulyo Sari, infecting almost 30% of the adult population.

- **Community Structure and Public Infrastructure**

#### Governmental structure at village level

All six selected villages have their respective functional municipalities covering/governing different aspects of public infrastructure and interests. These include provision and maintenance of public roads, access to water supply, sewer, waste management, education, as well as public health services – all of which are governed at village level.

Typically, in a governmental and administrative structure, a village is governed by the Head of the Village (locally known as *Kepala Desa*). The Head of the Village is the highest level of government official at village level. The Head of the Village is supported by Village Officials (locally known as *Perangkat Desa*).



*Picture 4: One of the Village Offices in Pesawaran Regency, 2021*

## Education

All selected villages have at least one public elementary school or a religious school that is equivalent to public elementary school. The distance between elementary schools and the local communities is between 500 meters and two kilometers. Only Desa Mulyosari has a public junior high school, of which students come from the surrounding villages

such as Desa Ponco Rejo and Desa Wates (Kalirejo). The distance between the public junior high school at Desa Mulyosari and the communities, including those nearby villages, is between 200 meters and three kilometers.

Desa Gunung Rejo has both an Islamic junior high school and senior high school. The distance between the Islamic secondary schools and the communities is about 500 meters. There is also a private vocational senior high school located at Padang Cermin – a sub-district within a radius of 25 kilometers of the selected villages. The syllabus taught at the vocational school includes computer and information technology, and mechanics.

Collectively, the number of children currently enrolled at primary and secondary schools in the selected villages is 1,542. It consists of 49.5% (763) female students and 50.5% (761) male students. There are 59 female teachers and 20 male teachers in the selected villages and one teacher for every 19 students in the selected villages.

***Number of Students and Teachers in Selected Six Villages (Collective)***

Level of Education	No. of Students (%)		No. of Teachers (%)	
	Male	Female	Male	Female
Primary School	460 (60.4%)	472 (61.9%)	12 (60%)	39 (66.1%)
Secondary School	301 (39.6%)	291 (38.1%)	8 (40%)	20 (33.9%)
Total	<b>761</b> <b>(100%)</b>	<b>763</b> <b>(100%)</b>	<b>20</b> <b>(100%)</b>	<b>59</b> <b>(100%)</b>

Source: Fieldwork, Pesawaran, Lampung province, 2021

There are pockets of children who cannot access both primary or secondary education. They typically come from low-income families. Children who are not enrolled in formal education often help their family to make a living. There are other potential factors that hinder children accessing formal education such as parents not valuing education,

distance between the nearest schools and children's home, and lack of transportation. The national compulsory education policy requires children to enroll in formal education at least to junior high school level (or nine years of education). Younger generation tend to migrate to nearby cities for employment. There were no childcare facilities observed in any of the six villages.

There is a tertiary level education institution known as the University of Lampung near the villages. The university has been actively involved in community programs including cocoa farming where it provides good agricultural practices training to farmers.

### **Financial institution**

State-owned financial institution PT Bank Rakyat Indonesia Tbk (BRI) is present in Desa Wates. It is one of the largest banks in Indonesia. The BRI in Pesawaran Regency specializes in and provides small-scale and microfinance for the general population, including cocoa farmers across the six villages.

Other than the BRI, there are other financial support systems in the selected villages. These include community-based cooperatives that provide savings platforms and loans to their respective members. Not all community-based cooperatives are registered and licensed to provide such services. The field assessment found that at least one of the community-based cooperatives at Desa Wates has been issued with a permit to provide financial services. Most existing cooperatives are men-led, women can only access financial services, especially loans, through their husbands (who are members to the cooperatives).

The lack of a direct financial services, especially among women, leads to self-financing schemes, known locally as "*Arisan*". "*Arisan*" is mainly participated in by women, including women farmers, through a rotation of savings from a group of woman participants. The field assessment found that each of the six villages has their own "*Arisan*" group. Information received at Desa Gunung Rejo, Desa Pesawaran Indah and Desa Harapan Jaya found that the "*Arisan*" group also provides soft loans to their members with no interest.

The filed assessment also found similar groups of “*Arisan*” in which mainly male farmers participated. Instead of money rotation, the male farmers agree on a rotation of collective farm activities. In this type of “*Arisan*”, the male farmers collectively work on each member’s farms until all other members have been served, as per the agreed arrangement.

### **Public healthcare and safety**

All six villages have their respective public healthcare center (locally known as *Pusat Kesehatan Masyarakat*), auxiliary public healthcare center (locally known as *Pusat Kesehatan Masyarakat Pembantu*), village health post (locally known as *Pos Kesehatan Desa*), and/or integrated healthcare center for children and the elderly. All healthcare-related facilities have either a doctor and/or trained health worker, senior health worker (*mantri*), and/or village midwife. The nearest general hospital (locally known as *Rumah Sakit Umum Daerah*) is located at Gedong Tataan, several kilometers away from the selected villages.

National Healthcare Insurance (known as *BPJS Kesehatan*) is the most common insurance subscribed to in the selected villages with between 30% - 80% of the community members using it.

### **Other public facilities**

Community members in selected villages live in family housing and residential areas, typically located nearby the village office, wet market, school and workplace or farms. The family housing and residential areas are usually located within a radius of 500 meters to two kilometers from the above offices and facilities.

Between 60% and 90% of the households in the selected villages have access to sanitary facilities with dedicated septic tank through which the domestic wastewater flows for treatment. The remaining community members who are living by the river do not have

a septic tank and often dispose of their domestic sewage into the river or creek. The government has been supporting the community, financing water closet complete with a septic tank. This is expected to reduce environmental pollution, especially to nearby rivers. In all selected villages, there is no state-owned water company present. The community members built their own portable water facility for local use. It was reported that the district government has been financing some communities to embark on clean water development projects. The government has also constructed a water piping system to flow clean water from mountain springs to households.

### Women and Youth Empowerment

The Family Welfare Movement (locally known as *Pemberdayaan Kesejahteraan Keluarga* - PKK) is the main community-based women's empowerment group/program at village level. It is a community organization program that strengthens women's participation in development programs, including income-generating activities. The PKK is also involved in implementing programs related to health and family planning, skills building and counseling, and food security. Membership of the group is voluntary, and consists of community leaders, spouses of heads of offices, regional officials, as well as village and sub-district level officials.

The field assessment found that there was one women leader for every five women in the selected villages, usually leading women community groups such as the PKK or women farmer groups. In other instances, women leaders are represented in local government such as heads of affairs or section heads.

Youth organizations, known as *Karang Taruna*, function to attract youth participation in social welfare and sport programs. *Karang Taruna* is also a social space where youth participate in creative activities, and skills development. The field assessment found that similar youth organizations were present in Desa Wates and Desa Gunung Rejo, and they are among the most active social groups.

### Cultural Norms and Community Practices

As the majority ethnic population in selected villages is Javanese, the community follow the Javanese cultural norms and values. Broadly, the Javanese culture embraces collectivism (working collectively) and adheres to social orders, religious norms, and dislike direct conflicts or disagreements. The Javanese maintain a patriarchal society where men serve as the head of a societal system and the safeguard for the implementation of societal norms and values.

Communal work (locally known as *gotong royong*) is a common tradition in the selected villages and influences how farming work is distributed within a small group of farmers. Farming work such as slashing and pruning are often shared among community members. The field assessment found a diverse perspective from farmers with respect to communal work, in particular regarding compensation. While some community members maintained the voluntary nature of communal work, others reported that the value of non-paid communal work has been less significant given the fact that agricultural practices are becoming more commercial. These farmers argued that if a particular farmer needs workforce, they need to hire and pay them based on the tasks.

The existing patriarchal norms and religious values have influenced the gendered division of work between women and men. Women tend to engage in unpaid domestic work, while men are involved in farming or other income-generating activities. In cocoa farming specifically, men are likely to be involved in tasks such as managing the farm (e.g. harvesting). Women are more engaged in perceived feminine types of work such as bean sorting and drying. It is worth mentioning that the farmers' and workers' survey in selected villages indicate a positive development with respect to gendered division of work at the cocoa farm level.

## ANNEX III: STAKEHOLDERS MAPPING

- **Regulators**

The Indonesian cocoa sector is regulated by the Ministry of Trade and the Ministry of Agriculture. The primary role of the Ministry of Trade is to formulate policies related to trade development, including domestic and international cocoa trading while the Ministry of Agriculture, oversees the development of agriculture, including cocoa farming and plantation. The Ministry of Agriculture is also responsible for creating and maintaining partnerships and a fair-trading system for many agricultural commodities, to increase productivity and access to domestic and global markets.

- **Indonesian Coffee and Cocoa Research Institute (ICCRI)**

The Indonesian Coffee and Cocoa Research Institute (ICCRI) conducts research and development activities related to coffee and cocoa commodities.<sup>40</sup> ICCRI partners with relevant government agencies and local administration offices and collaborates with private industry players and research institutions such as Nestlé R&D Centre in Tours, World Cocoa Foundation (WCF), World Coffee Research (WCR), Mars Inc., Mondelez and Barry Callebaut.

For the past few years, the ICCRI has conducted and disseminated research of technological development for coffee and cocoa processing, and market research of the downstream processing chain. In addition to research, consultancy, and training, the ICCRI is involved directly in the coffee and cocoa value chain through the Mediated Partnership Model (MOTRAMED), which was first introduced in 2001. Through MOTRAMED, the ICCRI empowers farmer organizations and individual through capacity building programs and trainings such as Good Agricultural Practices (GAP), Good Handling Practices (GHP), Good Manufacturing Practices (GMP), and developing a sustainable marketing system directly with buyers. Through this program, ICCRI has

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<sup>40</sup> Further information about the Indonesian Coffee and Cocoa Research Institute (ICCRI), see [here](#)

contributed immensely in improving small farmers' income and livelihoods, especially in coffee and cocoa producing regions.

- **Asosiasi Kakao Indonesia (Askindo)**

The Indonesian Cocoa Association, known locally as the *Asosiasi Kakao Indonesia* (ASKINDO), is an association formed to reduce government intervention and assistance in managing cocoa production across supply chains, including processing producers, traders (including exporters) and cocoa manufacturers, in an integrated manner. The association is open to economic actors involved in the cocoa sector including private companies, cooperatives, and farmer groups.<sup>41</sup>

- **Cocoa Sustainability Partnership (CSP)**

The Cocoa Sustainability Partnership (CSP) is a forum for public-private collaboration with the vision to make Indonesian cocoa a globally competitive product, and the industry economically viable and socially sustainable. As an umbrella organization for Indonesian Cocoa sustainability, the CSP coordinates collaborations and facilitates learning among stakeholders by fostering trust, commitment, communication and transparency, to successfully empower cocoa farmers and their communities.<sup>42</sup>

- **Civil Society and International Organization**

The role and contribution of civil society are instrumental to the cocoa industry with respect to the welfare and livelihood of small farmers, workers, and the community. Some work in the areas of cocoa development, sustainability, and access to market (e.g. income diversification initiatives), while others focus on the prevention, protection, and remediation of labor and human rights issues, including child labor and gender-based discrimination. This assessment focuses on the latter.

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<sup>41</sup> Further information about ASKINDO, see [here](#)

<sup>42</sup> Further information about Cocoa Sustainability Partnership (CSP), see [here](#).

*List of NGOs and CSOs*

Organization	Scope of Work (Indicative)
ECPAT Indonesia	Elimination of child prostitution, child labor and sexual discrimination against children
Human Rights Working Group (HRWG) - Indonesia	Human rights, civil and political rights; rights of Indonesian migrant workers; gender equality and empowerment
Indonesian Legal Aid Foundation	Right to justice and legal aid; Protection and remediation of labor rights violations.
Komnas HAM (Human Rights Commission of Indonesia)	Civil and political rights; labor and women rights; policy advocacy; public inquiry
Migrant Care	Labor rights; Protection of Indonesian migrant workers; elimination of child labor and forced labor
Pusat Kajian Dan Perlindungan Anak (PKPA)	Child health and protection; policy research
Women's Solidarity for Human Rights	Women rights; Women migrant workers; policy advocacy

### *List of International Organizations*

<b>Organization</b>	<b>Scope of Work (Indicative)</b>
Business and Human Rights Resource Centre (Indonesia's Office)	Business and human rights; human rights assessment and monitoring; research and advocacy
Danish Institute of Human Rights	Research and advocacy in areas of labor rights, prohibition of child labor and forced labor
Embode	Responsible business; child protection; elimination of child labor and forced labor
Save the Children (Indonesia)	Child rights and protection; elimination of child labor and sexual trafficking; policy advocacy and service delivery
International Labour Organization (ILO) (Indonesia)	Decent work; labor rights and social protection; policy advocacy; research and publication
International Organization for Migration (IOM)	Labor migration; labor rights and standards; counter trafficking and forced labor
SOS Children Village (Indonesia)	Child protection, including education and health; shelter home; emergency response
UNICEF Indonesia	Child rights and protection: policy advisory and advocacy
Komisi Perlindungan Anak Indonesia (KPAI)	Child rights and protection, and policy advocacy