



Contextual Analysis of Workers in Fairtrade-certified Small-scale Producer Organizations: Cocoa Production in Côte d'Ivoire and Ghana Banana Production in Colombia, the Dominican Republic and Peru

Response from the commissioning organization, Fairtrade International

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THE STUDY AT A GLANCE

Introduction

Fairtrade commissioned an independent study to examine the working and living conditions of workers, including hired labourers, in smallholder settings for cocoa production in West Africa and banana production in Latin America and the Caribbean that are part of Fairtrade certified Small-scale Producer Organizations (SPOs). This research involved a mapping and contextual analysis of the nature and types of labour engaged in SPOs to understand on-the-ground labour realities and challenges, and make concrete proposals to improve access to workers' rights and wellbeing.

The study covered the production of two crops in five countries: cocoa in Ghana and Côte d'Ivoire, and bananas in Colombia, the Dominican Republic and Peru. Completed in August 2020, the study was carried out by Elke de Buhr, PhD; William E. Bertrand, PhD; Hayford Ayerakwa, PhD; Anthony J. Cooper, J.D.; Eliana Gonzalez Torres, and Chris N. Bayer, PhD.

Study Objectives

Enabling workers (including those in SPOs) to access their rights of workers, while also enabling farmers to access markets and living incomes, are the responsibility of all stakeholders in the Fairtrade system. The study was commissioned to better understand the living and working conditions of workers that are engaged in SPOs, including identifying and defining workers' categories in SPO's different countries, regions and products, to be able to make feasible commitments towards improving the workers' conditions and deliver on them.

This evidence based assessment was conducted with the goal of enabling Fairtrade to develop a system-wide strategy concerning workers in SPOs. The work around the development of this strategy is guided and supported by a Steering Committee with participation from Fairtrade producer networks, national (market-facing) Fairtrade organizations and Fairtrade International's secretariat.

Study Methods

Primary data was collected by conducting 60 interviews with workers in SPOs (hired workers and also small-scale farmers who provided labour support) in Fairtrade origins for cocoa and banana. In addition, 87 key informant interviews were carried out with SPO leaders, local trade unionists, representatives of Fairtrade producer networks and Fairtrade International and with members of the Fairtrade Workers' Rights Advisory Committee. The study was structured as follows:

1. The assessment first analysed Fairtrade's 2019 Standard for Small-scale Producer Organizations (SPO) and the 2014 Hired Labour Standard, applicable national and international legal frameworks on workers' rights, as well as leading practices and existing programmes aimed at promoting and securing labourers' rights, health and safety.
2. A survey was conducted in cocoa and banana SPOs to better understand the nature of hired labour, on-the-ground conditions, reported gaps according to hired labour types, as well as employer perspectives on labour dynamics and international good practice. In addition, stakeholders at the national and international level were surveyed on their perspectives.
3. Premised on the research results, a gap analysis on labour-specific issues was conducted, culminating in the provision of recommendations.

# of worker respondents	# of in-country key informants	# of international key informants
300	74	13

Table 1: Number of respondents who contributed to the study

Study Findings

Comparing crops, the banana workers in Latin America had, on average, a higher standard of living compared to the cocoa farmers in West Africa. The Latin American workers were more likely to report access to reliable sources of water and electricity. They also less frequently reported shortages of food. Their types of employment also differed. While more than half of the cocoa workers interviewed in West Africa were sharecroppers, most of the workers interviewed in Colombia and the Dominican Republic were employed on a permanent or regular basis, and most of the workers in Peru were contracted by their respective SPOs. Overall, the banana workers in Latin America were much more likely to have a written contract than the cocoa workers in West Africa. The banana workers in Latin America also reported working more hours; they were more likely to be paid for performing extra work, and they earned considerably more. The Latin American workers also enjoyed better protection of workers' rights. They frequently benefited from union representation and reported having more frequent access to redress mechanisms. Workers in Latin America also had much better access to PPE and labour-saving equipment. This included protective boots, gloves, and a nose/gas mask when spraying. Unlike the West African



cocoa farmers, the Latin American banana workers were generally provided with access to this PPE free of charge. They also more often reported having received training on how to stay safe and how to use equipment, including having better access to hygiene facilities such as showers.

The key international informants agreed that intensified efforts were needed to improve working conditions for hired labourers on Fairtrade certified SPOs. Specific issues raised by this group of respondents included low wages and the lack of access to a living wage for some workers; the availability of and access to benefits; the continuing violation of certain workers' rights; the lack of mechanisms for redress, and the low rate of unionization. To address some of these concerns, various measures, including specific improvements to relevant Fairtrade Standards, were suggested by key informants.

Recommendations

The research team made the following key recommendations, slightly edited below for better understanding and further explained in the full report and in the published executive summary and policy brief.

1. Freedom of Association / Collective Bargaining / Unionization	
	The research found evidence that freedom of association and collective bargaining was discouraged or forbidden in some of the SPOs studied. The Fairtrade SPO Standard should be strengthened in this regard to counteract this.
2. SPO Function	
	To varying degrees, SPOs suffer from gaps that affect their ability to support audits, to introduce elementary forms of Human Rights and Environmental Due Diligence, and to provide for human resources service delivery, as well as dealing with workforce issues, including those that affect industrial relations. To these ends, concerted capacity building at the level of the SPOs is required.
3. Central Hiring	
	Peru's <i>cuadrilla model</i> , featuring central hiring of workers in SPOs, serves as a model to be replicated, to enable the employment relationship between individual farmers and hired labourers transitioning to a more formal relationship with the SPO. Fairtrade should standardize the conditions of employment at SPO level within Fairtrade Standards.
4. Grievance Mechanisms	
	A dedicated grievance channel for workers in SPOs would serve as a valuable management and quality control tool and give Fairtrade the chance to pre-emptively engage on issues before they escalate into crises.
5. Living Conditions	
	Fairtrade should monitor the living conditions of workers where SPOs or SPO members are providing housing as part of these workers' compensation.
6. SPO Membership and Governance	
	Fairtrade should recognize the realities of labour demand vs. labour supply by supporting shared forms of corporate governance including co-determination.
7. SPO Voting Mechanisms	

	Transparent internal SPO voting mechanisms need to be instituted and supported by Fairtrade.
8. Injury Frequency	
	To address injury frequency, the formation of Health and Safety Committees, with active workers' participation, should be mandatory for each SPO.
9. PPE	
	Since criterion 3.3.34 of Fairtrade SPO Standard is subject to the 'significant workers' threshold of ten workers or more, it is possible that thousands of workers are still not being supplied with basic occupational PPE.
10. FLOCERT Audits	
	To capture incidents of non-compliance with Fairtrade's labour rights and related provisions (human rights), FLOCERT auditors should be equipped with inclusive, labour-specific audit methods and undergo specialized training.
11. 'Significant workers'/'ten workers'	
	The central concept of ' <i>significant workers</i> '/'ten workers' (a threshold after which certain requirements around employment conditions apply) needs to be revisited from a human rights and labour rights perspective to ensure that minimum requirements apply to <i>all</i> workers. The fact that the threshold allows a producer to use equivalences of 15,600 hours per year exposes a large number of regular workers to a loss of basic rights and unacceptable risk.
12. Verbal Contracts	
	A large number of respondents reported that, in the case of disputes, the practice of verbal contracts worked against the hired labourer. Written contracts in a language understood by all parties should be stipulated.
13. Formalization	
	Formalization, which was considered by most key informants to be associated with significant economic costs for Fairtrade, employers, and SPO members, was however seen as in Fairtrade's core interest.
14. Labour Brokers	
	Contracts between labour brokers and SPOs with specific conditions attached concerning worker rights are advised. In addition, the identity, location, etc., of a labour broker's 'clients' should be reported to Fairtrade.
15. Worker Registry and Modelling	
	Fairtrade has an estimated 1.1 million smallholder farmers in its system. Yet Fairtrade does not know how many hired labourers, in turn, support these farmers. A requirement for every SPO to operate a worker registry is advised, also taking into account the type of labourer. This would form an integral component of a functional management information system, which would inform and guide Fairtrade's actions globally and provide near real-time data on both producers and labourers in their producer population. The appropriate use of modern communication technology makes such an effort feasible and cost effective.

FAIRTRADE'S RESPONSE

Our reaction to the findings

Fairtrade was established more than 30 years ago as a certification scheme and movement focused on improving the lives of farmers and workers in the Global South and making trade fair. The focus of our standards and of our producer support has historically been small-scale farmers and wage workers in large-scale farming set-ups (plantations). In research publications and media articles over the years, Fairtrade has been critically mentioned for its lack of impact on issues affecting hired workers on smallholder farms. The study suggests that these issues should be addressed by strengthening basic rights protection for wage workers under the SPO standard, their economic benefits flowing from Fairtrade certification and their participation in the decision making of small producer organizations.

Our internal steering committee for Workers in SPOs has welcomed the recommendations from the research team. We are in the process of determining if and how these recommendations can be best implemented. As recognized in the report, the economic interests, regional and product context, and the implementation capacity of small-scale farmer organisations should be considered in that determination. Nonetheless, it is clear that the identified gaps of wage labour in informal settings need attention. By giving importance to an action plan we want to ensure that the study leads to additional concrete changes, as opposed to being published and then put aside instead of other priorities.

Next Steps: Action for Fairtrade

Fairtrade is already working towards a stronger focus on labour conditions in SPOs. Key initiatives initiated before, during or shortly after the completion of the study, include:

- The Fairtrade Standard for Small Scale Organizations (SPOs) has been revised and implemented in 2019 (v2.1). In this updated version the definition of SPOs that can be certified under this standard has been narrowed, thereby excluding farming set-ups of a larger scale. That means that those set-ups will need to be certified under the Standard for Hired Labour to be able to continue selling under Fairtrade terms. The Standard for Hired Labour has more extensive requirements for employers related to labour conditions and with that a higher level of protection of workers' rights.
- The Fairtrade Board has approved the introduction of a grievance mechanism with the aim of maximizing access to farmers and workers to this mechanism, whether operating in the formal or informal economy. This grievance mechanism will be implemented during the course of 2021 and made accessible to workers.
- The Fairtrade Cocoa Standard review process started in early 2020. The research recommendations are part of our scope for review and will be considered, as applicable, in the review process. As examples, we are consulting on solutions for sharecroppers / caretakers, the definition of a "significant number of workers", and the proper inclusion of all workers employed by the SPO, including their subsidiaries and subcontractors.

In addition, and as a response to the study findings, Fairtrade has committed to implement changes in key areas of its work. As Fairtrade is set up to respond to both the needs of smallholders and workers, most changes to the Fairtrade Standards to improve the situation for workers must go hand in hand with adequate support to producer organizations and their smallholder members.

Review of the Fairtrade Standards and adequate support to SPOs

Several of the findings can best be addressed through a review of the SPO standard (currently scheduled for 2023/2024) or the applicable product standards for cocoa (2020-21, already started as mentioned above) and banana (starting in Q4 of 2021). A standard review process consists of consolidating the analysis of the topics to be reviewed, proposing standard changes that address the issue, consulting with affected stakeholders, and provide a final proposal to the Standard Committee for decision. Fairtrade will analyze, propose and consult on the following topics during the next reviews and allocate the topic to either the SPO standard or the product standards for cocoa and banana. Within the recommended areas for review we will pursue the following aims:

- **Human Resource practices:** Create an organizational function for support services to farmers on contracting, understanding of workers' rights and human resources management. In support of such change we will develop and test employment guidelines for SPO hiring of staff and members hiring workers in large, medium and small size SPOs. We will also make an inventory of the tools and guidance SPOs will need to receive in order to perform an HR function for their members. Once this organizational function is conceptualized we will consider how it can be systematically implemented.
- **Written Contracts:** Include all relevant rights within contracts to improve the quality and security of hired workers. SPOs shall be supported with training and support with regards to contracts with the aim to reach a routine in contracting processes.
- **Housing:** Introduce a new housing requirement to the SPO Standard, making clear that basic and safe living conditions need to be met where housing is part of the workers' compensation.
- **Governance:** Make progress towards inclusive decision-making. We need to factor in local context, the need for worker education and the existing governance mechanisms in SPOs. The work might be best started with pilots, and/or with introducing guidance in standards instead of a requirement.
- **Voting mechanisms:** Review current practice of surveillance or supervisory committees to adequately include worker representation. We will analyze how changes to the standards may serve the right of workers to participate more meaningfully in the democratic structure of SPOs.
- **Occupational Health & Safety (OH&S):** Establish OH&S committees with workers' representation as a means for workplace dialogue on health & safety issues. A challenge will be to enable meaningful worker representation in such committees through capacity building and support to both the SPO and the workers.
- **Personal Protective Equipment (PPE):** Make PPE mandatory for all workers, as an entry level requirement for all SPOs. Providing PPE is an individual farmer responsibility in the first place. Training may be needed for farmers and workers about correct use and actually using PPE under the applicable working conditions.
- **'Significant number of workers' concept:** Review the concept in standard sections 'Conditions of Employment' and 'Freedom of Association and Collective Bargaining'. We must consider the need to align workers' rights in SPOs with international labour standards while finding ways of mitigating potential economic impact and cost to the SPOs.

- **Verbal contracts:** Require contractual relations that provide the best protection for workers. We need to consider the legal contexts in producer countries. We may consult on written contracts as a default between SPO/their members/their subcontractors and the workers. Where written contracts are chosen, SPOs would need support in providing the correct format depending on the relationship between farmers and hired workers/tenant farmers/sharecroppers. Producer networks will need to explore training on contracts, and overcome barriers of illiteracy and local languages spoken by workers.
- **Formalization and worker registry:** Progress the integration of workers into the formal economy. Fairtrade recognizes the relevance of ILO Recommendation 204 (2016) for its strategy and supports the premise of the recommendation. However, in practice formalization does not lead to automatic access to social security services and health insurance. This depends on national legislation and indeed availability of social services in rural areas. There may be also legal barriers and costs associated with formalization of SPOs and their members as enterprises employing workers. This means that we have opportunities in countries where those barriers are not too high and also where legislation supports certain types of workers such as regularly scheduled workers. Previously mentioned actions such as written contracts to formalize work arrangements will serve the purpose of formalization, and worker registries will enhance insight and monitoring of progress. Producer networks will look into targeted activities to support the transition. Finally, producer networks will look into local and national advocacy action to overcome legislative barriers.
- **Labour brokers:** Include brokers in the scope of requirements regarding decent work. We support the regulation of employment services provided by labour brokers to SPOs. Subcontracted workers would need to be identified in a separate category in the workers' registry. Support services will need to be put in place during the transition period. The extension of this requirement to SPO members (farm level) will likely first need insights through worker registries and some piloting of how farm owners can practically oversee labour brokers' performance.
- **Resource-intensive interventions:** Ensure that each worker, regardless of regular or irregular, directly hired or subcontracted, earns at least the legislated minimum wage or the sectoral CBA rate, whichever is highest. In addition, ensure pay equity between workers in the SPO and equity between regularly scheduled and seasonal workers with respect to social benefits and Fairtrade Premium. We will look whether there are opportunities to strengthen or clarify existing standard requirements. Beyond the wage level required by the standards, we are already engaging with commercial partners on wage improvement for workers of SPOs and will scale up our programmatic efforts in that regard.
- **Fairtrade Premium benefits:** We will analyze how we can best ensure that workers benefit from the Fairtrade Premium in a more systematic way. One option might be to require inclusive consultation with workers about Premium plans, and accounting for workers' needs and priorities in the SPO's strategy and development plans. Another option may be to require that a minimum or proportionate percentage of Fairtrade Premium benefits hired workers directly, following consultation with workers.

Review of implementation of the current SPO standard

Some findings will be addressed through the bi-annual regular review process of the Compliance Criteria. This process consists of a common analysis between the Standards Unit and FLOCERT, leading to conclusions whether the implementation needs to be amended. Additionally, in 2021 the Fairtrade Standards Committee will evaluate the definition of a “significant number of workers” in the SPO Standard in the light of the findings of the study and may consequently decide on changes to this definition. Fairtrade will analyze and look for improvements for the following topics:

- **Freedom of Association (FoA):** Enforcing criteria of FoA requirements, in particular requirement 3.3.16. A dialogue with trade unions represented in the Workers’ Rights Advisory Committee at Fairtrade International may inform the analysis and desired change.
- **Auditor training:** FLOCERT stipulates mandatory field visits as part of audit practice. To better capture incidents of non-compliance with Fairtrade’s labour rights provisions we will engage with FLOCERT to develop training modules for auditors on labour rights matters.
- **Trade union support:** Fairtrade will extend its activities to promote trade union rights and strengthen trade union capacity to interact with workers in SPOs as well as in Hired Labour settings. Fairtrade will enter into partnerships with labour rights NGOs and trade union organizations to promote trade union representation in SPOs.

Producer support, programmes and local advocacy

Most of the above commitments require increased and targeted producer support, increased programmatic interventions and may be complemented by local and national advocacy action.

Fairtrade producer networks will look into the most relevant targeted activities to support SPOs and their members plus the hired workers. Producer networks will put in place services and advocacy action where practical and affordable. Producer networks will also look into increasing their engagement with governments, with a particular focus on promoting decent work and finding practical ways towards formalization of workers.

Scaling up of our programmatic efforts is already taking place, a good example being the implementation of a roadmap for migrant workers in the Dominican banana industry. In cocoa, Fairtrade operates the West Africa Cocoa Programme which will seek to include the integration of sharecroppers and caretakers as a target group for support.

For any questions on the study and Fairtrade’s response, please contact a.kratz@fairtrade.net