



**HOW DOES FAIRTRADE  
MITIGATE HUMAN RIGHTS  
VIOLATIONS IN GLOBAL  
SUPPLY CHAINS?**



*This publication was commissioned by Fairtrade's Human Rights Due Diligence Centre of Excellence.*

**PUBLISHED:** April 2021

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*This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of Fairtrade International and do not necessarily reflect the views of the European Union.*

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# HOW DOES FAIRTRADE MITIGATE HUMAN RIGHTS VIOLATIONS IN GLOBAL SUPPLY CHAINS?

— Eleanor Roosevelt —

Human rights begin in small places, said Eleanor Roosevelt. At home, at school, at the factory and farm.

**A**s the first Chairperson of the United Nations Commission on Human Rights, Roosevelt was involved in drafting the Universal Declaration of Human Rights. She emphasized how local such concepts as equal opportunity and dignity are.

“Unless these rights have meaning there, they have little meaning anywhere,” she said.

When the United Nations Guiding Principles on Business and Human Rights (UNGPs) were published in 2011, they articulated companies’ roles and responsibilities – even in those small places.

They are the same places Fairtrade has been focused on since the 1980s, when coffee farmers in Mexico and a Dutch NGO launched Fairtrade, for farmers to gain negotiating power in the international marketplace.

Since then, Fairtrade has grown into a global network made up of several organisations with staff in more than 100 countries. It brings together millions of smallholder farmers, workers, traders, manufacturers, retailers and consumers in an effort to improve living and working conditions for those at the beginning of our supply chains.

Yet the struggle to claim one’s rights continues.

And that was before the COVID-19 pandemic that, according to World Bank estimates, has

already thrust at least 119 million more people into extreme poverty – raising global poverty for the first time in 20 years.

In September 2020, Fairtrade published both [a Human Rights Commitment](#), and [a call for binding Human Rights and Environmental Due Diligence \(HREDD\) regulations](#) that bring the voices, knowledge and experiences of farmers and workers to the discussion in a meaningful way.

“We see development as a process of social empowerment and redistribution of power – not as a technical exercise,” says **Mary Kinyua**, Board Chair of Fairtrade Africa, adding, “Mandatory Due Diligence can be a real turning point in addressing human rights and environmental violations in global supply chains.”

Fairtrade commits to aligning its own policies and processes with the UNGPs. The network is currently preparing for a new type of Fairtrade-wide and UNGP-aligned Human Rights Impact Assessment, among other activities.

This publication discusses Fairtrade’s work in the context of the UNGPs. It is by no means an exhaustive account of Fairtrade’s work or impact, positive or negative.

It is, however, a reaffirmation of Fairtrade’s commitment to people in those small places that Eleanor Roosevelt emphasized more than 60 years ago.



## FIT FOR PURPOSE?

THE “NOT FIT FOR PURPOSE” report by the Institute for Multi-Stakeholder Initiative (MSI) Integrity, released in 2020, concluded that MSIs should not be relied upon to protect human rights.

Fairtrade agrees with the key take-away of the report—private standards are no substitute for public regulation. HREDD needs to become mandatory for companies and it must integrate rights holder perspectives.



## PRIVATE STANDARDS ARE NO SUBSTITUTE FOR HUMAN RIGHTS AND ENVIRONMENTAL DUE DILIGENCE REGULATION.

The report nevertheless finds that MSIs can build knowledge and trust, engage corporations, and possibly promote norms and policy reforms. MSI Integrity sees Fairtrade as one of the strongest MSIs in explicitly requiring compliance with international human rights or international labour standards (p. 102), recognizing the need for responsible purchasing practices (p. 104), advancing living wages (p. 93), and making affected rights holders aware of grievance mechanisms (p. 168–169).

One aspect where Fairtrade needs and seeks to achieve big improvements is assessing and showing evidence of our impact. The 2020 report by MSI Integrity notes that, “few MSIs are as committed as Fairtrade International

to assessing and responding to research on their impacts.” Still, we also often highlight the number of farmers engaged and the premiums gained through Fairtrade, looking at scale rather than impact.

Fairtrade sees many areas to improve, but also believes that MSIs with strong rights holder involvement can play an important role in pushing for change.

# FAIRTRADE AND HUMAN RIGHTS AND ENVIRONMENTAL DUE DILIGENCE

Legislation is needed – voluntary initiatives like certifications are not sufficient to solve human rights violations in global supply chains. But ambitious certifications like Fairtrade can offer invaluable support for HREDD work by companies, workers and farmers.

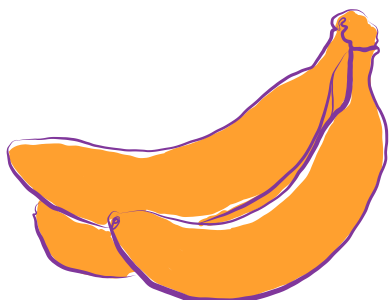
**1 FAIRTRADE IS STRENGTHENING ITS OWN HREDD PROCESS,**  
building on its Human Rights Commitment of June 2020.

**2 FAIRTRADE CALLS FOR MANDATORY HUMAN RIGHTS AND ENVIRONMENTAL DUE DILIGENCE.**

**3 FAIRTRADE SUPPORTS FARMERS', WORKERS' AND PARTNERS' HREDD WORK.**

## 1. FAIRTRADE'S HUMAN RIGHTS COMMITMENT

**WE COMMIT TO** aligning Fairtrade's policies and processes with the UNGPs. Our [Human Rights Commitment](#) was approved by the Board of Fairtrade International in June, 2020, laying out Fairtrade's HREDD process.



### OUR SALIENT HUMAN RIGHTS ISSUES

Fairtrade mainly works with agricultural supply chains and the textile industry. Our leverage is greatest in the supply chains of coffee, cocoa, bananas and flowers. The salient human rights issues, which our efforts to mitigate, prevent, cease and remediate chiefly focus on, include:

- living wages and living incomes
- child labour, forced labour and gender-based violence
- discrimination based on gender, ethnic origin or other status
- freedom of association and unionization
- conditions of work
- environmental rights



## 2. FAIRTRADE'S KEY RECOMMENDATIONS FOR HREDD LAWS

**TO HAVE A POSITIVE** impact on farmers, workers and artisans in the Global South, HREDD legislation should ensure real shifts in business practices. Fairtrade calls for HREDD legislation that:

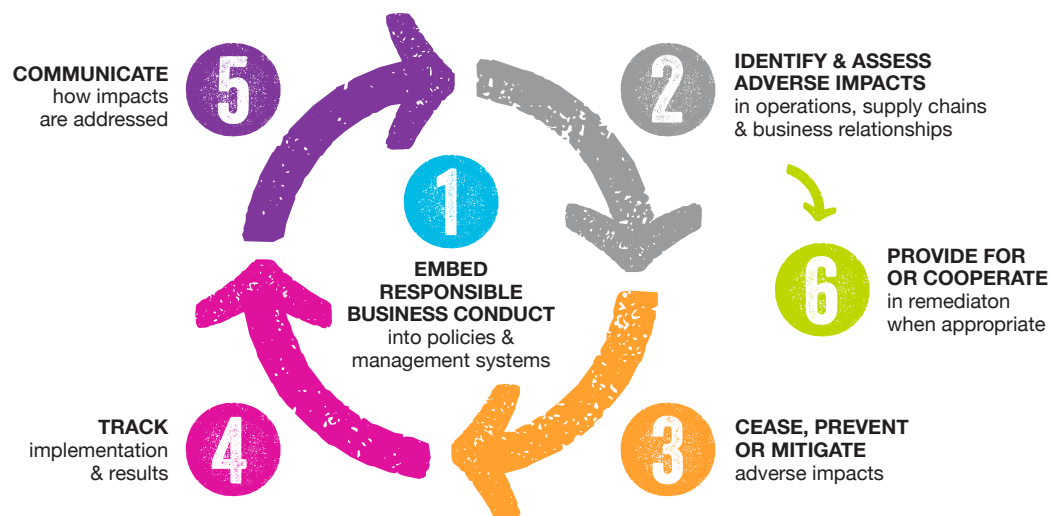
- Covers whole supply chains.
- Requires companies to address the most serious human rights and environmental issues rather than abandon or avoid high risk sourcing areas.
- Requires companies to engage in dialogue with workers, farmers and other rights holders.
- Mandates companies to assess and change trading and purchasing practices that contribute to harms in supply chains.
- Recognizes living wages and living incomes as indispensable steps in human rights and environmental protection.

Read more about Fairtrade's [key recommendations](#), including support for recommendations by wider CSO coalitions, and [vision](#) for HREDD regulation.

”

PEOPLE WHO ARE MARGINALIZED AND DISADVANTAGED BY CONVENTIONAL TRADING STRUCTURES CAN DEVELOP THE CAPACITY TO TAKE MORE CONTROL OVER THEIR WORK AND THEIR LIVES IF THEY ARE BETTER ORGANIZED, RESOURCED AND SUPPORTED.

– THE CONSTITUTION OF FAIRTRADE



OECD Due Diligence Guidance: The HRDD process

### 3. FAIRTRADE CAN SUPPORT EACH STEP OF ITS PARTNERS' HREDD WORK

#### FAIRTRADE OFFERS:

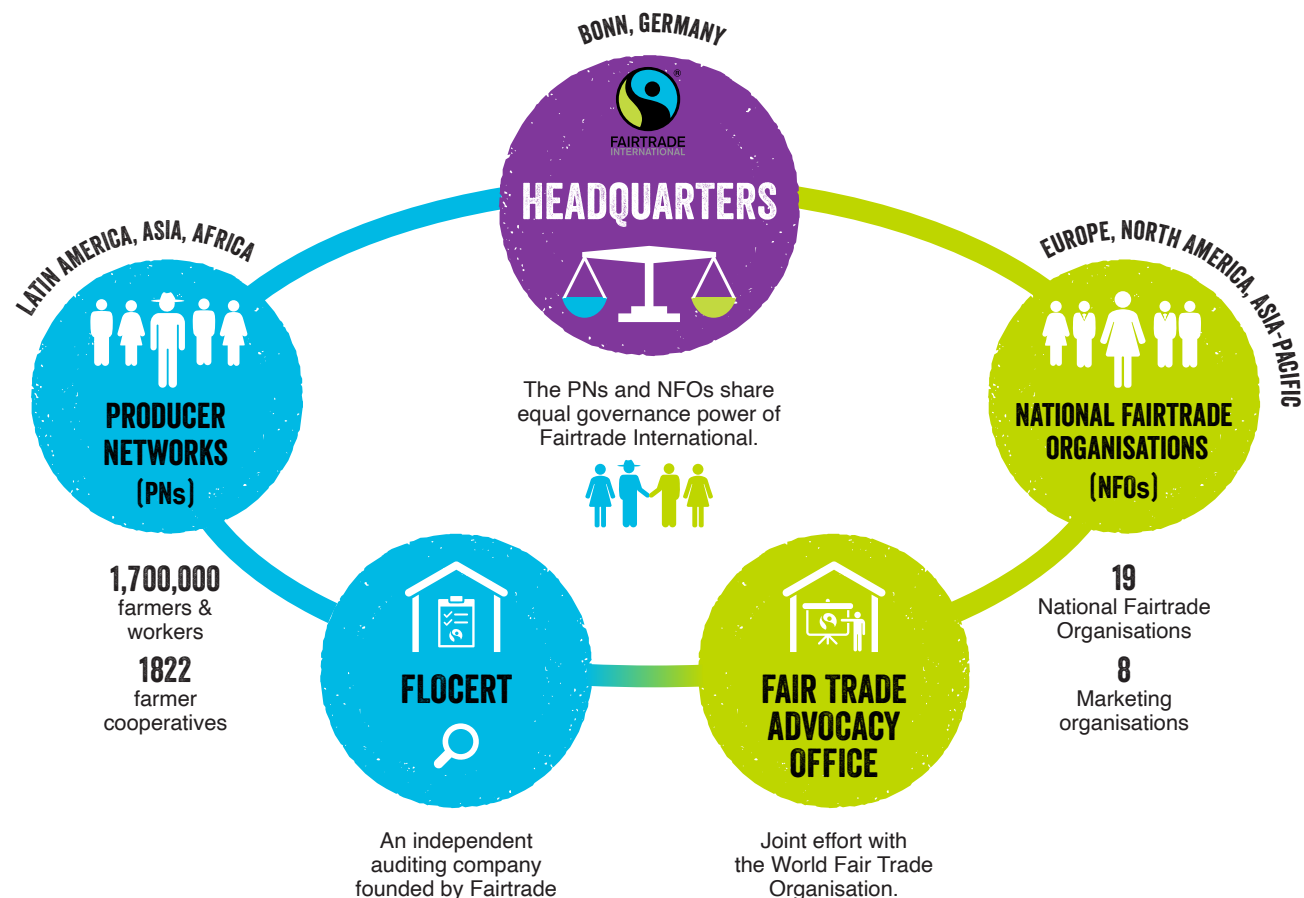
- 1** Understanding of human rights and HREDD, commodity and location-specific challenges, and their root causes.
- 2** Information and opportunities for dialogue among farmers, workers and other supply chain actors.
- 3** Support, guidance and requirements for farms and supply chain actors to prevent and mitigate adverse human rights and environmental impacts.
- 4** Follow-up of corrective measures; data from ongoing research and farmer questionnaires; aggregated audit data.
- 5** Data, analysis, examples and pictures about the results.
- 6** Support for remediation of child labour, forced labour and gender-based violence.





# WHAT FAIRTRADE?

Fairtrade is a global network that connects farmers and workers from developing countries with consumers and businesses across the world to change trade for the better.



## FAIRTRADE'S TOOLS FOR CONTINUOUS DEVELOPMENT .....

**THE UNGPS CALL FOR COLLABORATION** and continuous development to mitigate human rights problems related to business. These are fundamental building blocks of the Fairtrade system.

- **PRICE AND PREMIUM:** Buyers pay the Fairtrade Premium and the Fairtrade Minimum Price, ensuring they co-invest in human rights and environmental work at farms and local communities.

- **STANDARDS:** Designed to deepen the respect for human rights and the environment among producers and other supply chain actors. They are revised regularly, through inclusive processes, to raise their effectiveness.
- **AUDITING:** Fairtrade's independent auditing partner, FLOCERT, does regular on-the-ground visits to review farms' social and environmental conditions.

- **TRAINING AND SUPPORT:** Fairtrade offers farmers and workers training and advice on their rights and agricultural practices. Staff in Africa, Asia and Latin America can also assist farmers with corrective action plans.
- **ADVOCACY:** The Fairtrade network advocates at the global, regional and national levels for fairer laws and business practices, putting pressure on states and businesses to fulfill their human rights and environmental duties.

- **GLOBAL EDUCATION:** Staff in Europe, North America and Asia-Pacific aim to increase consumer awareness and encourage more responsible choices.

These activities are funded through contributions from companies that use Fairtrade standards and auditing as well as public funding for specific **development projects**.

## IMPACT OF CERTIFICATION DEPENDS ALSO ON SALES

**FAIRTRADE IS BUILT ON** the idea of strengthening farmers' and workers' say and livelihoods in global supply chains. Independent research shows that Fairtrade does indeed advance these goals.

According to a systematic review of 151 academic articles and other quantitative and qualitative studies of Fairtrade's outputs, outcomes and impact, research shows that Fairtrade:

- strengthens smallholder farmers' cooperatives - their organisational capacity and, in particular, representation and democracy
- improves farmers' income, wellbeing and resilience
- improves workers' health and safety, payment terms and job satisfaction
- enhances women's representation and participation and, especially at plantations, equality of pay
- raises consumers' awareness, commitment and willingness to pay for fair and sustainable consumption

The impact is, however, not equal in all commodities, environments or producer organisations. One key reason is that Fairtrade certified production exceeds demand. So, farmers that follow the Fairtrade criteria typically get Fairtrade Minimum Prices and Premiums for part of their yields only and need to sell the rest on conventional markets.

For example, certified coffee farms sell, on average, almost three-quarters of their produce on conventional markets. The same goes for two-fifths of bananas, almost two-thirds of cocoa and sugar, and over nine-tenths of tea.

It's natural to have some difference between production and Fairtrade sales levels. Producers may choose to sell their best quality produce on niche markets. Some produce may be sold locally, to generate quick income, because quality is not high enough for international markets or for a number of other reasons. Nevertheless, the gaps are large.

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Roger van Zaal

- "Not Fit-for-Purpose: The Grand Experiment of Multi-Stakeholder Initiatives in Corporate Accountability, Human Rights and Global Governance." 2020. MSI Integrity. [https://www.msi-integrity.org/wp-content/uploads/2020/07/MSI\\_Not\\_Fit\\_For\\_Purpose\\_FORWEBSITE.FINAL\\_.pdf](https://www.msi-integrity.org/wp-content/uploads/2020/07/MSI_Not_Fit_For_Purpose_FORWEBSITE.FINAL_.pdf).



A woman wearing a white headwrap and a teal long-sleeved shirt is shown from the chest up, leaning over a large wooden tray filled with a massive pile of cocoa beans. She is using her hands to sort through the beans. The background is a blurred red brick building with windows. The text is overlaid on the right side of the image in white, bold, sans-serif font, with each line of text on a separate purple rectangular background.

**BUILDING SUPPLY CHAIN  
COLLABORATION TO  
STRIVE TOWARDS  
LIVING INCOMES**



# BUILDING SUPPLY CHAIN COLLABORATION TO STRIVE TOWARDS LIVING INCOMES

THE COCOA BAROMETER

Farmers earning a decent living for the fruits of their efforts. That's the foundation upon which Fairtrade was built more than 30 years ago.

**A** clear enough goal. But we all know that progress towards it has been very slow. Case in point: the 2016–2017 collapse in world cocoa prices. Despite years of talk about improving farmers' livelihoods, cocoa prices dropped about 40 percent over one season.

The dramatic drop devastated farmers in Côte d'Ivoire and Ghana who produce more than 60 percent of the world's cocoa. Already before the collapse, Ivorian cocoa farmers and their family members each lived, on average, on less than one euro per day, when the living income was 2.5 euros a day.

"The cocoa sector has to ask itself whether the sustainability efforts made in the past decade have led to actual impact," implored the 2018 Cocoa Barometer report in response to the price collapse.

Fairtrade seeks lasting changes by supporting farmers and addressing disparities of economic

power in supply chains. The network works on multiple fronts that include:

- Strengthening farmer cooperatives,
- Developing data-supported Living Income References Prices,
- Increasing cocoa traders' accountability and
- Advocating for living income as a human right.

## FOCUS ON PRODUCER POWER

Like trade unions and associations, strong farmer cooperatives and organisations support their members in multiple ways.

They offer farmers training and advice. They bring economies of scale, where farm inputs and services are jointly acquired for all members. They also strengthen members' power by speaking with a louder, collective voice – to buyers and government, and within Fairtrade as well.

Fairtrade Standards guide and require coops to operate in a democratic, non-discriminatory and transparent fashion. The development of farmer organisations is also assisted by local Fairtrade staff and financially supported by Fairtrade Premium.

Further, several Fairtrade programmes, like the West Africa Cocoa Programme (WACP) in Côte d'Ivoire and Ghana, aim to strengthen farmer coops to better serve their members – and make progress toward living incomes.

Implemented by Fairtrade Africa, the WACP programme gathered more than 34,000 training attendances in 2019. Training topics included financial tracking and bookkeeping, women's leadership, income diversification, crop productivity, combatting child labour, and other topical issues.

This all seems worthwhile. Compared to other farmer organisations, those with more training had higher audit scores in social compliance, child rights' awareness, and avoiding damage to conservation lands.

Nevertheless, poverty persists. In 2016, just 7 percent of Fairtrade's Ivorian cocoa farmers were making a living, and progress is slow.



**Konan Koly Lucie, member of Coopérative des Producteurs de Sofoci Louhiri in Méagui, Côte d'Ivoire, receiving a payment of the Fairtrade Minimum Price Differential from her cooperative based on Q4 2019 cocoa sales.**



## DRIVEN BY DATA

And what is meant by a “living income?”

It's an income that covers the costs of basic but humane housing, clothing, food, healthcare, education, transport and insurance for a farmer and her or his family. The exact level depends on local prices and conditions, but also the typical number of breadwinners and other household members.

So, living income varies by country and region, often with notable differences between rural and urban areas.

Fairtrade started a process in 2017 to estimate Living Income Benchmarks – and then prices that could provide such incomes to farmers.

“Living wages and incomes sound great. But without detailed calculations of what they mean in practice for product prices, this is barely more than a philanthropic catchphrase,” said **Birgitta Tazelaar**, Deputy Director-General for International Cooperation at the Netherlands Ministry of Foreign Affairs at “The Only Way is Up,” a living wage and living income conference co-hosted by Fairtrade in 2019.

“Living wages and incomes are a human right – and this means they have to be quantified,” she added.

The quantification is a research-intensive process. Once the local level of living is known, Fairtrade calculates the Living Income Reference Prices on the basis of local productivity, other household income and viable farm size.

Fairtrade has so far published such prices for cocoa in Côte d'Ivoire and Ghana, and vanilla in Uganda and Madagascar. Research has also started for coffee in several regions.



*Living income defined.*

”

**THERE IS POWER IN NUMBERS, BUT THERE IS ALSO POWER IN KNOWLEDGE. FARMERS IN COOPERATIVES HAVE A GREATER BARGAINING ADVANTAGE COMPARED TO INDIVIDUAL FARMERS. THEY ALSO HAVE THE ADVANTAGE OF SHARING INFORMATION AND BUILDING SKILLS TOGETHER.**

– LILIAN MAINA, SOCIAL COMPLIANCE AND RISK MANAGER AT FAIRTRADE AFRICA

Armed with these numbers, as a first step, Fairtrade raised the minimum cocoa price in 2019 and started raising awareness around the idea of Living Income Reference Prices.

Since then, the governments of Ghana and Côte d'Ivoire have established a Living Income Differential. It's an additional sum that buyers must pay for each ton of cocoa beans.

”

## EVEN THE BASICS OF RESPONSIBLE PURCHASING PRACTICES STILL GET IGNORED.

Nevertheless, the minimum farmgate prices still don't meet a living income, and the coronavirus pandemic has created a new level of uncertainty for farmers, who have reported difficulties selling their cocoa at the set price.

### DOWNSTREAM ACCOUNTABILITY

International cocoa trade and processing is controlled by a handful of large multinational corporations. Their purchasing power and influence on prices is strong.

“If a farmer is required to change most of his/her business practices to be able to sell their product, why shouldn't the same be asked from large multinational corporations?” asks the 2020 Cocoa Barometer.

Fairtrade does work with traders and brands – the intermediaries between farmers and retailers. Traders that deal with Fairtrade certified commodities must abide by several clear requirements and, for example, maintain timely payments, transparent contract terms, adequate record-keeping, and clear pre-financing terms.

These basic practices are important as part of traders' contribution to living incomes. Adherence is monitored through independent FLOCERT audits, and corrective action expected when violations are uncovered.

Violations indeed are frequently uncovered. Among Fairtrade certified cocoa traders in Côte d'Ivoire, just 26 percent had no major non-compliances with the Fairtrade standard in 2018 – down from 57 percent in 2017. 90 percent of these violations were nevertheless corrected within two months from the audit.

Fairtrade Standards also encourage long-term business relationships, to help farmers plan and invest in increasingly responsible and sustainable production. But progress isn't fast.

“It's hard work, finding corporate partners who recognize that while farmers build productivity and product quality, fair pricing and stable business relationships are also needed” says **Carla Veldhuyzen van Zanten**, Fairtrade's Senior Advisor focused on the living income strategy.

“When brands and retailers want more data and higher human rights and environmental performance from farmers in their supply chains, they need to share the responsibility”, she adds.



”

## FAIRTRADE CALLS FOR AN EXPLICIT REFERENCE TO LIVING INCOMES IN HREDD REGULATION.

Luckily, some brands are ready for tangible collaboration with farmers. Tony's Chocolonely has committed to purchasing all cocoa at the Living Income Reference Price. And ice cream maker Ben & Jerry's has agreed to pay the prices set by the Ivorian government, Fairtrade Premiums and an additional \$600,000 over the next year to 5,000 Ivorian cocoa farmers.



”

## A LARGE BODY OF RESEARCH CONFIRMS THAT FAIRTRADE IMPROVES FARMER INCOME, WELLBEING AND RESILIENCE.

– TRACING FAIRTRADE'S IMPACT:  
A REVIEW OF RECENT EVIDENCE (2021)







*Living income – the foundation for many human rights and Sustainable Development Goals. Modified from a graph by Shift.*

## LIVING INCOME AS A HUMAN RIGHT

Still, target prices remain just targets. Companies and governments are very seldom held to account for living income violations. Commodity price volatility continues.

The Universal Declaration of Human Rights addresses the right to earn a living wage in Article 23 and the right to a decent standard of living in Article 25.

Yet this is clearly insufficient. Living income should be explicitly recognized as a human right. It is crucial for a decent standard of living in countries where social security is very weak. In addition, lack of living income fuels several other human rights breaches like poor nutrition, poor health, child labour and environmental degradation.

Fairtrade calls for regulation on Human Rights and Environmental Due Diligence to make an explicit reference to living incomes, and to make companies responsible for operationalizing responsible purchasing practices that address poverty pricing.

“[T]he basic benefits of decent incomes and sustainable communities must not be seen as additional cost, only for those who care about farmers’ rights, but rather as the normal cost of business,” reminds **Jon Walker**, Fairtrade’s Senior Advisor for Cocoa.

## COCOA IN CÔTE D’IVOIRE BY THE NUMBERS



7

Percent of farmers earning a living income\*

< 40

Percent of Fairtrade cocoa sold on Fairtrade terms\*

\$343

Annual wages of hired farmworkers\*\*

\$1,919

Farmer household income per year\*\*

251,720

Fairtrade Cocoa Farmers\*

252

Number of Fairtrade cocoa farmer organisations\*

8

Number of people living on a farm\*\*

\$2,276

Extreme poverty line\*\*

\$7,271

Living income for a household\*\*

\* data is from 2019

\*\* median figures come from the 2018 True Cost report, and are from 2016.

# LIVING INCOME IN THE HUMAN RIGHTS DECLARATION

**THE UNIVERSAL** Declaration of Human Rights clearly states individuals' rights to a decent standard of living and just remuneration for work.

## ARTICLE 23

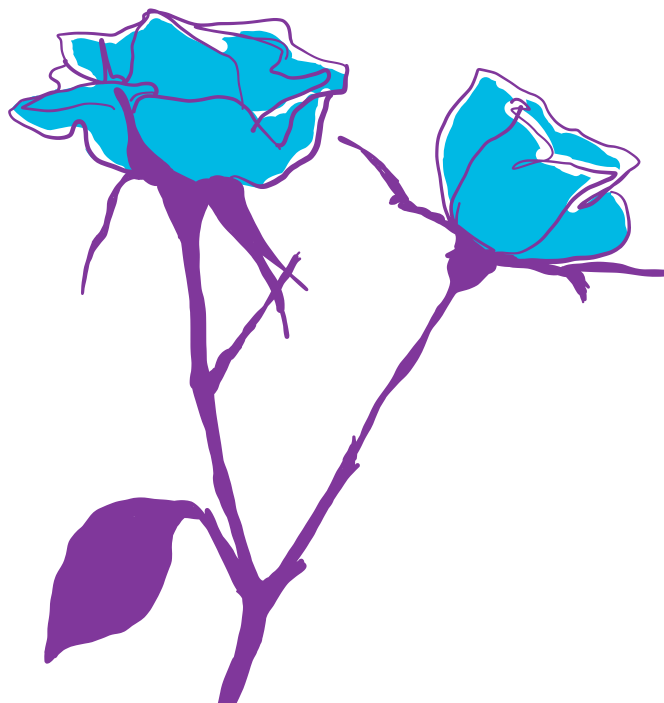
(3) Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

## ARTICLE 25

(1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

”

WHILE FARMERS BUILD  
PRODUCTIVITY AND  
PRODUCT QUALITY,  
REACHING LIVING INCOMES  
ALSO REQUIRES FAIR  
PRICING AND STABLE  
BUSINESS RELATIONSHIPS.



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A close-up photograph of a smiling woman with dark skin and short, dark, curly hair. She is wearing a blue and white striped short-sleeved shirt. She is holding a large, heavy bunch of green, unripe bananas with both hands. The background is a lush, green banana plantation with large leaves and stems. The lighting is bright and natural, suggesting an outdoor setting.

# THE VITAL ROLE OF TRADE UNIONS



# THE VITAL ROLE OF TRADE UNIONS

The human right to Freedom of Association isn't just important on its own. It's also critical for workers to join voices in trade unions and collectively negotiate about wages and other rights.

**D**uring the global COVID-19 pandemic, many orders have been cancelled, transport annulled and workplaces shut down with little or no advance notice.

Trade unions have shown their value, raising awareness and drawing attention to workers' unpaid wages. Unions have also been on the front line, fighting for and providing personal protective equipment (PPE), trainings and even food.

Still some companies see trade unions as a costly threat.

At Fairtrade, trade unions have both decision making and advisory power, and continuously help improve Fairtrade's interventions on workers' rights.

Trade unions have long been represented on the Boards of several National Fairtrade Organisations in individual countries.

In 2010, Fairtrade established the Workers' Rights Advisory Committee. Made up of trade unionists and advocates, it weighs in on strategies, standards and programmes.

Further, a seat has been designated for a workers' representative on the Fairtrade's Standards Committee, the eight-member body that debates and approves all Fairtrade standards.

"Trade unions are the legitimate voice of workers in workplaces across the world where Fairtrade products are produced," says **Wilbert Flinterman**, Fairtrade's Senior Advisor for Workers' Rights and Trade Union Relations.

"We actively engage them for guidance on how to prioritize different labour issues and best reach our mission to improve workers' lives," he adds.

## STANDARDS AND BEYOND

Fairtrade seeks to advance workers' rights and Freedom of Association through a variety of ways. Fairtrade Standards have several related requirements.

For instance, the standard requires plantations to sign a Right to Unionise Guarantee and display it in local languages in the workplace. A trade union or an

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**RESEARCH SHOWS THAT FAIRTRADE ENHANCES EQUALITY OF PAY AND IMPROVES WORKERS' HEALTH AND SAFETY, PAYMENT TERMS AND JOB SATISFACTION.**

– TRACING FAIRTRADE'S IMPACT:  
A REVIEW OF RECENT EVIDENCE (2021)

independent, democratically elected workers' organisation must exist and management must meet with its representatives at least once every three months. Where a collective bargaining agreement exists, plantations must adhere to it.

Plantations must also allow any union that operates in the sector or region to meet with workers on company premises – even where some workers already belong to a different union. This seeks to address the woe of “yellow” unions – company-controlled unions that provide no meaningful representation to workers.



Beyond certification, Fairtrade has been running multiple projects that offer workers' rights training, promote social dialogue and collective bargaining at workplaces and at the sector level, and that help trade unions and employers to resolve disputes in a collaborative fashion.

### **SUPPORTING COLLECTIVE BARGAINING**

Trade unions negotiate and oversee the implementation of collective bargaining agreements at the sectoral and workplace level so that workers receive their negotiated entitlements – a role at the heart of Fairtrade's work on Living Wages.

"We do not want workers to be dependent on certification contracts between their employer and private standard setters," Flinterman says. "Living Wages should be negotiated and embedded in such collective bargaining agreements."

Yet it's clear that much work remains. While Fairtrade can't force workers to join trade unions, it's important to encourage unionization: Unlike formal unions, worker committees usually can't make collective bargaining agreements.

Further, while smallholder farms are, by definition, predominantly reliant on family labour, collectively they employ huge numbers of seasonal and permanent workers. Often, both these farmers' and their workers' earnings are very low. Fairtrade works hard to find effective ways to strengthen workers' rights in such informal settings.

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**WE DO NOT WANT WORKERS TO BE DEPENDENT ON CERTIFICATION CONTRACTS BETWEEN THEIR EMPLOYER AND PRIVATE STANDARD SETTERS.**



## COVID-19: TIME TO RESET THE BUSINESS?

**THOUGH FAR FROM OVER**, the COVID-19 global pandemic's impact on farming communities around the world cannot be overstated.

Fallout from cancelled orders, halted cargo links, delayed payments and increased costs of production, as well as increased burdens on health care facilities and children's wellbeing, have already affected poor, rural communities harshly. The stresses are increasing extreme poverty and raising the risks of child labour, forced labour and other serious violations of human rights.

To offer relief and help farmers build their resilience, Fairtrade has raised and started distributing 15 million Euros to communities. It has also published guidance for traders, farming communities, businesses and governments, and allowed a flexible use of Fairtrade Premiums.

On plantations, trade unions and worker committees have been distributing food, supplies and protective equipment and ensuring that health and safety guidelines protect workers. Farmer

cooperatives and organisations are playing similar roles with smallholder farms and communities.

COVID 19 has also brought changes in auditing. On-site audits have been interrupted for many months. FLOCERT has adapted their ways of working and adopted remote auditing methods where needed. Still, this means that in-person observations and worker and farmer interviews are not happening consistently. This makes it more difficult to track and follow up on human rights impacts.

Hopefully this dark cloud will also have a silver lining in the long term.

"We have an opportunity to hit the 'reset' button. To take a look at business practices and policies, re-examine related thinking and intents and chart a new way towards more resilient and sustainable business and societies" urges **Peter Kettler**, Fairtrade's Senior Coffee Manager.

"The question is, will we take that opportunity?"

## POVERTY IS ENDEMIC IN AGRICULTURE

**HUNDREDS OF MILLIONS** of people around the world work hard but can't make ends meet. Most of them are in rural areas. About 65 percent of poor working adults and 80 percent of the world's poor are involved in agriculture, according to the World Bank.

This means that just about any company that sources agricultural materials is linked to breaches of farmers and workers right to living income/wage and decent standard of living.

Companies need to treat the right to a living income/wage as a salient human rights issue and take actions to address it.

Adequate mitigation and remediation are a long way off for most working poor – which underscores the urgency for businesses to implement living income strategies as part of their human rights due diligence work.

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**IT'S URGENT FOR COMPANIES TO IMPLEMENT LIVING INCOME AND LIVING WAGES STRATEGIES AS PART OF THEIR HUMAN RIGHTS DUE DILIGENCE WORK.**



A man wearing a straw hat and a blue shirt is holding a large bundle of sugarcane stalks. He is wearing a dark glove on his right hand. The background is a blurred green field.

# REMEDATING CHILD LABOUR: LESSONS LEARNT FROM BELIZEAN SUGAR CANE PRODUCERS

# REMEDIATING CHILD LABOUR: LESSONS LEARNT FROM BELIZEAN SUGAR CANE PRODUCERS

In 2014, a social audit at the Fairtrade-certified Belize Sugar Cane Farmers Association (BSCFA) found two children working on farms and not attending school.

**T**he violations crossed a line: Fairtrade standards prohibit work that interferes with schooling for those under 15 and consider it child labour, even when a country's law permits it<sup>1</sup>.

The findings triggered a six-month suspension from Fairtrade for BSCFA, limiting how much sugar the association could sell to Fairtrade buyers while implementing corrective action – a potentially huge blow for about 5,000 of its farmers, their families, and the region's economy.

At first, farmers pushed back. Even though Belizean sugar had been on the United States Department of Labour's List of Goods Produced by Child Labour or Forced Labour for years, the farmers didn't relate those findings to what was happening in their own farming communities. After all, they hadn't broken Belizean child labour law, which permits 14 year olds to be employed.

Following intensive and targeted training by Fairtrade International and UNICEF, the BSCFA farmers understood both the business risk and the risks to their communities if they did nothing.

In response, the BSCFA went big. They decided to use Fairtrade premiums to implement two types of child labour monitoring systems: One for farm operations (member-based), the other for entire communities (area based). They also insisted that their governments, miller and local NGOs come together to receive or deliver training and work in collaboration.

"We didn't just want to do the minimum required to get our certificate back," said **Leonardo Cano**, former Chairman of BSCFA, adding, "we wanted to promote the rights of children and young people."

While this rights-based approach remains a work in progress, it appears to be paying off. An independent evaluation shows that communities and several other stakeholders in Belize share a deeper understanding and commitment to addressing child labour risks.

BSCFA's approach also conforms with expectations laid out in the UN Guiding Principles on Business and Human Rights: Where violations occur, companies work to fix the situation and reduce the chances of it happening again.

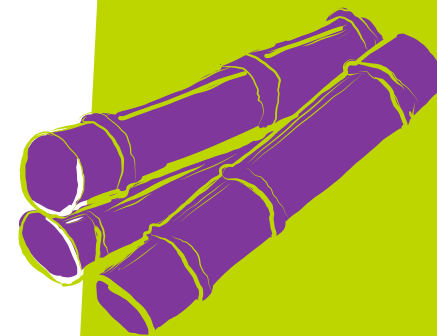
## A WORLDWIDE PROBLEM

Despite decades of company codes of conduct, zero tolerance policies and prohibitions of child labour, the ILO estimates about 114 million children are involved in agricultural work that is harmful or interferes with schooling.

The causes are many, the solutions complex. There are no quick fixes for the plethora of challenges facing smallholder farmers and workers, which include inequality, discrimination, poverty, limited opportunities for education, few options for decent work, extreme market pressures and weak government support and oversight.

Then add the fear of losing business if child labour is uncovered, and supply chain transparency can seem like a liability instead of an opportunity.

Sugar cane specifically is one of the largest and most complex agricultural supply chains. It supports an estimated 100 million people worldwide. Children are often unpaid helpers, even doing tasks classified as hazardous like applying chemicals or manual harvesting.



<sup>1</sup>The International Labour Organization's Minimum Age Convention specifies a minimum work age of 15, but allows some low-income countries to initially set a minimum age of 14. Fairtrade, like many other certification schemes, uses the higher standard.



## TOWARD RIGHTS-BASED DUE DILIGENCE

That's why Fairtrade has developed approaches that go far beyond tick-the-box requirements and auditing.

For instance, the Latin American and Caribbean Producer Network (CLAC) works with smallholder farmers through a five-step due diligence process that starts with awareness raising and targeted risk assessments and ends with adopting a child protection policy and detailed monitoring protocols.

This entails, for example, awareness raising workshops where farmers define what tasks can be hazardous for children and participatory assemblies where children draw out and talk through their own perspectives.

“CLAC strongly believes that children’s rights and wellbeing are a shared responsibility between families, communities, producer organisations, companies and governmental actors,” tells **Marike de Peña**, a member of CLAC’s social compliance committee. “Therefore, we welcome all multi-stakeholder partnerships that aim to join efforts towards the eradication of child labour,” she adds.

Since 2011, the Fairtrade standard for smallholder farmer organisations has encouraged those with identified child labour risks to develop and implement an “Internal Control System” that helps these organisations oversee and monitor working conditions themselves.

In addition, Fairtrade International’s signature Youth Inclusive Community-Based Monitoring and Remediation (YICBMR) system has been piloted in a number of high-risk production areas involving cocoa, vanilla, flowers, gold and coffee. First developed in 2012, it is a rights-based approach that

producer groups choose to use, to find, fix and prevent child labour, forced labour and/or gender-based violence.

## SUCCESSES IN BELIZE...

Belizean Fairtrade sugar cane producer organisations continue in their fight against child labour. The BSCFA has partnered with a local NGO, an agricultural college, UNICEF and national and district level governments.

Their YICBMR programme enjoys widespread support from the association’s farmers and youth. A 2019 independent evaluation of the BSCFA programme showed an increased awareness of child labor indicators across generations.

“[T]he engagement is instant, older people, young people,” said one respondent. “You do not have to explain so much, just the community mapping activities will get them engaged. You get a lot of feedback.”

**Through YICBMR, the BSCFA has:**

- developed and published a commitment and policy on child labour and child protection;
- mapped community risk hotspots;
- hired local youth monitors and trained them on conducting awareness raising, risk assessment and monitoring through household surveys and community outreach;
- supported access to remedies in individual cases of child labour; and
- lobbied the government and the Belize Chamber of Commerce & Industry to prioritize a legally binding national child labour monitoring and remediation system.



## LAWFUL WORK

## V. CHILD LABOUR

## – WHERE IS THE LINE?

**NOT ALL WORK DONE** by children is child labour. Informed by ILO conventions on child labour, children are allowed to support their own family’s Fairtrade-certified farm as long as the work:

- is age appropriate and not exploitative, abusive or hazardous;
- does not interfere with schooling; and
- is supervised by a family member.



“The use of youth monitors minimizes the unequal power relations between adult researchers and the young participants in data collection and outreach,” says **Anita Sheth**, Fairtrade’s Senior Advisor on Social Compliance and Development.

Further, the BSCFA has raised awareness nationally and abroad, meeting with government representatives in Belize and Mexico, the United States, and international groups like the ILO and UNICEF.

Their work has spurred the Government of Belize to draw a list of tasks that are hazardous for children and the Labour Ministry to set up four committees — steps that will hopefully spur further government action to protect child rights.

Encouraged by the sugar industry, all three Fairtrade sugar cane producer organisations in Belize also partnered with their government on an EU funded project in 2018, to research child labour in the northern areas, using the YICBMR system. Findings from this study are influencing government action.

### ...AND CHALLENGES

The YICBMR approach has helped raise awareness regarding child labour and the most severe violations are referred to authorities for remediation. If called upon, the producer organisations then support the government in remediation.

Nevertheless, some BSCFA members have felt their government is not doing its part to follow up on cases the community identifies, despite the extensive engagement between the BSCFA and the government.

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## RESEARCH SHOWS THAT FAIRTRADE STRENGTHENS SMALLHOLDER FARMERS’ COOPERATIVES – THEIR ORGANISATIONAL CAPACITY AND, IN PARTICULAR, REPRESENTATION AND DEMOCRACY.

– TRACING FAIRTRADE’S IMPACT:  
A REVIEW OF RECENT EVIDENCE (2021)

“This creates a sense of disillusion in the community, because they get the impression that nothing is done,” according to one respondent in the 2019 evaluation. The exact number of referrals, remediation steps and outcomes aren’t public, partially because the producers fear those figures would be used against them.

But there’s no denying that child labour is vexingly difficult to remediate.

Victims may badly need income and wish to continue working, particularly if remediation programmes focus on long-term skill building and not on a family’s immediate needs. At BSCFA, local efforts have not been



## FAIRTRADE CERTIFICATION AND SUSPENSION



**IS FAIRTRADE CUTTING** farmers off from their business partners as soon as audits find an individual human rights breach?

In a typical audit, FLOCERT finds many breaches of Fairtrade Standards. In the spirit of continuous improvement, the audited organisation is then asked to present a corrective action plan. If the organisation makes and implements the plan, business relationships stay unaffected.

Where breaches are serious, however, Fairtrade certification may be suspended until corrective action is taken. That limits the organisation’s sales. If the breaches continue, FLOCERT can also decertify the organisation.

Suspension and decertification are designed to reduce the risk that commodities sold as Fairtrade are produced with child labour, for example.

Importantly, Fairtrade Standards are not a top-down construct. In Standards’ reviews, farmers and workers are widely consulted and have half the decision-making power in the committee that approves the Standards.

Fairtrade also supports farmers’ human rights and environmental work through many means, such as minimum prices, premiums, training and guidance.

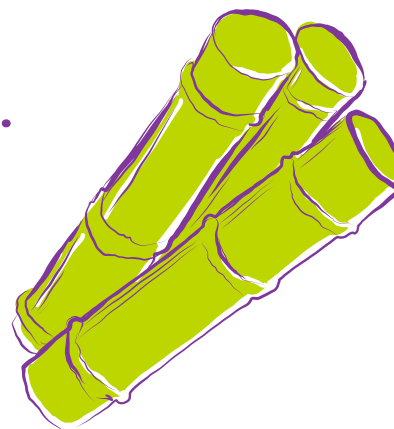
successful in helping affected youth find alternative ways of earning money, the 2019 evaluation states.

And then there's the cost. Although BSCFA gained some initial funding from Fairtrade International, it has footed a large chunk of the bill. In 2018, it spent 45 percent of its BZ\$3.5 million premium on the programme – and even more in previous years. That's not sustainable.

BSCFA would like other supply chain actors to support the ongoing work. This is consistent with the UNGPs that see remediation as a shared responsibility of supply chain actors and governments.

"The industry, local communities and governments all need to play their part," says **Dr. Nyagoy Nyong'o**, Fairtrade Global CEO (interim). "We will continue to work together with all these decision makers to remediate and prevent child labour and advance child rights."

Fairtrade has commissioned an independent evaluation of producer organisations' various approaches to monitor and respond to child labour. Results are expected to be published at the end of 2021 and will inform the further strengthening of Fairtrade's work.



## PUSH AND PULL FACTORS FOR CHILD LABOUR IN SUGAR CANE (ILO 2017)



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## FAIRTRADE AND ACCESS TO REMEDY

**THE BUSINESS AND HUMAN RIGHTS** framework brings hope for the victims of human rights violations. The UNGPs – and more recently The Office of the UN High Commissioner for Human Rights (OHCHR) – offer clear pointers on victim-centered grievance mechanisms and remediation.

Fairtrade finds that improving Access to Remedy starts with rights holder empowerment. It's crucial to raise human rights awareness among rights holders and reduce power imbalances, in order that people are increasingly able to voice their grievances.

Fairtrade also believes that grievance mechanisms need to be complemented with other approaches for identifying human rights breaches and victims. Initiatives like Fairtrade, that have a presence on the ground, often find out about human rights breaches via discussion and observation rather than through formal grievance mechanisms.

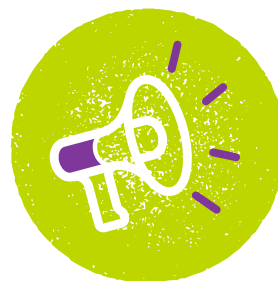
Remediation of systemic human rights violations is important but also challenging. Victims may even oppose changes if they badly need income and have few alternatives. Some systemic violations – especially the lack of living wages, living incomes and a decent standard of living – are so widespread that remediation is extremely rare.

Developing country producers typically cannot and should not be expected to shoulder the costs of remediation alone. For example, in Western African cocoa production, most small farmers live in poverty and child labour, forced labour and deforestation are prevalent. Fairtrade data suggests that for over 40 percent of producer groups, the costs of decent child labour monitoring and remediation systems surpass their Fairtrade Premium.

The UNGPs clearly call for collaboration between supply chain actors. Still, putting this into practice is challenging. As the first steps, large retailers, manufacturers and traders need to move away from merely transactional relationships with their suppliers.

Producers need partners who make medium to long-term purchasing commitments and do not “cut and run” when – not if – a human rights grievance needs addressing.

Fairtrade work on the  
three building blocks of Access to Remedy



### EMPOWERING PEOPLE TO VOICE GRIEVANCES

#### FAIRTRADE TOOLS

Support to democratic farmer organisations, worker committees and their development plans.

Human rights training to producer organisations, farmers and workers.

Traders required to support producers via Fairtrade Minimum Price and Premium.

#### LESSONS LEARNT

Trader contributions insufficient.

Trade union and NGO collaboration.



### GRIEVANCE MECHANISMS

#### FAIRTRADE TOOLS

Global allegations process, 100+ allegations in 2019.

Plantations required to set up grievance mechanisms.

Support to community based monitoring of child and forced labour.

#### LESSONS LEARNT

The setting up of a human rights-based mechanism requires awareness raising.



### REMEDIATION

#### FAIRTRADE TOOLS

Community-based monitoring and remediation system related to child labour, forced labour or gender-based violence piloted in 13 countries.

#### LESSONS LEARNT

Government systems are often weak.

How to remediate systemic violations?

Contributions from traders, manufacturers and retailers are essential.



**INTERNATIONAL TRADERS, BRANDS AND RETAILERS  
MUST CONTRIBUTE – NOT SEVER BUSINESS  
RELATIONSHIPS – WHEN FARMERS REVEAL THEIR  
HUMAN RIGHTS AND ENVIRONMENTAL CHALLENGES.**





# **BREAKING NEWS: FARMERS DON'T CONTROL THE WEATHER**

# BREAKING NEWS: FARMERS DON'T CONTROL THE WEATHER

Every aspect of an agricultural community is affected by climate change.

**T**here's the "unpredictable," like record-bending heatwaves, extended cold snaps, forest fires, prolonged dry seasons, and more frequent, more violent hurricanes and monsoons. Then there's the long-term average changes in temperature and rainfall.

It's difficult to see how organisations like Fairtrade can adequately address what is perhaps the defining human rights challenge of our time.

Sure, Fairtrade's farmer standards include an increasing number of requirements around responsible land and water use, pesticide use and handling, and a variety of other regulations addressing environmental stewardship. They make up at least 25 percent of Fairtrade's standards, and incrementally become more stringent the longer farms and farmer organisations are certified.

Fairtrade farmer organisations also can and often do choose to spend their Fairtrade Premiums on environmental projects and are encouraged to implement sustainable agricultural practices.

Further, Fairtrade's trader standards are designed with the intention that farmers get fair remuneration for their crops and can afford to improve their methods.

But climate change is in another class. Greenhouse gas emissions disproportionately come from industrial activities in the Global North – not subsistence farmers in Central America.

This crisis demands partnerships and the sharing of responsibility between different supply chain actors, governments and consumers. And it must be done with input from under-represented members of farming communities.

Fairtrade is increasingly leveraging its network to spearhead these types of partnerships.

## COFFEE RUST

Back to Central America.

For more than a century, aromatic Arabica coffee bushes have thrived in the region's shady, temperate highlands no more than 23.5 degrees from the Equator. It's a huge economic driver for El Salvador, Guatemala,

Nicaragua and Honduras, making up as much as 40 percent of agricultural exports for some countries.

Still, every decade or so starting in the 1970s, the fungus known as La Roya, or Coffee Rust, would surface. Farmers mostly managed it by spraying plants with extra fungicide. Fairtrade has also worked with farmers to adopt practices like shade management, pruning and other disease management methods.

But 2012 was the start – or at least the realization – of a coffee rust breakout that could not be contained by conventional methods. Weather patterns had shifted. Extreme, unpredictable heat and rain had become the norm, not the exception.

Telltale yellow and brown spots multiplied on the tops of withered leaves. The bottom sides of the leaves were covered with a fine orange dust.



*Chocogeddon campaign starring four melting chocolate animals raised awareness of the impact of climate change on cocoa trees. Credit: Hasan & Partners and Fairtrade Finland*



Farmers pruned their plants, they sprayed them, then removed and destroyed them. But the disease continued to surface and spread throughout Central America and south to Peru. It also crept up, to higher and higher altitudes.

In large swaths of Guatemala, El Salvador, Honduras and Nicaragua, up to 70 percent of the coffee plants were affected, according to the Sustainable Coffee Challenge.

This was a devastating blow for the smallholder farmers and communities whose livelihoods – and by extension their health and well-being – depend on the fruit. More than 300,000 smallholder farming households and their workers were affected.

The rust caused more than \$3 billion in damage over five years. An estimated 2 million rural Central Americans left their farms in that time. Many were youth seeking a more secure future.

## PLANTING SEEDS OF RESILIENCE

Climate change had clearly become a human rights challenge, requiring all of Fairtrade's tools. The network launched an integrated effort to support farmers who wanted to rebuild their farms.

It was built around introducing two million new rust-resistant coffee seedlings. But simply giving away a bunch of plants doesn't alter power dynamics between farming communities and buyers.

Fairtrade sought input from rights holders, experts, and trade partners to better understand what farmers and their organisations needed and how to provide it.

"We found that a high number of small farmers struggled because of lack of planning," says **Javier Aliaga**, CLAC's Climate

Change Program Coordinator. "Our members needed tools and resources to withstand disasters, so we started offering tools and trainings, a bit similar to how business incubators nurture new entrepreneurs."

The resulting four-year programme focused on building the organisational and community capabilities to help farmer organisations share and train on best practices, develop strategic plans, build project management skills and increase the participation of youth, women and other under-represented community members.

The programme was implemented by smallholder farmers' organisations in Guatemala, Honduras and Nicaragua, supported by the Latin American and Caribbean Network of Small Fairtrade Producers (CLAC), Fairtrade International, Fairtrade Finland and the Ministry of Foreign Affairs of Finland.

In the end, the programme directly benefited close to 18,000 people in 45 smallholder organisations:

- Numerous coffee nurseries and demonstration plots were established to revitalize affected farms, many run by women
- Women and youth launched three organic fertilizer centres
- Fruit trees were planted to provide both shade and sustenance for farmers' families
- Farmers invested in income diversification like honey production and animal husbandry
- All farmer organisations developed strategic plans
- The vast majority of smallholder farmer organisations developed best-practice

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**CLIMATE CHANGE IS INTRINSICALLY LINKED TO PUBLIC HEALTH, FOOD AND WATER SECURITY, MIGRATION, PEACE, AND SECURITY. IT IS AN ISSUE OF SOCIAL JUSTICE, HUMAN RIGHTS AND FUNDAMENTAL ETHICS.**

– UNITED NATIONS SECRETARY-GENERAL BAN KI-MOON



manuals, training materials and quality-control systems in operation

- Exchange visits allowed farmers and their organisations to share best practices
- Coffee production more than doubled, and more of it was exported
- Policy advocacy with Central American governments improved

"This project has reached the heart of many producers," said **Isela Vásquez**, from the COAQUIL cooperative in Honduras. "We focus more on young people and women so that they can have a stake in the organisation."

## SHARED RESPONSIBILITY

Wonderful progress – but what about all the talk of "shared responsibility"? Climate crises

continue, with 2020 one of the hottest years on record and two major hurricanes hitting Central America.

Are governments and supply chain actors in consumer countries doing their fair share? Are they changing the purchasing practices and public policies that shape the dysfunctional supply chains that harm people and planet?

To address this fundamental issue, Fairtrade's advocacy efforts towards governments and companies have continued to grow since the coffee rust programme. In policy advocacy, Fairtrade pushes for mandatory HREDD, stronger curbs on unfair trading practices, sustainable public procurement practices and smallholder-inclusive climate change adaptation support.





In Central America, CLAC supports farmer organisations' efforts in proposing solutions to local and national governments on issues related to agriculture and climate change. CLAC offers advocacy and leadership training and, in particular, encourages young leaders to speak up.

Globally, Fairtrade is engaging with coffee companies to encourage concrete commitments and partnerships on living incomes. This has led, for instance, to the Coffee Rust programme being extended with funding from German retailer ALDI SÜD, focusing on badly affected smallholder farms in Honduras.

In the consumer markets, awareness raising campaigns highlight the plight of smallholder farmers and workers, encouraging people to call for responsible business conduct and regulation.

While La Roya has receded for now, it was a major wake-up call. It invited producer organisations and Fairtrade to build farmers' resilience to pests, diseases and climate change.

"We feel the importance of reconciling ourselves with nature," explains **Juan Pablo Solis**, Fairtrade International's Senior Advisor on Climate and Environment. "To thrive, we must consciously search for a balance between economic, social and environmental aspects of life."

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**ARE BUSINESSES CHANGING THEIR PURCHASING PRACTICES TO SUPPORT CLIMATE CHANGE RESILIENCE AND MITIGATION?**



## ENVIRONMENTAL RIGHTS AS HUMAN RIGHTS

**FAIRTRADE IS ALIGNED WITH** the increasing number of human rights observers, courts and international bodies that see environmental rights as one facet of human rights.

Human beings have a right to a healthy, safe and stable environment. Such an environment is important in itself – and also essential for people to enjoy other rights. For instance, environmental degradation and climate instability can directly impact people's access to water, food and health. Indirectly, such hardships can lead to reduced incomes and harm children's rights such as the right to education.

## BY THE NUMBERS: FAIRTRADE COFFEE IN CENTRAL AMERICA (2019)

Around one quarter of the coffee produced by Fairtrade certified farms was sold on Fairtrade terms in 2019<sup>2</sup>.

| COUNTRY   | NUMBER OF FARMERS | NUMBER OF FARMER ORGANISATIONS | VOLUME OF COFFEE SOLD AS FAIRTRADE | RANKING AMONG FAIRTRADE COFFEE PRODUCING COUNTRIES |
|-----------|-------------------|--------------------------------|------------------------------------|----------------------------------------------------|
| HONDURAS  | 11,510            | 60                             | 36,665 METRIC TONS                 | 3 <sup>RD</sup> LARGEST                            |
| GUATEMALA | 13,880            | 19                             | 8,519 METRIC TONS                  | 7 <sup>TH</sup> LARGEST                            |
| NICARAGUA | 15,022            | 33                             | 7,027 METRIC TONS                  | 8 <sup>TH</sup> LARGEST                            |

<sup>2</sup>Sources: Fairtrade 2019 for sales, CODImpact monitoring data set 2019 for production.

## NAVIGATING CORPORATE PARTNERSHIPS

**FAIRTRADE WORKS WITH MANY** retailers and manufacturers on projects that mitigate some human right or environmental problem in a specific region or commodity. It's a way for businesses to take further responsibility for human rights impacts in their supply chains and for Fairtrade to increase its impact.

For example, Fairtrade and the German retailer ALDI SÜD partner to improve conditions with the Honduran Fairtrade smallholder coffee organisations, from which the retailer sources its store brand coffee.

The partnership has brought many positive impacts for farmers and new knowledge about the challenges of coffee production to ALDI SÜD staff.

Commitment on one project obviously doesn't erase challenges elsewhere. For instance ALDI, which accepted a Fairtrade award for its commitments in 2018, has recently come under fire for driving conventional banana prices down. Fairtrade has joined producer associations and others in calling for changes in the retailer's negotiating tactics.

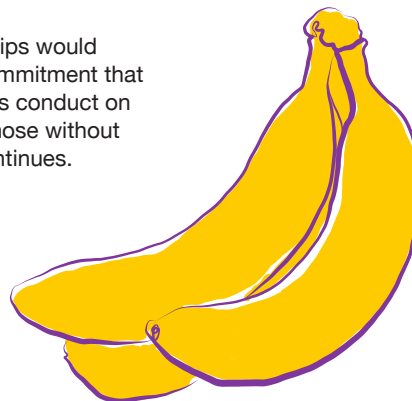
Fairtrade is currently reviewing its corporate partnership guidelines to ensure companies' values and practices are aligned with the network's.

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**FAIRTRADE DOESN'T EXPECT ITS CORPORATE PARTNERS TO BE PERFECT. BUT THE STRIVE FOR CONTINUOUS IMPROVEMENT IS CRUCIAL.**

“The UNGPs envision a continuous process to understand and address human rights impacts,” reminds **Tytti Nahi**, Fairtrade's Lead on Business and Human Rights. “Similarly, Fairtrade doesn't expect its corporate partners to be perfect. But the strive for continuous improvement is crucial.”

“Ideally, Fairtrade partnerships would yield understanding and commitment that fosters responsible business conduct on every product – including those without certification label,” Nahi continues.



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**RESEARCH SHOWS THAT FAIRTRADE RAISES CONSUMERS' AWARENESS, COMMITMENT AND WILLINGNESS TO PAY FOR FAIR AND SUSTAINABLE CONSUMPTION.**

– TRACING FAIRTRADE'S IMPACT: A REVIEW OF RECENT EVIDENCE (2021)

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# GLOSSARY OF FAIRTRADE TERMS AND ACRONYMS

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**CLAC:** The network for Latin American and Caribbean Fairtrade producers. In Spanish, called Coordinadora Latinoamericana y del Caribe de Pequeños Productores de Comercio Justo.

**FTA:** Fairtrade Africa is the Producer Network for Africa, representing more than 1 million producers across 33 countries.

**Fairtrade Standards:** The established criteria for smallholder farmer organisation, plantations and other supply chain actors to participate in Fairtrade, made up of social, economic and environmental requirements. About two dozen separate standards also exist for different commodities.

**Fairtrade International (FI):** Fairtrade's umbrella organisation in Bonn, Germany, where standards and strategic direction are set for the Fairtrade system, among other things. The NGO owns the FAIRTRADE mark, with a Board of Directors and General Assembly comprising all three Producer Networks (PNs), National Fairtrade Organisations (NFOs) and independent representatives.

**Fairtrade Network:** A general term for all Fairtrade-affiliated organisations, including Producer Networks (PNs), National Fairtrade Organisations (NFOs), Fairtrade International (FI), FLOCERT and the Fair Trade Advocacy Office.

**FLOCERT:** The independent Fairtrade certification body that audits and certifies operations against Fairtrade Standards.

## **Hired Labour Organisation:**

A company that relies on hired workers, such as a farm, plantation, factory, manufacturing facility. These organisations are subject to the Hired Labour Standard. This report often uses the term plantation when referring to these organisations.

**HREDD:** Human Rights and Environmental Due Diligence, a process of identifying, addressing, tracking and communicating adverse adverse human rights and environmental impacts.

**NAPP:** The regional network of Fairtrade producers in Asia and the Pacific, representing about 260,000 farmers and workers in 20 countries.

**NFO:** National Fairtrade Organisation. A full member of Fairtrade International responsible for marketing, licensing and raising awareness on some market area. Most NFOs are located in Europe.

**NGO:** A Non-Governmental Organisation is a non-profit organisation that operates independent of any government, typically to address a social or political issue. The Fairtrade Network is made up of several dozen NGOs that come together under Fairtrade International, another NGO.

**PN:** Producer Network. A regional network of producers and/or regional associations who work together for their common interest. The three Producer Networks are CLAC, FTA and NAPP.

**Small-scale Producer:** A producer that is not structurally dependent on permanent hired labour and that manages production mainly with a family workforce, where most working time is spent on agricultural/artisanal activities on their own farms or homes, and where revenue from such activities is the major part of their total income.

**Small-scale Producer Organisation:** Groups like cooperatives or farmers' associations whose members are primarily small-scale producers.

**Trader:** Companies that buy and sell Fairtrade products and/or handle the Fairtrade price and premium. Traders are subject to the Fairtrade Trader Standard.

**UNGP:** United Nations Guiding Principles on Business and Human Rights, established in 2011, is a framework consisting of expectations for businesses and states to "Protect, Respect and Remedy" human rights.

**YICBMR:** Fairtrade's Youth Inclusive Community Based Monitoring and Remediation System involves youth and communities to monitor and facilitate the remediation of child labour, forced labour or gender-based violence, depending on local needs.





FOR MORE INFORMATION, please visit: <https://www.fairtrade.net/issue/human-rights>



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