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# The Cocoa Industry and Child Labour\*

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Reports of forced child labour on the cocoa farms of Côte d'Ivoire surfaced in 2000 and quickly became an important business issue for a number of prominent companies. Media coverage and the threat of regulatory action mobilised the international cocoa industry to collaborate with other stakeholders to eliminate the worst forms of child labour from cocoa production. The international cocoa industry moved from a refusal to acknowledge serious labour problems in the global cocoa supply chain, to acknowledgement, and a public commitment to act to address the problems. The experience of the cocoa industry provides a number of lessons for executives, advocates and policy-makers seeking to promote labour standards. Industry participants sought the participation of multiple stakeholders, defined standards by referencing international law, and sought reliable information from the field. This case also demonstrates that pressure on consumer brands, strategic government intervention and geographic concentration facilitates collaborative action.

- Cocoa
- Child labour
- Forced labour
- Côte d'Ivoire
- Human rights
- Cocoa Industry Protocol
- International Cocoa Initiative

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**R** EPORTS OF SLAVE LABOUR ON COCOA FARMS SURFACED AS EARLY AS 1998, WHEN an Ivorian newspaper reported the widespread practice of importing and indenturing Malian boys for fieldwork on Ivorian plantations (USDOS 1999). The United States Department of State reported an initial estimate of 15,000 Malian children working on Ivorian cocoa and coffee plantations (USDOS 2001). The child workers, many of whom were under 12 years of age, were sold into indentured servitude for US\$140 and worked 12 hour days for US\$135 to 189 per year.

Côte d'Ivoire is the world's leading cocoa producer, typically supplying more than 40% of the cocoa consumed worldwide. In 2001, Côte d'Ivoire exported 1.4 million tons of cocoa beans.<sup>1</sup> Cocoa production employed more than 7 million people on 450,000 Ivorian cocoa farms, and cocoa exports accounted for a third of the country's export earnings. Unlike the European and North American markets that consume most of the cocoa, Côte d'Ivoire and its neighbours rank among the world's least developed countries.<sup>2</sup> Average per capita GDP (gross domestic product) for Côte d'Ivoire's 16 million people is US\$1,490.

In September 2000, a British television documentary reported that hundreds of thousands of children in Burkina Faso, Mali and Togo were being purchased from their parents and sold as slaves to cocoa farmers in neighbouring Côte d'Ivoire. The documentary included claims that slavery existed on as many as 90% of Ivorian cocoa farms. According to subsequent media accounts, children as young as six years old were forced to work 80–100 hour weeks without pay, suffered from malnutrition, and were subject to beatings and other abuse.

The media spotlight prompted Ivorian government officials to blame the international cocoa industry for keeping prices too low to ensure an adequate standard of living for Ivorian cocoa farmers. In its 2000 report on human rights practices in Côte d'Ivoire, the US Department of State observed, 'Children regularly are trafficked into the country from neighbouring countries and sold into forced labour' (USDOS 2001). The UK called for West African states to sign a treaty establishing a legal framework for combating slavery and forced labour, and the British Foreign Office created a task force of governments, industry and NGOs to address forced labour in the cocoa industry. The following month, in June 2001, Knight Ridder Newspapers in the United States profiled cocoa farm slaves between the ages of 12 and 16, and reported on one Côte d'Ivoire farmer who had been prosecuted in Côte d'Ivoire for mistreating 19 boys from Mali and holding them in abysmal conditions (*Knight Ridder/Tribune Business News* 2001).

The public allegations of child slavery would reverberate throughout the global cocoa industry, prompting major cocoa brands to reassess their sphere of influence over and responsibility for human rights conditions in the cocoa supply chain.

<sup>1</sup> A coup attempt in September 2002 triggered a civil war between the Ivorian government in the south of Côte d'Ivoire and rebel forces in the north. The conflict disrupted cocoa production for the 2002–03 harvest season. The violent conflict displaced more than 1 million people within Côte d'Ivoire and caused more than 150,000 immigrants to flee to neighbouring countries. A peace agreement between the government and rebels was reached in January 2003, but fell apart in October 2004 with renewed violence by government and rebel forces, and involving French peacekeepers, which triggered a new wave of refugees. Overall cocoa exports have remained steady, but ongoing instability, disruptions in the cocoa harvest and cocoa bean transportation, and ethnic violence targeting immigrant populations involved in the cocoa industry threaten Côte d'Ivoire's position as the leading cocoa producer (Kahn 2004).

<sup>2</sup> Côte d'Ivoire ranks 161st out of 175 countries on the United Nations Development Programme (UNDP) Human Development Index (UNDP 2003).

## The global cocoa supply chain

Most cocoa is grown on small farms of less than 6 hectares. Cocoa bean production is labour-intensive and overwhelmingly a family enterprise.<sup>3</sup> In Côte d'Ivoire, for example, the average farm has five workers, and four or five are the farmer's family members (IITA 2002: 20).

The cocoa supply chain includes many intermediaries between the farmer and consumer. Small farmers typically sell their cocoa harvest to local middlemen for cash. The middlemen work under contract for local exporters, who, in turn, sell cocoa to international traders and the major international cocoa brands. The US-based agricultural trading companies Archer Daniels Midland (ADM) and Cargill, private companies Guittard Chocolate Company and Blommer Chocolate Co., and the Swiss multinationals Nestlé, and Barry and Callebaut AG, are the largest chocolate processing companies.<sup>4</sup> ADM and Cargill own processing plants in Côte d'Ivoire.

The global market price for cocoa beans, averaging 78 cents per pound in August 2004, is determined on the future markets of the London Cocoa Terminal Market and the New York Cocoa Exchange. Of course, after every level in the supply chain earns a profit, farmers receive substantially lower prices per pound than the price on global markets.

North America and Western Europe consume two-thirds of global cocoa production. Nestlé, the US companies Mars, Inc. and Hershey Foods, and Britain's Cadbury Schweppes are the leading chocolate producers.<sup>5</sup>

## The human rights at issue

Allegations of abusive conditions on cocoa farms raised human rights issues for governments and cocoa industry participants. The human rights at issue are widely accepted international standards prohibiting child labour, forced labour and trafficking in persons.

### Prohibited child labour

Child labour is common in the agricultural sector and widespread in countries where cocoa is grown.<sup>6</sup> The International Labour Organisation (ILO) estimates that there are 378,000 working children in Côte d'Ivoire alone (ILO 2001a). When allegations of child labour on cocoa farms were first made, Côte d'Ivoire was not a party to the ILO Minimum Age Convention<sup>7</sup> and Ivorian minimum age laws did not conform to international legal standards.

3 Year-round work on a cacao farm includes clearing underbrush and applying pesticides and fungicides. Cocoa bean harvesting entails cutting the pods from the trees, slicing them open, scooping out the beans, covering them in baskets or on mats to ferment, and then drying the beans in the sun. There are around 40 cocoa beans in one cacao pod, and about 400 cocoa beans are used to make a pound of chocolate.

4 The gross sales figures for these companies are: Nestlé (US\$71 billion, 2003), Cargill (US\$63 billion, 2004), ADM (US\$36 billion, 2004), Barry Callebaut AG (US\$3 billion, 2004). The financial statements for Blommer Chocolate Co. and Guittard Chocolate are not publicly available. The diversified companies do not report publicly on revenues attributable to cocoa sales alone.

5 Recent gross sales figures are: Nestlé (US\$71 billion, 2003), Mars, Inc. (US\$17 billion, est., 2003), Cadbury Schweppes (US\$11.5 billion, 2003) and Hershey Foods (US\$4 billion, 2003). Mars, Inc. and Hershey Foods control two-thirds of the US\$13 billion US chocolate market. In 2000, the United States consumed 3.3 billion pounds of chocolate.

6 The ILO estimates that 70% of child labour occurs in the agricultural sector (ILO 2002: xi).

7 ILO Convention (No. 138) Concerning Minimum Age for Admission to Employment (1973) [hereinafter 'ILO C138'].

Under Ivorian law, children over the age of 14 are allowed to work as long as the work is not dangerous and the children have parental consent. The legal minimum age for agricultural work is 12. Local labour law limits the hours of workers under 18. In practice, children often work on family farms and in the informal economy.

Widely accepted international labour standards, such as those contained in ILO and United Nations conventions, prohibit any form of work by children younger than 12.<sup>8</sup> Under international conventions, developing countries may permit the employment of children in 'family and small-scale holdings producing for local consumption and not regularly employing hired workers.'<sup>9</sup>

Permanent workers younger than 12 on cocoa farms would fall short of international standards. Family children who perform more than 'light work' or whose work interferes with compulsory education also classify as prohibited child labourers under ILO standards. Primary education in Côte d'Ivoire is compulsory but unenforced, particularly in rural areas. Primary education usually ends at age 13 (USDOS 2001). Since cocoa is produced predominantly for export, international standards make no exception to minimum age standards due to the family or small-scale nature of cocoa farms.

#### Forced child labour

Employing cocoa workers without their consent or not allowing workers to leave farms voluntarily constitutes forced labour, a form of slavery.<sup>10</sup> Côte d'Ivoire has ratified the ILO Forced Labour Convention<sup>11</sup> and forced labour is prohibited under Ivorian law.

Côte d'Ivoire and most other states have made international commitments to eliminate the worst forms of child labour, including forced labour. In 1999, 132 countries adopted the ILO Convention on the Worst Forms of Child Labour<sup>12</sup> which calls on states to 'take immediate and effective measures to prohibit and eliminate all forms of slavery . . . and forced or compulsory labour', as well as 'work which is likely to harm the health, safety or morals of children, determined by national laws or regulations'.<sup>13</sup> The nature of the work performed on cocoa farms by anyone under the age of 18, even if voluntary, may qualify as prohibited child labour under this Convention.<sup>14</sup> Growing cocoa involves

8 Article 2 of ILO C138 sets the minimum age for employment or work as the age of completion of compulsory schooling or 15 years, whichever is lower, though there are a number of exceptions available to state signatories. For countries with developing economies and educational systems, the minimum employment age can be set at 14 years; ILO C138, art. 5, para. 3. The United Nations Convention on the Rights of the Child (1989) defines 'child' as anyone under 18 and affirms the right of the child to be protected from economic exploitation and any work 'likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development'; Art. 32.

9 ILO C138, art. 5, para. 3. States are permitted to eliminate entire categories of employment from the scope of the Convention, including 'family and small-scale holdings producing for local consumption and not regularly employing hired workers'. Also, 'light work' is permitted for children as young as 12 who have not completed compulsory schooling; *Ibid.* art. 7.

10 The prohibition of slavery, of course, is a fundamental and universal human rights standard contained in the Universal Declaration of Human Rights (1948), art. 4, the International Covenant on Civil and Political Rights (1966), art. 8, and the African Charter on Human and People's Rights (1986), art. 5, among others.

11 ILO Convention (No. 29) Concerning Forced or Compulsory Labour (1930) [hereinafter 'ILO C29']. Forced labour is 'all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily'.

12 ILO Convention (No. 182) Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor (1999) [hereinafter 'ILO C182']. Côte d'Ivoire ratified ILO C182 in February 2003.

13 ILO C182, art. 3.

14 Article 2 of ILO C182 provides that 'the term "child" shall apply to all persons under the age of 18'. For any type of employment or work that is 'likely to jeopardize the health, safety or morals of young

long hours in the sun performing physically demanding work. Workers often use primitive tools, travel great distances, and are exposed to pesticides and chemical fertilisers, poisonous and disease-carrying insects and reptiles (Save the Children Canada 2003). The US Department of State estimates that there are 109,000 child labourers working in hazardous conditions on cocoa farms, some of whom are forced or indentured workers, but most work on family farms or with their parents (USDOS 2003).

### Trafficking in persons

A key allegation in the accounts from West Africa was that children were not only forced to work and were mistreated on cocoa farms, but that they were also trafficked by cocoa farmers and their agents.

UNICEF estimates that hundreds of thousands of children are sold as slaves each year (UNICEF 2002: vii) and that 200,000 children are trafficked through West and Central Africa annually (HRW 2003: 8).<sup>15</sup> The most common forms of trafficking in the region are the voluntary placement of children by parents with a third party for a set price or for a set period of time during which the intermediary collects the wages paid by the employer (ILO 2001a: 2-3). Bonded labour, or the exchange of child labour as repayment of a debt, while a problem in some countries, is not as prevalent in West Africa. Child trafficking is driven by poverty, poor education and weak or non-existent punishment for traffickers, and facilitated by African traditions of migration and the placement of children with family members. Migrant labour in Côte d'Ivoire historically comes from Burkina Faso and Mali, two of the poorest countries in the world.

West African governments have begun to address child trafficking through regional and bilateral initiatives.<sup>16</sup> In September 2000, Côte d'Ivoire and Mali signed the first bilateral agreement in the region to establish formal procedures for co-operation against child trafficking.<sup>17</sup> Between 1998 and 2002, more than 800 Malian children working on Ivorian plantations were repatriated by Côte d'Ivoire. Many of these children had been working on small farms.

Ivorian law does not prohibit trafficking in persons, but the government prosecutes trafficking under existing laws against forced labour and the kidnapping of children.<sup>18</sup>

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persons' the minimum age is 18 years also; ILO C138, art. 2. National legislation defines the types of work subject to this standard, and the minimum age can be 16 under certain conditions.

15 Trafficking is not solely a child labour issue: 'trafficking violates the rights of children long before their actual labour begins' (UNICEF 2002: 7). As defined in international instruments, trafficking in persons is: 'the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person for the purpose of exploitation'. Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime (2000); Optional Protocol to the Convention on the Rights of the Child on the Sale of Children, Child Prostitution and Child Pornography (2000). Côte d'Ivoire is not a party to either of these protocols.

16 Formal governmental efforts to address child trafficking in the region began in 2000 with the Libreville Common Platform for Action. *Common Platform for Action of the Sub-Regional Consultation on the Development of Strategies to fight Child Trafficking for Exploitation Labour Purposes in West and Central Africa*, 22-24 February 2000 (signed in Libreville, Gabon).

17 Co-operation Agreement between the Republic of Côte d'Ivoire and the Republic of Mali on Combating Trans-border Trafficking of Children, 1 September 2000.

18 In September 2001, for example, a local Ivorian court in the southern cocoa region convicted a Togo citizen of trafficking three ten-year-old children to work on Ivorian farms, sentenced him to three years' imprisonment, and ordered him to leave the country for five years after his release. At least nine traffickers were arrested and 100 children rescued in 2002; however, all anti-trafficking law

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## Response of the global cocoa industry

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Even though child trafficking and forced labour in the agricultural sector of West Africa had been a subject of concern among international development organisations and within the region since at least 1995, no cocoa industry brand or processor had publicly identified or taken measures to address the labour issues in cocoa production before abusive labour conditions generated media attention. Over a relatively short period, the international cocoa industry moved from refusing to acknowledge serious labour issues in its supply chain to acknowledging them and making a public commitment to act to address the problems.

Initially, the major European and American cocoa brands denied responsibility for conditions in the cocoa fields, arguing that they had been unaware of the problems or that the cocoa supply chain was too complex to guarantee working practices on every farm.

[W]e have been visiting the Ivory Coast for decades and working closely with many cocoa farmers. In all that time, we have simply not come across such practices. We are confident that, while illegal practices may exist, this is on a very limited scale indeed and confined to certain areas (John Newman, Director of the British Biscuit, Cake, Confectionery, and Chocolate Alliance [BCCCA], June 2001).

[N]o one, repeat no one, had ever heard of this. Your instinct is that Hershey should have known. But the fact is we didn't know (Robert M. Reese, Senior Vice President of Hershey Foods, June 2001).

When confronted with the allegations, no company was able to guarantee that its cocoa supply chain was child labour-free, since most companies sourced at least some cocoa from Côte d'Ivoire.

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## Pressure for responsibility

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Media reports connecting their valuable consumer brands with the mistreatment of children posed a clear threat to corporate reputation and sales. Another reason for the industry's quick turnaround was the credible threat of regulatory action. United States trade law forbids the import of products made with slave labour and an Executive Order prohibits federal agencies from purchasing goods made with forced child labour.<sup>19</sup> Following the slavery allegations, the US government formally considered adding cocoa from Côte d'Ivoire to the prohibited list of goods. This move would have been a significant blow to the cocoa industry. In June 2001, legislation was proposed in the United States Congress to create a 'no child slave labour' labelling requirement for all cocoa products.

The global chocolate and cocoa industry, caught off-guard by the slavery allegations and the threat of regulation, sought to protect its business and define its sphere of responsibility for labour conditions in the cocoa fields. The United States' Chocolate Manufacturers Association (CMA) opposed the proposed labelling schemes,<sup>20</sup> and before Congress voted on labelling legislation, the cocoa industry announced an initiative 'to

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enforcement efforts in Côte d'Ivoire have ceased since the civil unrest that began in September 2002 (USDOS 2003).

19 Trade Act of 1930, § 307, 19 USC § 1307 (1997) (prohibiting United States' imports of products created with 'forced or indentured child labor'); Exec. Order No. 13126, 64 Fed. Reg. 32,383 (12 June 1999). Chocolate and cocoa products are not on the list of applicable goods.

20 According to the CMA, '[a] "slave free" label would hurt the people it is intended to help because it could lead to a boycott of Ivorian cocoa'. *CMA Lobbies Against 'Slave Free' Label Proposal*, Candy Industry, 1 August 2001, at 13.

address the workers' rights issues recently identified by the government of the Ivory Coast':

As an industry, we strongly condemn abusive labour practices, and our goal is to be part of the worldwide effort to solve this problem . . . Given the importance of cocoa farming to the well-being of the people of the Ivory Coast and throughout the region, we believe it is critical to continue to support the vast majority of family farms there by doing everything possible to improve labour conditions (Chocolate Manufacturers Association, press release, 22 June 2001).

As a first step, the major cocoa brands committed to funding a survey on the ground in West Africa to determine the full extent of forced child labour and trafficking in cocoa production. At the same time, the industry reinforced the principle that states have primary responsibility for enforcing human rights by calling on governments to 'investigate and eradicate any criminal child labour activity'.<sup>21</sup>

### The Cocoa Industry Protocol

The cocoa industry made concrete its public commitment to respond to labour abuses by launching a multi-stakeholder initiative. On 19 September 2001, the CMA and the World Cocoa Foundation signed a Protocol committing themselves and their members to a series of steps to eliminate the worst forms of child labour in cocoa production. The Cocoa Industry Protocol (CIP) provides for 'the development of a credible, mutually acceptable system of industry-wide global standards, along with independent monitoring and reporting, to identify and eliminate any use of the worst forms of child labour in the growing and processing of cocoa beans' (ILO 2001b). Eight chief executives of major chocolate brands and cocoa processors expressed their 'personal support' for the CIP,<sup>22</sup> and the CIP was endorsed by the intergovernmental International Cocoa Organisation (ICO) and two European trade associations.<sup>23</sup>

The CIP was notable for referencing specific international labour standards, calling for independent monitoring and setting an aggressive timetable for implementation.<sup>24</sup> The CIP calls for compliance with ILO Convention (No. 182) Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour.<sup>25</sup> Industry, government and non-governmental participants subsequently created a Broad Consultative Group (BCG) to work collaboratively with the ILO to implement the CIP. The CIP participants emphasised the importance of eliminating all forced labour, in addition

21 International Cocoa Council Resolution on Agricultural Working Practices, 10 July 2001, [www.icco.org/press/010620resolution.htm](http://www.icco.org/press/010620resolution.htm).

22 The chief executives of Guittard Chocolate Company, M&M/Mars, Inc., World's Finest Chocolate, Inc., Archer Daniels Midland Company, Nestlé Chocolate and Confections USA, Blommer Chocolate Company, Hershey Food Corporation and Barry Callebaut AG signed an expression of support for the Protocol.

23 Association of the Chocolate, Biscuits and Confectionery Industries of the European Union (COABISCO) and the European Cocoa Association (ECA).

24 The CIP called for: (a) a survey of the affected areas; (b) an advisory council to oversee the survey; (c) a consultative group comprising industry, non-governmental organisations, government agencies, and labour groups; (d) a pilot programme; (e) a monitoring group; (f) an international foundation; and (g) public certification that cocoa used in chocolate or related products has been grown and processed without forced child labour. Under the timetable established in the CIP, a joint action programme to establish independent monitoring and public reporting would be agreed to by May 2002, followed by industry-wide voluntary standards of public certification by 1 July 2005.

25 The Protocol incorporated by reference ILO C182 in its entirety. 'Protocol for the Growing and Processing of Cocoa Beans and their Derivative Products in a Manner that Complies with ILO Convention 182 Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor' (19 September 2001).

to the worst forms of child labour, and referenced ILO Convention (No. 29) Concerning Forced or Compulsory Labour.

The adoption of the CIP meant that global cocoa companies acknowledged their ability, collectively, to influence actors beyond their own operations and accepted a degree of responsibility for labour conditions in the cocoa supply chain.

[W]e need to be permanently concerned with where cocoa comes from, the impact of cocoa on the environment and how the workers are treated. That's where the industry has changed, permanently and forever (Larry Graham, President of the CMA, October 2001).

### Information gathering

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Efforts in other industries to address supply chain labour standards have demonstrated that a critical first step for any collaborative initiative is obtaining reliable and credible information on local conditions (Schrage 2004). Under the CIP, the cocoa industry and its partners devoted resources first to gathering information from the field on the nature and dimension of the violations. The International Institute for Tropical Agriculture (IITA) surveyed labour conditions on cocoa farms in West Africa.<sup>26</sup>

The IITA survey helped to define the magnitude of the labour abuses and the categories of child workers at greatest risk. The IITA estimated that 625,000 children under 18 work on cocoa farms in Côte d'Ivoire (IITA 2002: 16). The vast majority of these children are the farmers' family members. The IITA found that: (a) tens of thousands of child workers in the Côte d'Ivoire cocoa sector are at high risk of trafficking and forced labour, not hundreds of thousands of child slaves as reported in initial media accounts; (b) many child workers perform the work voluntarily; (c) child trafficking is just as likely to occur within Côte d'Ivoire as from neighbouring countries; and (d) child labour is employed mostly by Ivorians as opposed to immigrant farmers. IITA's fieldwork revealed that salaried child workers and child workers with no family tie to the farmer are the most vulnerable to the worst forms of child labour.<sup>27</sup> According to IITA, the recruitment and employment of children from outside the family as permanent salaried workers is relatively uncommon.

None of the children surveyed reported that their parents had been paid or that they had been taken against their will; all reported being informed in advance of the work to be done on cocoa farms and having agreed to leave home for the promise of a better life. While more than 80% of the child workers reported being 'satisfied' or 'somewhat satisfied' with their current situation, one-third stated they were not free to leave their place of employment. Ivorian salaried child workers reported being paid less than adults while working the same number of hours: approximately six hours per day, six days a week. Farmers generally provided lodging and meals for salaried child workers.

The IITA surveys encountered a number of unsalaried children with no family tie to the household working in some capacity on cocoa farms.<sup>28</sup> IITA estimates that there are twice as many of these child workers on cocoa farms than salaried child workers.

The IITA survey also found family child workers on cocoa farms working in conditions detrimental to their health and welfare. The work children perform on cocoa farms includes pesticide application, clearing underbrush with a machete, carrying heavy

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26 In February and March 2002, IITA surveyed cocoa farmers and workers from 1,500 farm households in 250 Côte d'Ivoire villages. In addition, IITA conducted community surveys in 15 Côte d'Ivoire villages to collect qualitative information on child labour (IITA 2002).

27 In Côte d'Ivoire, IITA estimated that there were 5,120 salaried child workers, or 8% of the estimated 66,720 salaried workers.

28 IITA estimates that there are 12,000 children under 18 assisting cocoa production on 9,000 Côte d'Ivoire farms.

loads, and using a machete to open the cocoa pods. According to IITA, almost 60,000 children under 15 are engaged in all cocoa-related tasks.

The picture that emerges is of a sector with stagnant technology, low yields, and an increasing demand for unskilled workers trapped in a circle of poverty. Salaried child workers were most clearly trapped in a vicious circle. The majority of these children had never been to school and were earning subsistence wages, forced into this labour by economic circumstances. Most of these children are from the drier savannah areas of West Africa, where family livelihoods are inherently uncertain and households are forced into risk-reducing livelihood strategies, including sending adolescents to cocoa plantations to work (IITA 2002: 22).

The CMA viewed the IITA study findings as confirmation of ‘the need to address the safety of children on cocoa farms and the economic well-being of cocoa farming families’.<sup>29</sup>

The field survey confirmed the practice of forced child labour and child trafficking in the cocoa supply chain, identified salaried child workers and child workers with no family tie to the farmer as the most vulnerable to abuse, and highlighted the potentially hazardous working conditions, independent of child trafficking and forced labour, of the 60,000 children under 14 performing all the tasks of cocoa production.

#### The International Cocoa Initiative

In July 2002, the global cocoa industry, in partnership with labour unions and non-governmental organisations, established the International Cocoa Initiative (ICI) to: (a) support field projects; (b) act as a clearinghouse for best practices; (c) conduct a joint research programme; and (d) develop a means of monitoring and public reporting under the CIP.<sup>30</sup>

### Evaluating the Cocoa Industry Protocol and the International Cocoa Initiative

Under the terms of the Protocol, industry participants have committed by July 2005 to establish credible standards of public certification that cocoa production is free of the worst forms of child labour. CIP participants are working with the ILO and the governments of Ghana and Côte d’Ivoire to design and implement a certification system comprising child labour monitoring, a government-issued certificate and independent verification by third parties. Pilots of the monitoring system were scheduled to begin in Ghana and Côte d’Ivoire in late 2004.

In 2004, the ICI planned to launch pilot programmes in a limited number of communities in Ghana and Côte d’Ivoire to address child labour using local NGOs as intermediaries. According to the ICI, by 2005, the pilot communities will be implementing concrete activities.

Increased international awareness of child trafficking, forced labour and prohibited child labour in cocoa production has accelerated local government initiatives to combat these abuses in West Africa. On December 2001, the Economic Community of West African States (ECOWAS) adopted a Declaration and Plan of Action against Trafficking

<sup>29</sup> CMA, ‘Global Chocolate, Cocoa Industry Responding to Challenges Outlined in Labour Practices Survey’, press release, 26 July 2002.

<sup>30</sup> World Cocoa Foundation, ‘Global Chocolate, Cocoa Industry and Stakeholders Establish Foundation, International Cocoa Initiative—Working Towards Responsible Labor Standards for Cocoa Growing’, Press Release, 1 July 2002.

in Persons calling on member states to criminalise trafficking, protect and support victims, increase co-operation among border control agencies, establish national task forces, and ratify the principal international instruments on trafficking.<sup>31</sup> Côte d'Ivoire has ratified both the ILO Minimum Age Convention and the ILO Convention on the Worst Forms of Child Labour. Côte d'Ivoire and its neighbours have taken some bilateral steps to address child trafficking, but these efforts have not advanced since the Ivorian civil war began in 2002.

In 2003, the government of Côte d'Ivoire and the ILO announced the West African Project Against Abusive Child Labour in Commercial Agriculture (WACAP). Funded by the US Department of Labour and the cocoa industry, WACAP pilot programmes designed and managed by the ILO will address abusive child labour and forced labour by increasing farmer awareness, improving schools and providing better social services to families.

Within a year of the signing of the Protocol, the political situation in Côte d'Ivoire deteriorated, leading to the outbreak of civil war in September 2002. The war killed more than 3,000 people, displaced a million, and disrupted both the cocoa industry and the world cocoa market. Political violence in Côte d'Ivoire has weakened government law enforcement capacity in government-held areas, prevented northern workers from reaching the cocoa fields in the south, and halted government anti-trafficking efforts. A January 2003 ceasefire fell apart in October 2004 with a new wave of fighting. Not surprisingly, these developments have presented major obstacles to progress on the initiative, although the cocoa industry reports some progress on programmes to address labour issues in areas of relative stability.

Child trafficking and forced labour continue in the cocoa producing regions of West Africa. The US Department of State reports the ongoing trafficking of children into Côte d'Ivoire and estimates that 109,000 child labourers work in hazardous conditions on cocoa farms. Some of these children are forced or indentured workers, but 70% work on family farms or with their parents (USDOS 2004).

The principal critique of the CIP when it was announced was its narrow scope. Industry critics, while supporting the CIP as an important first step, argue that the initiative fails to address the underlying causes of child labour and exploitative working conditions. The International Labour Rights Fund (ILRF), a US-based advocacy group, faulted the CIP for failing to specify international minimum age or other core labour standards and for failing to ensure a fair price for farmers. ILRF also criticised the voluntary nature of the CIP, calling for a 'system of mandatory reporting, monitoring, and certification through national and international law'.<sup>32</sup> The ILRF's own investigation found the continuing practice of trafficked child labour supplied by labour brokers to cocoa farmers during the cocoa harvest season.<sup>33</sup> ILRF and other advocates question the progress made implementing the CIP and have called for individual cocoa industry participants to make changes and conduct training and monitoring in their own supply chains (ILRF 2004).

For the time being, the CIP and related industry initiatives have reduced public pressure for legislative or regulatory intervention by cocoa importing countries.

31 ECOWAS, Declaration on the Fight Against Trafficking in Persons (12 December 2001).

32 ILRF, 'Statement on Industry Protocol Regarding Use of Child Labor in West African Cocoa Farms', 1 May 2002.

33 According to the ILRF, 'Child slaves are used on cocoa plantations all over [Côte d'Ivoire] without any observable programs to stop the practice . . . Whatever the chocolate manufacturers claim to be doing about this, we cannot leave a problem as serious as child slavery to voluntary private efforts' (Price 2002).

## Lessons from the cocoa industry's experience

The CIP and the ICI reinforce lessons learned from earlier voluntary initiatives to address labour standards in other industries, such as sporting goods, apparel, coffee and toys (Schrage 2004). For example, industry participants sought the participation of multiple stakeholders from both inside and outside the industry in order to distribute responsibilities, costs and risks and to gain access to a wide range of expertise. The labour standards at issue were defined in the CIP by referencing widely accepted international legal standards and the partners devoted resources first to gathering information from the field on the true nature and dimension of the violations.

The experience of the cocoa industry in West Africa provides a number of lessons for executives, advocates and policy-makers seeking to promote labour standards through voluntary initiatives in Africa and elsewhere.

### Effective risk management means understanding your supply chain

The major cocoa traders and brands easily could have anticipated the labour issues in the global cocoa supply chain. Child labour is common in the agricultural sector, widespread in the countries where cocoa is grown, and reports of child trafficking and forced labour in Côte d'Ivoire had been a subject of concern among development organisations for at least three years before the first media reports of child slavery on cocoa farms. The failure to exercise appropriate 'due diligence' left companies open to accusations with the potential to hurt their business and reputation, and unprepared to respond quickly. Corporate assertions of ignorance and the complexity of the supply chain proved to be inadequate responses.

### The geographic concentration of a supply chain facilitates industry-wide initiatives

The geographic concentration of the global cocoa supply chain made launching the cocoa initiatives feasible. Côte d'Ivoire produces approximately 40% of the world's trade in cocoa, and was quickly identified as the primary sourcing market at risk for forced child labour. The global cocoa industry made the logical strategic decision to launch its programme in that country. Even if the programme never reaches other sourcing markets, implementing it effectively in Côte d'Ivoire and its neighbours could achieve significant improvements in labour standards in cocoa production.

The obstacles facing the industry in Côte d'Ivoire are substantial. But the benefits of launching a programme in one sourcing market, focusing on one specific issue and dealing with one set of local government institutions and national labour standards, are tremendous. Geographic concentration also makes it easier to identify qualified monitors, train them on local conditions and local standards, and build bridges to qualified partners.

### Partnerships with expert organisations are essential for private regulatory initiatives to succeed

The CIP and the ICI demonstrate the need for effective partnerships between the private sector, government, international and civil society organisations to achieve sustainable change in business practices. The CIP and the ICI have relied on the government of Côte d'Ivoire, the ILO, USAID, the IITA, Free the Slaves, and other organisations as partners, collaborators and resources.

These partnerships serve several purposes. First, they reinforce the credibility of the initiative. The involvement not only of governmental and inter-governmental organisations, but also of independent NGOs in the design and oversight of the Protocol, has helped the cocoa industry overcome scepticism about the seriousness of its efforts. Second, they have brought financial support to the initiative from governments. Third, the network of NGO partners has helped the CIP signatories and the ICI to identify resources to perform field research and training.

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#### Consumer demand for higher standards is limited

Consumer pressure was insufficient to spark industry collaboration to address child labour in the cocoa supply chain. Though public scrutiny was the spark for industry action, the experience of the cocoa industry suggests that industry responded much more to the threat of government intervention than it did to market pressure. Demand for 'fair trade' chocolate, for example, has remained relatively small.<sup>34</sup>

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#### Consumer brands are the most effective leverage point to push for collaborative standard-setting initiatives

If market forces play only a limited role in raising labour standards in the cocoa supply chain, why should the role of major chocolate brands be so valuable in realising improvements? The answer reveals the important role the brands play in the cocoa supply chain. Even if the direct impact of consumer pressure on sales and profits is limited, global cocoa brands value their public reputations, and the premium such positive reputations often bring in the capital markets. Moreover, even if the threat from consumer action may be limited, the challenge presented by government intervention was, in this case, perceived as serious. Consequently, the brands had an incentive to address the issue even if its direct impact on their sales appeared small.

Chocolate brands capture most of the value created in the cocoa supply chain. Any action that threatens that supply chain imposes the greatest burden on the brands, not the relatively anonymous suppliers. Influencing the assessment of those risks may be the most effective mechanism to alter supply chain practices.

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#### Industry initiatives have the potential to define and enforce international legal standards

The incorporation in the CIP of specific international instruments overcomes the obstacle presented by local standards that fail to meet international standards, either on paper or in practice. Defining labour standards according to international law also avoids the criticism of encouraging a 'race to the bottom', often levelled at corporate human rights initiatives that make local law the default minimum standard (Ewing 2004). The

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<sup>34</sup> 'Fair trade' chocolate has been sold in Europe for many years, but the market for such products proved insufficient to motivate the industry to examine its global sourcing practices in order to attract greater consumer interest. While demand for 'fair trade' production of cocoa is growing, it is unlikely any time soon to reach the point where it will account for a substantial percentage of worldwide cocoa production. To supply Fair Trade Certified™ cocoa, a cocoa grower must be a small farmer not dependent on hired labour and a member of a democratically organised farmer co-operative in which small farmers constitute a majority of the co-op's members. Fairtrade Labelling Organisation (FLO)'s international standards require cocoa producer organisations to adhere to national law, prohibit discrimination within co-operatives, and prohibit any forced or child labour in accordance with ILO legal standards (FLO, Fairtrade Standards for Cocoa, January 2003). There is no registered fair trade cocoa co-operative in Côte d'Ivoire.

CIP participants represent substantial leverage within the global cocoa industry, leverage that could be used to promote government policies that adopt and enforce international labour standards. In this case, industry efforts in conjunction with foreign governments and international organisations prompted the Ivorian government to adopt international labour standards.

#### Strategic government intervention can enhance the effectiveness of industry initiatives to address labour standards

Unquestionably, the critical development that transformed industry concern into collaborative action was the introduction of legislation in the US Congress to require chocolate to bear labels based on the existence of child labour in cocoa sourcing markets. The industry was galvanised into reaching agreement with its critics and to identifying other partners only when faced with the prospect of government intervention in the United States and the United Kingdom. Continued government interest and support has been essential for the progress of the CIP and the ICI. Greater involvement by governments in cocoa-producing countries would strengthen the initiatives even further.

#### Voluntary initiatives to set labour standards are a second-best solution

The CIP emphasises the role of the local government to enforce its own labour laws to address violations and improve working conditions. National regulation and enforcement of local laws consistent with international labour standards are the most effective tools to stop child trafficking, eliminate forced and child labour, ensure freedom of association and enforce acceptable working conditions. Efforts by individual companies to date have had little measurable impact on labour standards on the ground. Efforts to build local enforcement capacity in cocoa-producing countries may be the most efficient way to improve labour standards for cocoa workers. Indeed, securing the partnership of the governments of Ghana and Côte d'Ivoire has been essential in designing the child labour certification scheme envisioned by the CIP.

#### Labour standard-setting initiatives fail in zones of conflict

It is an obvious final point: industry programmes to promote labour standards cannot succeed in situations of violent conflict. A government devoting its limited resources to fighting a civil war is unlikely to fulfil its obligations to enforce local labour standards. While Côte d'Ivoire and neighbouring countries have taken small steps to address child labour in the cocoa sector, civil unrest, lack of resources and the absence of political will on the part of local governments have outweighed any positive impact of the voluntary industry-led initiative to date. Ongoing civil unrest and ethnic tension in Côte d'Ivoire has the potential to permanently disrupt cocoa production there, prompt international cocoa processors to purchase cocoa beans elsewhere, reduce the country's export earnings, and lower even further the standard of living for most citizens. Any of these developments can deepen the extreme poverty that is a root cause of child labour in all its forms.

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