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### **WRITTEN RESPONSE TO BBC PANORAMA**

The Fairtrade Foundation welcomes the opportunity to respond to the programme "Chocolate: the Bitter Truth" scheduled to broadcast on 24 March. We appreciate the information provided to us by the programme makers.

#### **1. About Us**

The Fairtrade Foundation is the UK member of Fairtrade Labelling Organizations International (FLO), which brings together 24 organisations from Europe, North America, Japan, Australia, New Zealand and South Africa, and includes networks of Fairtrade producers in Africa, Asia, Latin America and the Caribbean. Together we are working in 58 countries in the world, with over 750 producer organisations which bring together approximately 1.5 million farmers and workers plus their families and dependents.

The Fairtrade Foundation was established in 1992 by NGOs including Oxfam, Christian Aid, CAFOD, Traidcraft and the World Development Movement to help provide a better deal for producers in developing countries struggling to access international markets on fair trading terms. We licence the use of the FAIRTRADE Mark on products that meet the standards set by FLO International, which are in turn independently audited by its sister organisation FLO-CERT.

Fairtrade's vision is of a world in which all producers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future. We work to connect producers and consumers in order to create fairer trading conditions.

Only around 1% of global cocoa is traded on Fairtrade terms. In the UK, Fairtrade chocolate was also a very tiny proportion of the overall market until very recently. However, thanks to public campaigning and growing consumer demand for Fairtrade, 2009 saw new commitments from some major chocolate companies that mean we estimate about 1 in 10 chocolate bars contain Fairtrade certified cocoa today.

Whilst Fairtrade does provide additional independent scrutiny of supply chains through its our certification/auditing system, evidence<sup>1</sup> suggests that in fact the public's primary motivation for supporting Fairtrade is in order to respond to continuing high levels of extreme poverty, low incomes and unfair trading practices. Shoppers want their purchases to contribute to positive change for farmers, workers, their families and wider communities, so that problems of poverty, insecurity or exploitation can be addressed. In short, they want to trade to be fairer for those living in developing countries.

## 2. Child Labour

It is unacceptable that children around the world are being employed and exploited, forced to work in abusive and dangerous conditions. Some children, especially those that live in extreme poverty, are bought, sold and traded within and across national borders for forced labour purposes.

- An estimated 218 million children are involved in work around the world.<sup>2</sup>
- 126 million work in the worst forms of child labour. <sup>3</sup>
- More than one million children are employed in the cocoa farming sector in West Africa,<sup>4</sup>
- Between 200,000 and 800,000 children under the age of 18 years are trafficked each year in West Africa alone<sup>5</sup>.

FLO is aware and seriously concerned about the child labour and child trafficking problem. We believe there is more to be done within Fairtrade to address these issues and have been working to strengthen our system to respond to the problem in an effective and scalable manner.

Fairtrade standards for producer organisations prohibit child labour. In adopting ILO Convention 182 on the Worst Forms of Child Labour as our standard, Fairtrade audits check compliance against this Convention and help to detect problems, even in very complex producer environments. FLO's first response to children involved with Fairtrade is their safety and well-being. If major breaches of our standards on child labour are detected, the suspension of producer organisations within the Fairtrade system is a measure we can apply, along with corrective actions to be taken to address the problem. The goal of this action-oriented process is to assist the producer organisation in solving the problem, instead of merely imposing such harsh punitive measures that farmers end up pushed into even deeper poverty, putting even more children at risk as a result.

Child labour should be understood by everyone not only as a problem faced by individual children and their families, but also as a problem perpetuated by poverty and unfair terms of trade. That's why the focus of Fairtrade is to empower and strengthen the position of farmers and workers in international supply chains, help them to become organized within their

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<sup>1</sup> We attach research extracts from studies on Fairtrade consumer perceptions from Diagnostics Market Research (2007), Henley Centre Headlight Vision (2008) and Globescan (2010).

<sup>2</sup> United Nations

<sup>3</sup> United Nations

<sup>4</sup> International Institute of Tropical Agriculture 2002

<sup>5</sup> International Labor Organization ILO 2007

communities as well as to earn a better deal from the sale of their produce. For every tonne of cocoa sold as Fairtrade, (as well as the Fairtrade minimum price or market price, whichever is the higher) farmers' organisations receive an additional \$150 to fund their own programmes to improve farming practices, or management of their business or invest in their communities.

Our full position paper on child labour is available at:

[http://www.fairtrade.net/fileadmin/user\\_upload/content/2009/about\\_fairtrade/Child\\_Labour\\_position\\_paper\\_FLO.pdf](http://www.fairtrade.net/fileadmin/user_upload/content/2009/about_fairtrade/Child_Labour_position_paper_FLO.pdf)

### **3. Child Protection**

As part of strengthening our own activity on child labour, the global FLO and FLO-CERT systems have adopted new child protection procedures. These procedures place the highest importance on the safety and wellbeing of children who have been identified as or at potential risk of being caught in the unconditional worst forms of child labour, either through FLO-CERT audits or as part of ongoing activity to support producer organisations on these issues. Our procedures commit us to reporting all identified and suspected cases of the unconditional worst forms of child labour to authorized child protection agencies, as well as building joint partnerships with recognized experts in the protection of children and developing remediation projects to ensure the elimination of the child labour cases. Our child protection policies require us to maintain the strictest levels of confidentiality regarding the names, locations or other details of any children identified by the Fairtrade system so as to ensure their safety. We can confirm that all identified and suspected cases of the unconditional worst forms of child labour identified by FLO and FLO-CERT officers have been reported to the necessary authorities and child protection agencies, in order to trigger a remediation process.

We believe that all children, whether they are in the UK or in developing countries have the same rights to protection. We are seriously concerned that broadcasting names, faces or any other details that disclose the identities of vulnerable children may increase the risk that further harm could come to those children, as well as interfere with established remediation processes. For this reason we requested that the BBC take all available measures to conceal the identities of any children they believe to have been trafficked or subjected to any of the worst forms of child labour.

### **4. Ghana**

Kuapa Kokoo is a cooperative of small scale cocoa farmers, with over 45,000 members in more than 1200 villages across Ghana. It has been certified in the Fairtrade system for just over 15 years (since 1994).

#### Fairtrade Suspension/Continuation of contracts

On 28 August 2009, following an audit by our international organisation FLO-CERT, non-compliances with Fairtrade standards were detected that resulted in the temporary suspension of Kuapa Kokoo in the Fairtrade system pending the adoption of remedial actions. This is the first time in their history that Kuapa Kokoo has been suspended by Fairtrade for any reason.

A suspension means that the producer organisation is not allowed to enter into any new contracts, however they are allowed to fulfil existing orders for a maximum period of 6 months. The reason for this is to allow the producer organisation the necessary time and resources to take action to comply with Fairtrade standards, including appealing the audit findings if they so wish. We believe that immediately cutting off all delivery on existing contracts would not be appropriate, as this would trigger a crisis for the whole organisation, which would result in severe loss of livelihood for farmers, deeper poverty for them and their families, as well as hinder the ability of the organisation to take the necessary steps required to maintain their certification.

However, we understand that the public trusts the Fairtrade system to deliver products sourced through its rigorous standards. In the case of Kuapa Kokoo, the specific societies visited by the FLO-CERT auditors were then also suspended by Kuapa Kokoo themselves, and no purchases of cocoa from these societies took place, either immediately before or in the harvest that began in October 2009. Therefore we are confident that cocoa from affected groups has not entered the Fairtrade system.

#### Remediation

Kuapa Kokoo acted immediately to establish a task force to respond to the findings of the Fairtrade audit. This task force worked for several months, including several visits to the Western Region, and it was the work of the Kuapa Kokoo remediation team that ensured two young girls were enrolled into a school in Adjoum. It is obviously a matter of great concern that these children, when you visited, did not appear to be well cared for. As indicated in FLO's internal Child Protection Policy and Procedures, this information is now being used to conduct further follow up to ensure the children's safety and wellbeing.

With regard to further actions taken by the cooperative, in 2010 they started to introduce a comprehensive new Internal Control System, which takes account of the size of their organisation and is designed to enable them to track the activity of their members more proactively and with more precision. The management of Kuapa Kokoo have already invested significant time and resources into the development of this system, with additional support that has been provided by their trading partners, as well as the payment of Fairtrade premiums from sales of cocoa to companies in the UK and beyond. As a result of the actions taken by Kuapa Kokoo, their suspension was lifted on 6 January 2010. FLO-CERT will be conducting further audits during 2010.

We would like to note also that Kuapa Kokoo's was already implementing its own policies and programmes to contribute to the elimination of child labour. At their AGM in July 2009, they had already approved a new policy and action plan on child labour issues. We understand Kuapa Kokoo has provided you with a clear picture of the history and scale of their commitment to tackling these issues.

We believe that your programme will be able to demonstrate that Fairtrade's auditing system works. It is capable of detecting non-compliances with our standards, even in complex producer situations, and of initiating action that results in a strengthening of producer organisations for the longer term.

Fairtrade has made a difference for cocoa farmers in Ghana

When people purchase products carrying the FAIRTRADE Mark, they do so because they want to play their part in improving terms of trade in favour of poor or disadvantaged producers, and because they want producers in developing countries to receive a fair price for their work so they can tackle poverty for themselves. In the case of Kuapa Kokoo, by choosing chocolate carrying the FAIRTRADE Mark, consumers have been able to support Ghanaian farmers to implement their own projects to improve life in their communities in many ways, including:

- helping farmers to become more organised within their own communities, and to work together to improve their position
- building new schools and improving existing schools, enabling more children to access education
- providing farmers with end of year bonuses to boost their overall income
- sinking wells and boreholes to increase availability of clean, safe water in villages
- establishing a mobile health programme
- supporting alternative income generation to boost income from cocoa, especially for women
- these have included soap making, textiles, palm oil extraction, corn mills, and other types of farming.

More details are available at

[http://www.fairtrade.org.uk/producers/cacao/kuapa\\_kokoo\\_union.aspx](http://www.fairtrade.org.uk/producers/cacao/kuapa_kokoo_union.aspx)

## **5. Ivory Coast**

There are seven Fairtrade cooperatives in the Ivory Coast who are certified to sell cocoa into the Fairtrade system. Kavokiva is a cooperative of just over 3400 members today. It has been certified in the Fairtrade system since 2004, and was most recently audited in October 2009. This included an unannounced audit. Following this, the cooperative was recertified in the Fairtrade system.

### Child Labour

The Fairtrade Foundation is extremely concerned by the findings of the BBC team in relation to evidence of children working on farms that may be part of Fairtrade certified cooperatives. We take all allegations of child labour, or potential breaches of our standards, very seriously.

A team from FLO, including our own child protection specialist, are currently working with other specialist partners with expertise in matters of international and national legislation and socio-economic and cultural issues to deliver training and support to producers in Ivory Coast to ensure the protection of children in the Fairtrade system. All certified Fairtrade producer organisations of cocoa in the Ivory Coast will be invited to participate in this training opportunity.

Kavokiva has a long history of work with small scale farmers to address child labour issues that pre-dates their certification in the Fairtrade system. Since 2004, when they were first certified in the Fairtrade system, they have increased their work in this area, including a Charter on Child Labour plus establishing local committees in every region where they purchase cocoa, to help raise awareness amongst farmers, and help reduce and prevent the worst forms of child labour.

Kavokiva were also awarded a small grant from the Fairtrade Foundation's Technical Assistance Fund in 2009 for training in internal control systems and improving quality and yield.

Delivering such programmes in a country such as Ivory Coast, where high levels of extreme poverty have been exacerbated by instability and violence is very challenging. In some areas, up to 95% of cocoa farmers are illiterate, and income from cocoa has not been sufficient to deliver a sustainable livelihood.

#### Sales of cocoa from members and non-members

Any cocoa grown on a farm belonging to an active member of the cooperative may be sold as Fairtrade. However the cocoa itself is only deemed as being Fairtrade certified in the supply chain once it has been sold under a contract with a trader which is compliant with our trading standards which include payment of the Fairtrade minimum price or the market price (whichever is the higher) plus a Fairtrade premium of \$150 per tonne.

In the Fairtrade system, cooperatives are permitted to build their business opportunities by offering services (e.g. transportation, warehousing) to non-members on condition that they maintain a system of volume and document traceability to ensure that they do not sell more cocoa as Fairtrade than the volume that has been produced by their members.

This is likely to include maintaining an accurate and up-to-date list of members, a system for recording purchases from both members and non-members, and, if necessary, segregated storage areas. Our auditors also check on these systems, and if their audit suggests that improvements are needed, follow up can be done by Fairtrade Liaison Officers who advise and provide assistance.

Kavokiva has a system in place to track volumes sold by members and non-members. Based on objective evidence from FLO-CERT, sales of cocoa into the Fairtrade system do not appear to have exceeded the volume that its members produce. It is worth noting however, that Kavokiva, with support from Fairtrade had already identified some further improvements they could make to their internal control system, so that there is more rigour in tracking the activities of their members, as well as ensuring non-member business is kept separate.

#### Fairtrade has made a difference for cocoa farmers in Ivory Coast

Through Fairtrade, cocoa farmers at Kavokiva have:

- distributed scholarships to members' children so that they can stay in school
- built basic schools in villages where the government school is either too far away or the fees are too expensive
- constructed wells to improve provision of clean water
- constructed a health centre including a doctor, midwife and two nurses, as well as providing an ambulance
- employed their own agronomist to advise farmers in methods to improve their production and yields, and through this increase their income
- established a women's literacy programme

More details at

[http://www.fairtrade.org.uk/producers/cacao/kavokiva\\_cocoa\\_cooperative\\_cote\\_divoire\\_2.aspx](http://www.fairtrade.org.uk/producers/cacao/kavokiva_cocoa_cooperative_cote_divoire_2.aspx)

## 6. Conclusion

We agree with assessments that not enough has been done to make progress on the elimination of the worst forms of child labour. In recognition of this, we in the Fairtrade movement have been redoubling our efforts on this over the past year:

- establishing a FLO Child Labour Task Force, to focus our own activities and scale up our work
- developing our internal Child Protection Policy and Procedures – we will be delivering more training for staff in Fairtrade organisations on these during 2010
- increasing the number of unannounced audits performed in a year – with further training for FLO-CERT auditors to ensure we use the best available methodologies for detection, reporting and remediation.
- establishing more partnerships with other specialist organisations working on eliminating child labour, to provide more support to Fairtrade producers, and we will be convening a round table with a range of stakeholders later in 2010 to inform Fairtrade policy, framework for implementation and practice on this
- publishing a new Position Paper on Child Labour
- working to increase public awareness and engage more companies more deeply with Fairtrade, in order to increase the scale of impact for producers, supporting them in strengthening the work of their own organisations so as to secure a better livelihood from cocoa.

Fairtrade is working as hard as possible to play an even more proactive role towards the elimination of the worst forms of child labour. No person or organisation is currently able to guarantee 100% that, in the context of endemic poverty and insecurity in many developing countries, child labour will never occur. Fairtrade guarantees that through our standards, our certification, our producer support and our work to strengthen farmers' organisations to implement community-owned programmes, we will do everything we can to tackle it on a progressive basis, and to secure both the livelihoods of farmers and the wellbeing of children.

Yours sincerely



Barbara Crowther  
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