



World Vision



Our Guilty Pleasure: Exploitative Child Labour in the Chocolate Industry

– 10 Years on From the Harkin-Engel
Cocoa Protocol

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Executive Summary

Over the course of the late 1990s and early 2000s, the world learned that the chocolate treats we love and enjoy have a dark side – the use of the worst forms of child labour, incidences of child trafficking, and other forms of labour exploitation in the cocoa fields of West Africa. The bitter taste left by this knowledge spurred demands for action from consumers and civil society in the US and Europe.

Amidst finger pointing between governments in West Africa, particularly the Ivory Coast and Ghana as the world's two largest cocoa producers, and multinational cocoa processing and chocolate companies earning billions from a lucrative industry, US politicians moved to consider legislation for 'child-labour free' cocoa labelling. With the threat of regulation on the table, an agreement was reached in late 2001 for voluntary action by the cocoa processors and chocolate industry to collaborate on eliminating the worst forms of child labour from their supply chains. This agreement, commonly known as the Harkin-Engel Protocol, set out time-bound steps to be taken so that the world could go back to enjoying chocolate with a clear conscience.

From the outset, the Harkin-Engel Protocol had its critics. The voluntary nature of the agreement meant that there were no enforcement mechanisms. The focus on ending labour exploitation without any focus on addressing the poverty of smallholder cocoa farmers that underpinned the need for cheap and exploitative labour was concerning. Despite this, many had high hopes, and as the industry worked together to establish and fund a new foundation to tackle the worst forms of child labour in cocoa supply chains, the International Cocoa Initiative, critics watched and some advocates celebrated, providing quotable quotes in global media on the "historic" nature of the Protocol (see Sheth 2009).

The Harkin-Engel Protocol process started to unravel around its core objective, the creation and implementation of a public standard and certification process to provide consumer with an effective "guarantee" on "cocoa free of the worst forms of child labour." A public standard never materialised, certification was substituted with a continuous improvement system's approach which produced methodologically flawed data collection, and independent oversight was dismantled as of March 2011. The first deadline for this process in 2005 was missed; it was renegotiated to 2008 and then further renegotiated to 2010. At each deadline, publically available evaluation reports and news items highlighted a flawed approach and mostly unmet outcomes which were generally dismissed. The final report by US government appointed independent researchers to oversee the Harkin-Engel Cocoa Protocol process after the first deadline was not met in 2005, noted,

Industry has only partly developed and not enforced industry-wide standards upholding ILO Convention 182 [Prohibition on the Worst forms of Child Labour] in the cocoa sectors of Cote d'Ivoire and Ghana...Based on our analysis, we conclude that Industry's 'certification' model does not yet confirm with ISO 65 Standards for Certification. Industry has only partly established bodies with the appropriate mandate and has not finalized the required processes to develop a 'credible' certification system.

Most telling about the 2011 Oversight report is that nothing undertaken through the Harkin-Engel Protocol process provides any more assurance to consumers in 2010

compared to 2001 that the cocoa used to make their chocolate does not involve the worst forms of child labour, including child trafficking in its production.

As confidence in the Harkin-Engel Protocol to end labour exploitation in the cocoa production system waned in 2008 and campaigners scaled up their calls to use product certified cocoa, chocolate companies started to turn to a set of credible, independent voluntary standards systems that had emerged and gained prominence in working to create more ethical and sustainable agricultural production sectors. Engagement was slow and small at first, but with increasing challenges to companies to rely on sustainable cocoa sources, ongoing farmer poverty, failure to invest in improved farming techniques, and the decline of tree productivity, not to mention the threat to their reputations and brands from serious labour exploitation, commitments and participation in these ethical cocoa certification programs has increased.

Current projections of volumes of ethically certified cocoa¹ – derived from company commitments and standards systems capacity estimates – could reach 25-40% of global cocoa production by 2020 (compared to less than 5% in 2010). Achieving this will not be easy and will require substantial investment and collaboration from all stakeholders. Should the goal be achieved, there is still a large volume of cocoa falling outside these processes where action is needed. Either companies increase their current procurement targets for ethically certified cocoa (such that all cocoa is produced as certified and certification based systems build their capacity to deliver to these increased targets without weakening their standards and rigour in auditing against them) or complimentary measures will have to be developed and implemented to address farmer incomes, tackle cocoa smallholder poverty, and build local capacity for detecting and remediating the worst forms of child labour and child trafficking.

In Australia, World Vision Australia joined the global movement campaigning for an end to the worst forms of child labour and child trafficking in cocoa production in 2007 (initially through involvement with the Stop the Traffik coalition and, since 2008, through its own campaign, Don't Trade Lives). Over the course of more than three years of action, World Vision Australia has engaged hundreds of thousands of Australians, educated them regarding the problems in cocoa production, and equipped them to both campaign for companies to act and to choose ethically certified chocolate products.

In the context of global and Australian developments in the cocoa sector, World Vision Australia is calling for the effective elimination of the worst forms of child labour and a fair price for farmers (to deal with the root cause of labour exploitation) by 2018. The use of ethical certification is one tool for this, and there could be 25% of Australia chocolate sales ethically certified by 2018 if current publicly made commitments are maintained. However, to allow the remaining 75% of chocolate sales here, and 60-75% of global cocoa production worldwide, to continue without assurances that labour exploitation is being addressed and resolved remains unacceptable.

In this report World Vision Australia reviews actions taken over the last decade and examines the current cocoa production system and efforts to eliminate exploitative child

¹ World Vision Australia defines “**ethically certified cocoa / ethical chocolate / ethical cocoa**” as cocoa that is independently certified to have been harvested without the use of forced, child or trafficked labour. This term does not seek to classify the use of other ingredients, such as palm oil.

labour make recommendations on how its 2018 objective may be realised. World Vision Australia finds reason to hope and clear opportunities for stakeholders to act together to create a global chocolate and cocoa system that is as sweet for cocoa farmers and children in and around cocoa producing countries as it is for those consumers enjoying chocolate products around the world.

Introduction

From the mid-1990s to 2001, a flurry of media, NGO, multilateral institution and government reports on the worst forms of child labour and child trafficking in West African cocoa production shocked the world. Demands for swift action to address the problem were heard loudly by multinationals trading in cocoa and chocolate, as well as governments in Ghana and especially the Ivory Coast – the two largest cocoa producing countries in the world and the source of most reports. Just as the US Congress looked set to take legislative action to ban cocoa imports that could not demonstrate they were free from child labour, an agreement was reached in September 2001 between major cocoa and chocolate companies and the US and Ivorian Coast governments for voluntary action to address the situation. This agreement – commonly referred to as the Harkin-Engel Protocol – was also witnessed by key US labour rights and NGOs.

We are nearing a decade since this agreement was signed in September 2001. While at the time the Harkin-Engel Protocol was seen by many as a “historic” and breakthrough deal to eliminate the worst forms of child labour in cocoa production, did it have the desired impact and achieve the results it set out to achieve to avoid legislation of the “child labour-free label”? The Protocol also had many critics at the time. Has their criticism been proven valid? The Protocol aside, what is the situation today in West African global cocoa production for children? Does child trafficking and child labour persist and at what rates; do they become increased in a region experiencing conflict and unrest?

This report answers these questions a decade on from the signing of the Harkin-Engel Protocol. Through the lens of World Vision Australia’s call for the elimination of the worst forms of child labour, including trafficked labour and fair prices for cocoa farmers by 2018, the report also examines global initiatives that have arisen in the last decade to address labour exploitation and create a more ethical and sustainable cocoa industry. As more consumers increasingly demand not only chocolate free from child labour and human trafficking, but a cocoa industry that respects, values and adequately recognises their dependency on and rewards the hard work of farmers at the start of the supply chain, the report makes recommendations on what can be done in the next decade to achieve these aspirations.

A Quick History of Child Labour and Labour Exploitation in the Cocoa Industry

The Global Cocoa Industry

The chocolate industry is big business. Global sales of chocolate in 2009 reached almost AU\$100 billion (Tropical Commodity Coalition 2010). Australian chocolate sales were almost AU\$1.3 billion in 09/10 (Retail Media Pty Ltd 2010). These sales are made possible through a cocoa production system dependent on the hard work of farmers and their families, 90% of whom are smallholders, growing cocoa along the world's equatorial belt in Africa, Asia and Latin America (see ICCO 2011, Tulane University 2010, World Cocoa Foundation 2011). West Africa – the Ivory Coast, Ghana, Nigeria and Cameroon – dominates global supply, growing approximately 60-70% of the 3.6 million tonnes of cocoa produced in 09/10. The lion's share of this cocoa comes from the Ivory Coast (approximately 34%) and Ghana (~18%); Indonesia is the world's third largest producer (~15%) (ICCO 2011).

Beyond the farmers and their intermediaries, the Tropical Commodity Coalition's *Cocoa Barometer 2010* notes the concentration of activity in cocoa processing and chocolate manufacturing to a handful of companies (a visual explanation of the cocoa supply chain is outlined in Figure 1). Cocoa grinding is dominated by ADM, Cargill, Barry Callebaut, Petra Foods and Blommers. Kraft (Cadbury), Mars, Nestle, Hershey and Ferrero dominate chocolate manufacturing. These 10 companies account for more than 50% of the world's cocoa bean and liquid chocolate production. While chocolate and cocoa is big business for some, the 4-5 million smallholder farmers growing the cocoa are typically living and working in poverty, which is a key contributor to labour exploitation, including child trafficking and forced adult labour.

Figure 1: Cocoa supply chain

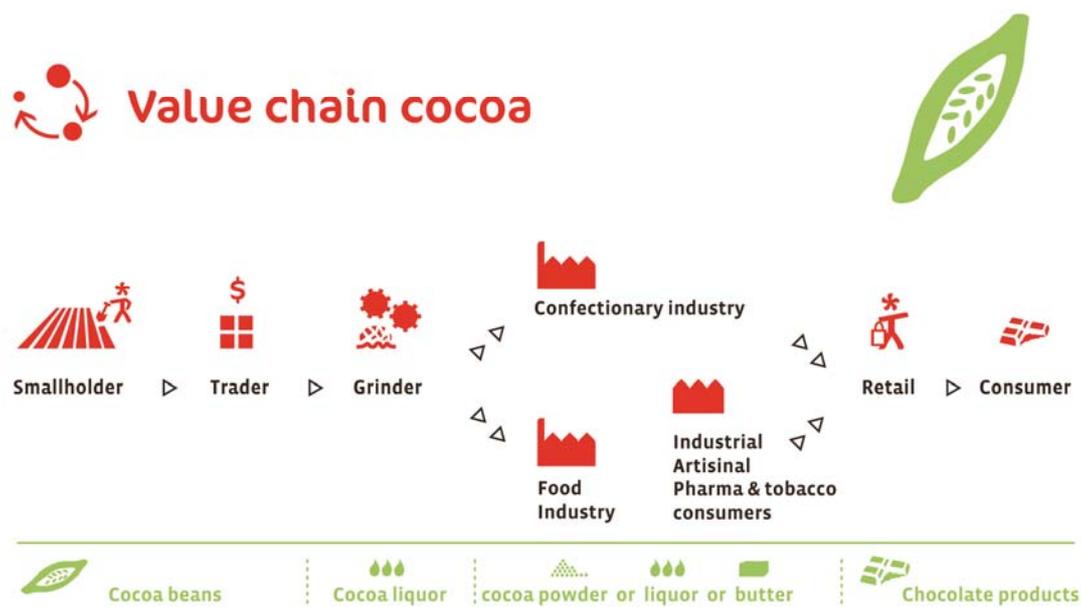


Figure 1 used with permission from Tropical Commodity Coalition 2010, Cocoa Barometer 2010, Tropical Commodity Coalition, The Hague

Child Labour, Child Trafficking and Labour Exploitation

“Poverty is the root cause of the worst forms of child labour” stated Jan Vingterhoets of the International Cocoa Organisation (ICCO, quoted in ILRF 2008, p14). Low cocoa prices paid to predominantly smallholder farmers make cocoa production reliant on cheap labour, including using family members and children. Farming cocoa in West Africa particularly is characterised by long hours in the sun performing physically demanding work, the use of hazardous cutting tools, travelling great distances, carrying heavy loads, and pesticide and chemical exposure (Sheth 2004). Poverty in countries surrounding cocoa producing nations has also meant a long history of migrant labour, with sometimes whole families travelling to Ghana or the Ivory Coast to work the cocoa fields year round or at harvest time (Off 2006; Sheth 2004).

Child labour² and child trafficking³ reports started to emerge out of West African cocoa fields from the mid 1990s (Off 2006; Sheth 2004). The West African history of family production, migration flows, and placement of children with family members had been corrupted by poverty as liberalisation eroded the capacity for smallholders and sharecroppers to earn a livelihood from cocoa production (Off 2006; Sheth 2004). The Malian government identified that it was a major origin country for children trafficked to the Ivory Coast to work in the cocoa fields and issued a public statement calling for action to remedy this situation in 1995, and established a Consultative National Commission on Child Trafficking in 1998 (Sheth 2009). Child trafficking from Mali, Burkina Faso, Togo, Benin and

² Appendix One outlines the various definitions of child work, child labour and the worst forms of child labour.

³ Trafficking is best defined by the Protocol to Prevent, Suppress and Punish Trafficking, especially Women and Children, adopted by the United Nations in 2000. The full article three is in Appendix Two.

within the Ivory Coast was driven by lack of employment opportunities, low or inappropriate education, closed or inaccessible labour migration or work opportunities and weak or non-existent punishments for traffickers (ILRF 2008, 2010; Sheth 2009). The reality of child trafficking and child labour in West African cocoa production is illustrated painfully by the story of Lela (see Box 1).

Box 1: The Story of Lela

Lela worked on an Ivorian cocoa farm for 10 years, until 2007. She was eight years old when she started, having just lost her father. Lela was born in the Ivory Coast, as her parents were migrant farmers. She returned to Burkina Faso for her father's funeral in 1997, and returned to the Ivory Coast with her uncle to work on his cocoa farm (her mother remained in Burkina Faso). Lela was not party to the decision and felt she had little choice. In her words: "I worked and earned nothing, so I was dependent on what they decided. I also needed money for my marriage kit".

The cocoa farm where Lela worked was owned by her uncle, and she says it was worked by "three adult men, four adult women and lots of children ... all the women were my uncle's wives ...". Lela's description of her working day is shocking:

"I worked to pick up the cocoa pods, collect them and put them in bags. The men sewed the bags and then we carried them to the warehouse. I took the bags where they were broken open; sometimes I had to split the pods open as well. I worked from morning to night; after work on cocoa farms I would go and fetch firewood and then I would have to help in cooking and cleaning the home. I had to wake early because I also helped to cook all the food for the workers. I had no breaks; I would also help wash the workers' clothes and clean the areas where everybody slept. It was back breaking work."

According to Lela's account, she "could not leave the farm at all and had no breaks; not just me but everybody who worked there. I was hit sometimes; they used to call me orphan...". She was treated worse than the other children and has machete scars for life on her hands and legs. Lela was hit for asking to visit her mother and was told that her mother had abandoned her. In Lela's words:

"I hated my life. I never got paid even once; my uncle bought me something to wear when I had nothing to wear, just two or three dresses in all that time. I wasted so many years. It felt like a punishment from God. I could not run away as I did not know the area and had no money."

Lela was finally able to escape when her brother came to take her to his child's funeral back in Burkina Faso, at the request of their mother. When she was interviewed Lela told of many men from Burkina Faso who would meet with her uncle and then bring children – mostly boys – to do cocoa farming.

Source: Sheth, 2009, pp 97-99. Names have been changed. Interviews were conducted in 2008.

Reports from multilateral and UN institutions (i.e. ILO), government investigations out of the US and UK, and international NGOs continued to highlight the worst forms of child labour (WFCL) and human trafficking in cocoa production through the late 1990s and in to the new millennium. In 2000 and 2001, high profile media pieces on television and in print in Europe and the US raised public awareness of child exploitation in the chocolate supply chain, finally beginning to provoke action (Sheth 2009). While an accurate measure of the extent of the problem was not able to be established then (or now, for that matter), it was clear that children were being trafficked to work on cocoa farms, and that many more

children were working in conditions that would meet the definition of the WFCL. Action was needed.

Other Issues Facing the Cocoa Industry

As evidence of the WFCL and child trafficking emerged in to public consciousness, an understanding began to develop that these problems were part of an interconnected set of factors that were undermining the ethical and sustainable production of cocoa. These included:

- Ageing trees and limited capacity to invest in new plantings, resulting in declining yields;
- Political unrest in the Ivory Coast;
- Poor access to finance or credit for farmers;
- Environmental degradation associated with poor farming practices;
- Ongoing price instability fuelled by commodity speculation;
- Power asymmetry between smallholder farmers, large processors and their middlemen; and
- Poor organisation amongst farmers and lack of functioning or strong farmer cooperatives (ILRF 2008; Off 2006; Tropical Commodity Coalition 2009, 2010; Sheth 2009).

Of course, underpinning all of these factors was widespread poverty, discrimination and the inability for farmers to earn reasonable livelihoods from cocoa production. Poverty was not only the root cause of the worst forms of child labour, as Jan Vingterhoets said, but a 'perfect storm' threatening the very sustainability of cocoa production.

The *Cocoa Barometer 2010* sums up the situation very well, articulating the need for urgent action not only on eliminating the WFCL and labour exploitation, but also on tackling poverty as the root cause:

“Most smallholders and cocoa workers live below the poverty line. Smallholders have little bargaining power of influence on farm gate pricing mechanisms due to weak producer-market linkages and limited access to financial and capacity development services. They find little incentives to increase productivity, improve produce quality or adopt sustainable production methods. Investment in public structures such as research institutes, extension services and marketing boards is woefully inadequate in most producing countries. Consequently, producers lack proper facilities, know-how on good agricultural practices, and inputs such as planting material and new technologies. Crop loss due to pest damage adds to their misery, and these smallholders and workers are trapped in a vicious circle of unsustainable production and poverty” (Tropical Commodity Coalition 2010, p3).

What Actions Have Been Taken to Address Labour Exploitation in Cocoa Production?

Prior to the explosion of media and reports in the late 1990s and 2000/2001, there was not much happening to address labour exploitation problems in cocoa production. No chocolate company or cocoa processor had publically identified or taken measures to tackle the WFCL or child trafficking. International cocoa agreements were in place, and anti-child labour programs were in place within the UN system and the US Government. As the evidence began to emerge in to the public eye, and the Ivorian Coast government found the finger being more often than not pointed at their country as the worst offender, the Prime Minister of the Ivory Coast put the blame squarely at the feet of the multinational cocoa and chocolate for keeping prices so low and driving farmers into poverty and the use of forced labour (Sheth 2009). Within a short space of time, the chocolate companies and processors moved from ignorance of the problem to open acknowledgement.

It is fair to say, however, that despite an initial rapid response to formulate the Harkin-Engel Protocol and various instruments and institutions under that agreement, action to address the WFCL and tackling poverty in cocoa production initially struggled to overcome substantial inertia. As the 2000s dragged on, more positive momentum has been evident. An overview of the timeline of key actions and developments within the cocoa sector to address labour exploitation is illustrated in Figure 2.

Figure 2: Milestones in child labour and the cocoa industry 1970 - 2011

International	Year	Australia
ICCO established, first International Cocoa Agreement.	1973	
International Programme on the Elimination Of Child Labour established.	1992	
The Office of Child Labor, Forced Labor, and Human Trafficking, part of the U.S. Department of Labor's Bureau of International Labor Affairs, is created.	1993	
First Fairtrade cocoa producers certified. Green & Blacks Maya Gold chocolate the first Labelled product sold in the UK.	1994	
Earliest report of children being trafficked for cocoa labour purposes in West Africa (Mali). Malian Government issues public statement against Malian children being used for child labour purposes in the Ivory Coast, working with UNICEF, Anti-Slavery International and Save The Children Canada.	1995	
Mali establishes Consultative National Commission on Child Trafficking. U.S. Government clarifies 1930 Tarriff (Customs) Act to ban entry to the U.S. of products made by forced or indentured child labour. First Rainforest Alliance cocoa producers certified.	1998	
Signing by ILO member nations of ILO Convention 182, The Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor, and its Recommendation 190.	1999	
Major media in Europe and the U.S. exposing child labour and trafficking in West African cocoa production, particularly the Ivory Coast. Ghana ratifies ILO Convention 182. World Cocoa Foundation established.	2000	
Various reports from multilateral bodies (e.g. ILO, UN Security Council) and NGOs (e.g. IIRF) documenting worst forms of child labour in West Africa, and growing political condemnation of WFCL across Europe and the U.S. Harkin-Engel Protocol negotiated and signed. Sixth International Cocoa Agreement.	2001	
International Cocoa Initiative established. IITA survey of West African cocoa farming report released documenting WFCL.	2002	
2003 Ivory Coast ratifies ILO Convention 182.	2003	
1 July First Harkin-Engel Protocol certification deadline (missed.)	2005	
Stop The Traffik International launched.	2006	
Roundtable for a Sustainable Cocoa Economy, first meeting, Ghana. First Rainforest Alliance cocoa certification in West Africa. October 1st report by The Payson Center for International Development Child Labor in the Cocoa Sector Project.	2007	Stop The Traffik Australia coalition established, which included World Vision Australia
1 July Second Harkin-Engel Protocol certification deadline. October 2nd report by The Payson Center for International Development Child Labor in the Cocoa Sector Project.	2008	World Vision Australia's Don't Trade Lives campaign launched December Don't Trade Lives deadline for Big Chocolate to "Say Yes" (missed)
Roundtable for a Sustainable Cocoa Economy, second meeting, Trinidad & Tobago. First UTZ CERTIFIED cocoa producers certified. March Cadbury announces move to Fairtrade Certified cocoa for top selling chocolate products in the UK and Ireland. April Mars announces all cocoa for Mars products globally will be 'sustainably sourced' by 2020. June Interpol raid in Ivory Coast. Kraft Foods commits to using Rainforest Alliance Certified cocoa across its entire Côte d'Or and Marabou lines by the close of 2012. July Cadbury Dairy Milk milk chocolate carrying the Fairtrade Label hits shelves in the UK and Ireland. October Nestle Cocoa Plan is announced, along with move to Fairtrade Certified Kit Kats in the UK and Ireland. October 3rd report by The Payson Center for International Development Child Labor in the Cocoa Sector Project.	2009	April Ethical chocolate discussion on Sunrise (morning breakfast TV program) August Cadbury Australia announces Fairtrade Certified Cadbury Dairy Milk chocolate to be on shelves by Easter 2010 October Confectionary Manufacturers of Australasia disbands, Australian Industry Group Confectionary Sector formed
January Kraft acquires Cadbury. First Mars chocolate products – Galaxy – carrying the Rainforest Alliance label sold in the UK and Ireland. Seventh International Cocoa Agreement. First UTZ CERTIFIED Good Inside ® chocolate sold. January Nestle Fairtrade Certified 4 finger Kit Kats hits shelves in the UK. September 4th and final report by The Payson Center for International Development Child Labor in the Cocoa Sector Project.	2010	April Fairtrade Certified Cadbury Dairy Milk milk chocolate hits shelves October Arnott's announces commitment to buy Fairtrade Certified chocolate from West Africa November Nestle Australia announces all Kit Kats in Australia will be made using UTZ CERTIFIED cocoa by the end of 2011
	2011	February Mars announces Rainforest Alliance certified Mars Bars from June 2011 April Fairtrade Certified Cadbury Dairy Milk milk chocolate Easter Magic Egg (65g) hits shelves

Sources: Sheth (2009), Sheth (2004), www.fairtrade.net, www.fairtrade.org.uk, www.rainforest-alliance.org, www.fairtrade.com.au, www.donttradelives.com.au, www.utzcertified.org

The Harkin-Engel Protocol

An apparent watershed was reached in efforts to eliminate child labour and human trafficking from cocoa production in September 2001 – the Chocolate Manufacturers Association in the US and the World Cocoa Foundation signed a protocol committing themselves and their members to a program of voluntary action to address the problem. This agreement is mostly commonly referred to as the Harkin-Engel Protocol, as it was witnessed by US Senator Harkin and US Congressman Engel, as well as by a representative of the Ivorian Coast government⁴. The Protocol was additionally witnessed by the International Programme on the Elimination of Child Labour (IPEC) of the International Labour Organisation (ILO), major US unions and anti-labour exploitation and child's rights NGOs, and received signed support from the eight major US chocolate and cocoa companies. In November 2001 the Protocol was also endorsed by the International Cocoa Organisation (ICCO) and two major European trade associations representing the cocoa and chocolate industry there.

In signing and endorsing the Harkin-Engel Protocol, the cocoa and chocolate industry committed to voluntary action to eliminate the child labour from their supply chains. The two primary mechanisms for achieving this, under the Protocol, were:

1. The establishment of a joint international foundation “to oversee and sustain efforts to eliminate the worst forms of child labor in the growing and processing of cocoa beans and their derivative products”
2. The development and implementation of “credible, mutually-acceptable, voluntary, industry-wide standards of public certification, consistent with applicable federal law, that cocoa beans and their derivative products have been grown and/or processed without any of the worst forms of child labor” (Chocolate Manufacturers Association 2001)

The cocoa and chocolate industry achieved their first objective in 2002 with the establishment of the International Cocoa Initiative (ICI). The ICI, constituted in Switzerland, was formed as a partnership between the cocoa industry, trade unions and NGOs. It is funded by industry⁵ to deliver projects that help eliminate all the WFCL and forced adult labour from cocoa supply chains. Projects have been implemented in Ghana and the Ivory Coast.

Achieving the second objective has proved more difficult. The “certification” process to ensure that chocolate is not produced by the WFCL under the Protocol had an original deadline of 1 July 2005. When it became clear this target would be missed, it was renegotiated to deliver 50% of cocoa supply in Ghana and Ivory Coast by 1 July 2008 and 100% by 1 July 2010. To achieve these targets, industry has assisted governments in the Ivory Coast and Ghana to establish community-based education and monitoring programs.

⁴ It is also called the Cocoa Industry Protocol, or by its full name “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”

⁵ The ICI was initially funded by the Global Issues Group, an ad hoc, pre-competitive association of cocoa industry participants formed in response to the Harkin-Engel Protocol requirements. However, the GIG stopped funding the ICI in 2006. Since then the ICI's work has been funded by direct contributions from companies.

Reports on these processes were released in 2008 and 2010 by both governments (see Sheth 2009 for a detailed analysis of this process).

Unfortunately for the industry and the ICI, the prevailing view is that objective two identified above of the Harkin-Engel Protocol has been a failure (as has, arguably, the overall Harkin-Engel Protocol). Criticisms of the 'certification' process include:

- Lack of coverage (i.e. failure to meet the 50% and 100% requirements);
- Flawed methodology for detecting child labour;
- An inability to detect child trafficking;
- No substantive remediation of children found in the WFCL, particularly hazardous labour
- Lack of independence in the process or in the verification; and
- Using misleading language – the process is in fact not certification at all.

The Payson Center for International Development at Tulane University was commissioned by the US Government to monitor and report on efforts to achieve the elimination of the WFCL and child trafficking in the Ivory Coast and Ghana. Across its four reports (2007-10), Tulane University has documented the problems with implementation of the 'certification' process. The 2010 report, for example, indicates that less than 3% of cocoa growing villages in the Ivory Coast have been visited by monitors, and only 13% of communities in Ghana. This is a long way from the 50% and 100% targets.

The International Labor Rights Forum (ILRF) played a key role in advocating and pushing the US government to act on the child rights NGO reports of the late 90s and early 2000s regarding cocoa production and the WFCL, and contributed to the birth of the Harkin-Engel Protocol as a consequence. The ILRF has been concerned from the outset as to whether the agreement had the ability to effect the needed change on the ground in West Africa to eliminate exploitative labour practices (ILRF 2008, 2010, 2011). They have released regular reports over the course of the implementation of the Harkin-Engel Protocol to hold those implementing to account. Their reports in 2008 and 2010 both clearly argue that 'certification' has failed, and that what has been delivered provides no assurance to consumers in the US to choose 'child-labour-free' chocolate than back in 2001. As the ILRF argues, what has been conducted under the Harkin-Engel Protocol is not certification at all, nor have there been any public standards developed (see ILRF 2008, p4 for a more detailed discussion of this). The reports referred to by the ICI and industry that have been delivered to meet the agreements in the Harkin-Engel Protocol are, in effect, incomplete data collection regimes, with weak ties at best to action on eliminating the worst forms of child labour. In fact, it appears that what industry refers to as 'credible, mutually acceptable, industry-wide standards of public certification' are outcomes from ongoing and developing Child Labour Monitoring Systems of the Ivorian Coast and Ghanaian governments – which has a very different purpose.

The ILRF also criticises the verification process of the Harkin-Engel Protocol 'certification' process. Putting aside the fact that the process isn't certification against a standard, as would be expected, the verification process has been fraught. Initially, a multistakeholder oversight group was established for the certification and standards process and left in the hands of two key NGO signatories to the Protocol – the IUF (International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations) and the National Consumer League. This structure mirrored those adopted by credible,

independent standard setting and certification systems. This model was abandoned in 2006 at a point where there were no public standards, no monitoring and no certification system. In its place, industry funded *Verite* to design a new verification process, which eventually was constituted by 1/3 industry, 1/3 target governments, and 1/3 'public interest'. The independent, multilateral oversight that might have led to more credible outcomes had been lost (ILRF 2008).

Child rights and labour expert Anita Sheth, who was working at Save the Children Canada when the Harkin-Engel Protocol was initiated until 2008, has published three major papers (2004, 2009, 2010) pointing out the methodological flaws in the 'certification' process, among others. Sheth explains that the system is flawed at detecting the WFCL; child trafficking in the cocoa supply chain has been invisible and inadequately researched; and there is no accurate or satisfactory methodology being used to detect it. For example, Sheth examines the process of data collection within the Protocol certification studies to illustrate how researchers mostly relied on adult informants to obtain information on children. Children were not interviewed independently, as the researchers assumed the children would speak freely about their labour conditions in front of adult "relatives." (see 2004, 2009). She is thus not surprised that the child trafficking issue, which first focused world attention on unacceptable forms of labour in the cocoa sector, remains largely absent from the Protocol "certification" findings.

After noting several shortcomings in having the Harkin-Engel protocol wholly based on ILO 182, especially as a way to understand, detect and address child trafficking, Sheth calls for the inclusion of the UN Protocol to Prevent, Suppress and Punish Trafficking in Persons into the Harkin-Engel process and a more regional focus (see 2009). As Sheth notes, for child trafficking to really be addressed, research and intervention also needs to target origin countries around the Ivory Coast and Ghana, i.e. Burkina Faso, Mali, Togo, Liberia (2009). In a joint paper published by Sheth and Elke de Bhur (2010), they note "despite the findings reported by several household surveys undertaken in 2006 and 2007 under the Harkin-Engel Protocol that found little or no evidence of child trafficking in the cocoa producing areas of Cote d'Ivoire and Ghana, this pilot study conducted in the border towns of Mali and Burkina Faso with self identified trafficked children [to cocoa farms] suggest that trafficking of children found for forced labour purposes does exist and may be not uncommon" (p. 29; further information on results of the pilot study see pp. 1-34).

In conclusion, despite years of extensions and abundant data collection attempts, the Harkin-Engel Protocol has proved disappointing and inadequate in eliminating the WFCL and adult labour exploitation from cocoa supply chains. There is little evidence of a reduction in incidences a decade later, and no standards and certification process to provide consumers with the ability to choose chocolate not made from the labour exploitation of children. This was originally proposed by Harkin and Engel before the voluntary agreement with industry was reached in 2001.

Apart from the establishment of the ICI, which has implemented a few promising (but yet to be scaled up) projects (Tulane University, 2010), the Protocol has turned out to be much ado about very little (Off 2006). It is perhaps easy to now fully see that in signing the Protocol, cocoa and chocolate companies avoided regulation from the US government and substituted this with a voluntary process lacking enforcement mechanisms or a regulatory body. However, by providing the promise of progress, the industry in the US in particular was partially inoculated from NGO campaigns. Additionally, by focusing on achieving the letter of the Protocol, resources and attention were pulled away from the cause of the

labour exploitation – the poverty of smallholder cocoa farmers in West Africa – and the obvious need to increase farmer incomes through fairer prices (ILRF 2008, Off 2006). To end the WFCL in cocoa production, another process and other actions are needed and World Vision Australia is determined to persist in finding them.

Governments & Multilateral Bodies

Actions complimentary to the objectives of the Harkin-Engel Protocol have been taken by some governments and United Nations bodies over the last decade, as indicated in Figure 2. The ILO has continued its efforts globally under IPEC, including assisting the governments in Ghana and the Ivory Coast to implement Child Labour Monitoring Systems (ILRF 2008, Off 2006, Sheth 2009). UNCTAD has facilitated UN Cocoa Conferences and the International Cocoa Agreements in 2001 and 2010. The US government, following its role in the creation of Harkin-Engel, has continued to play a role. US Congress has appropriated approximately US\$780 million to the US Department of Labor to combat child labour exploitation (ILAB 2010). USAID has also invested in private sector and government alliances in the West African cocoa sector to improve cocoa farming practices (USAID 2011). The German government, through its USAID equivalent GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit), has co-invested with USAID in such projects, as well as many others in the cocoa production sector in West Africa.

The Ghanaian government has made some investments itself. In 2006 it established the National Programme for the Elimination of Worst Forms of Child Labour in Cocoa (NPECLC) in partnership with IPEC and the US Department of Labor (ILRF 2008, Sheth 2009). The government in Ghana has also done a lot to provide educational opportunities to children through the country, bringing in Free Compulsory Universal Basic Education. Ghana has also ratified all the relevant ILO Conventions relating to child labour and labour exploitation. Across the border in the Ivory Coast, the rate of progress has been slower. They have ratified Convention 182 on child labour (see Figure 2) and are working with IPEC to implement Child Labour Monitoring Systems across the country (ILRF 2008).

The governments of cocoa producing nations – along with industry, UN bodies and some civil society organisations have also come together under the Roundtable for a Sustainable Cocoa Economy (facilitated by ICCO). The Roundtable for a Sustainable Cocoa Economy (RSCE) has deliberated explicitly on the labour exploitation issues in its two meetings thus far – one in Ghana in 2007 and one in Trinidad & Tobago in 2009 (Roundtable for a Sustainable Cocoa Economy 2010). The RSCE website notes that currently the RSCE Working Group is not in operation as the International Cocoa Council is evaluating the recommendations of the first two RSCE meetings. A third meeting is not planned until after that evaluation is complete.

For more information on initiatives and organisations working towards a more ethical and sustainable cocoa production sector, see Appendix Five.

Cocoa Industry & Institutions Taking Action

The Harkin-Engel Protocol provided a particular avenue for industry action on the WFCL in cocoa production, including the projects of the ICI. Outside this framework, cocoa industry bodies such as the World Cocoa Foundation and individual companies have made some efforts to improve the sustainability of the cocoa supply chain⁶. These efforts have largely focused on the challenge of supply not keeping up with demand and has generated projects to improve productivity and yields (UNCTAD 2010, World Cocoa Foundation 2011). The Sustainable Tree Crops Program, managed by the International Institute for Tropical Agriculture (IITA 2011) is a good example of this. Nestle, as part of its Cocoa Plan (2009), announced it will supply 1 million high yield potential cocoa trees per year, starting in 2012. Mars too has been investing in research and development to increase productivity and yields, and in cultivating more production in Asia, including Indonesia (Mars 2011). While these efforts are relevant and important for the long term viability of the cocoa and chocolate industry, there is little evidence of action beyond data collection to directly address the issue of forced labour exploitation of children and adults in the cocoa supply chain. This also relates to those that involve the new sourcing countries, most of whom presumably also include these forms of exploitation in cocoa production.

The Emergence of Voluntary Standards Systems as a Solution

Over the last decade, voluntary standards systems have emerged to address sustainability in the agriculture sector, such as coffee, tea, cotton and cocoa. At the time the Harkin-Engel Protocol was established, non-state, market driven standards, certification and labelling systems had yet to reach prominence. There were very small amounts of cocoa certified by the global Fairtrade Labelling system (Fairtrade International – FLO, 2011). One exception was Kuapa Kokoo, a cocoa growers cooperative in Ghana, which achieved Fairtrade Certification in 1995 and has supplied the world with Fairtrade certified cocoa ever since (Kuapa Kokoo 2011). Today, there are three widely recognised and supported voluntary standards systems that are credibly and independently pursuing a more ethical and sustainable cocoa production system: Fairtrade International, Rainforest Alliance, and UTZ CERTIFIED.

Each of these systems, though having important differences between them, share some common features, including public standards that prohibit the use of the WFCL and labour exploitation in production. As such, these product certification systems have so far proven to be useful in helping tackle labour exploitation in the cocoa industry. This point has been acknowledged in the recent Tulane report which notes, “The implementation of Certification System: As product certification provides credible assurance that cocoa is being produced in line with International Labor Organization (ILO) Convention 182, industry should continue to scale up its consumption – and publically commit to new procurement targets – of product certified cocoa....” (see Tulane Report 2011).

Furthermore, these product certification systems include multi-stakeholder standard setting systems with independent, third party auditing. The fact that they are not owned or operated by industry, have transparent standards, and involve credible NGO partners has

⁶ See Appendix Five for more organisations and programs in the cocoa sector seeking to make it more sustainable and/or ethical

enabled them to gain the trust of consumers, development organisations and governments in a way that industry-led processes have not. For example, the SERAP program developed by ADM, or Source Trust, owned by Armajaro (one of the world's leading commodities and financial services businesses). These companies are setting their own standards and undertaking their own monitoring and, as such, they fail to provide high enough levels of openness, transparency and accountability for them to be seen as 'preferred options' as consumers are looking for credible ethical products in the market place. This is not to suggest that the Fairtrade, Rainforest Alliance or UTZ CERTIFIED offer perfect systems, or are without their own critics. They have different levels of certification emphasis and rigor, and offer differing benefits to producers, but they have successfully filled a gap in consumer markets and have to date proven to subject themselves to continuous improvements. However, as they scale up into the mainstream, the challenge will be for them to remain the product certifiers of choice for ethically produced cocoa. It remains to be seen if other newer certification schemes will take their place in terms of offering assurance of "cocoa beans, and their derivate products have been grown and/or processed without any of the WFCL" (Harkin-Engel Protocol 2001).

The ISEAL Alliance⁷ <http://www.isealalliance.org>

Fairtrade International, Rainforest Alliance and UTZ CERTIFIED are members of the ISEAL Alliance. The ISEAL Alliance is the global association for leading voluntary standards systems that meet or are close to meeting ISEAL Codes of Good Practice for social and environmental standards systems. For World Vision Australia – and many others – ISEAL Alliance members set the international benchmark for independent, third party social and environmental certification schemes.

Whilst the systems falling under the ISEAL Alliance have different aims and principles, they are complementary in their goals to promote sustainability, reliability and accountability. Full members meet the Codes of Good Practice, while associate members are still in the process of working to meet these requirements⁸.

Fairtrade International⁹ <http://www.fairtrade.net>

Fairtrade International, the first third party, independent voluntary standard system to certify cocoa, offers cocoa producers a better deal and improved terms of trade, via a set of mechanisms including prices that aim to cover the costs of sustainable production, an additional Fairtrade Premium, advance credit, and longer term trade relationships. This Fairtrade approach allows producers the opportunity to improve their lives and plan for their future. For the consumer, their choice of Fairtrade products while making every day purchases gives them a powerful way to help reduce poverty and invest in sustainable development. Consumers choose Fairtrade products by looking for the FAIRTRADE Mark.

⁷ All information on ISEAL Alliance sourced from their website www.isealalliance.org

⁸ For more information on the ISEAL Alliance and its member organisations – Fairtrade, Rainforest Alliance, and UTZ CERTIFIED, see Appendix Three to this report.

⁹ All information on Fairtrade sourced from their global website www.fairtrade.net and from the website of Fairtrade Australia & New Zealand www.fairtrade.com.au

Rainforest Alliance¹⁰ <http://www.rainforest-alliance.org>

The Rainforest Alliance works to conserve biodiversity and ensure sustainable livelihoods in the cocoa industry by transforming land-use practices, business practices and consumer behaviour. Its approach is to ensure businesses and communities profit from maintaining ecosystems and that workers are well-trained, enjoy safe conditions, proper sanitation, health care and housing.

UTZ CERTIFIED¹¹ <http://www.utzcertified.org>

UTZ CERTIFIED Good Inside ® ensures responsible cocoa production by recognising producers who manage their farms in a professional way and care for workers and the environment. Certified farmers must comply with the relevant Code of Conduct, which sets a standard for socially and environmentally responsible practices, traceability and professional farm management. UTZ CERTIFIED works to help farmers by supporting them to improve farming and management systems so that they can achieve larger harvests of higher quality against lower costs. They also work to ensure farmers have better tools for negotiation through greater market access and information.

Voluntary Standards Systems and Cocoa

With the emergence of voluntary standards and product certification systems, a number of rights based NGOs have encouraged chocolate companies to adopt ethically certified cocoa via producers certified by one of Fairtrade International, Rainforest Alliance or UTZ CERTIFIED as a means of easily and credibly addressing labour exploitation. Product labelling has helped grow consumer awareness and activism on ending the WFCL and labour exploitation in cocoa production. Major chocolate businesses and cocoa processors seemed reluctant at first to engage with the voluntary standards systems (2001-2007), with smaller alternative chocolate companies, such as Divine Chocolate being the first to head the trend. Mainstream chocolate resisted ongoing criticisms of their supply chains and inaction, claiming that by having signed the Harkin-Engel Protocol they were taking sufficient steps to address labour exploitation of children. However, over the last three years this attitude has changed significantly, with some global chocolate businesses putting timetables on scaling up their sourcing of ethically certified cocoa. For example Mars has claimed that its aim is for 100% of its cocoa to be ethically certified by 2020; it has however yet to name which certifier or certification system will label all its cocoa as certified by the target date, and has only stated that 100,000 tonnes per year of its total cocoa supply will be certified by the Rainforest Alliance (Mars 2011).

The Important Role of the Consumer

Given the emergence of voluntary standards systems, and their product labelling systems in developed markets, consumers have assumed an important role. Consumer choice of chocolate products bearing ethical certification marks (e.g. the Fairtrade label) in effect rewards those companies taking action and demonstrates an assurance of a market for ethical chocolate. As such, when chocolate companies purchase or commit to ethically certified cocoa, they want people to know that they have chosen certification so that they too can also tap into the growing consumer demand for certified cocoa. Announcements of

¹⁰ All information on Rainforest Alliance was sourced from their website www.rainforest-alliance.org

¹¹ All information on UTZ CERTIFIED Good Inside ® was sourced from their website www.utzcertified.org

certified chocolate by Cadbury (now Kraft), Mars, Nestle and Kraft have all received attention in the media, and each have hosted product launches which included grassroots groups engaging in advertising campaigns (e.g. Cadbury (now Kraft) in the UK).

In addition to purchasing ethically certified chocolate, consumers have also been encouraged through NGO campaigns to demand action from retailers and chocolate manufacturers – either through specific campaigns or simply utilising company feedback channels. For example, Stop The Traffik’s international cocoa campaign has provided interested consumers with various actions since it was established in 2006, while also encouraging “traffik-free chocolate” consumption choices (Stop The Traffik UK 2011). Consumer choice, demand and action – combined with high profile NGO campaigns – has helped fuel a quadrupling of Fairtrade Certified chocolate bars and block sales in the UK in 2010 (Fairtrade Foundation 2011) and 1500% growth in Fairtrade chocolate sales in Australia & New Zealand (Fair Trade Association of Australia & New Zealand 2011).

Action in Australia

Widespread attention in Australia to child labour exploitation in cocoa production did not really commence until 2007 and 2008 with the launch of Stop The Traffik’s Australian chapter and World Vision’s Don’t Trade Lives campaign (see Box 2). Fairtrade Certified chocolate products had been available in Australia since 2004 via Oxfam Shops and other specialty stores, but had not grabbed significant consumer attention. With the Stop The Traffik “traffik-free” chocolate campaign and the Don’t Trade Lives campaign, Fairtrade Certified chocolate gained more ‘mind share’ amongst Australian businesses and consumers, which enabled a surge in sales and business interest. Considerable media attention, including a piece on a major TV network when Don’t Trade Lives was launched in March 2008 and a Fairtrade representative appearing on a popular breakfast television show talking about ethical chocolate prior to Easter in 2009, generated further consumer buzz. The Big Chocolate companies initially responded to the NGO and community calls by saying that they were competitors in the marketplace but stood side by side in addressing child labour exploitation. However, the Confectionary Manufacturer’s of Australasia, the peak industry body, failed to make any commitments to ethical chocolate or to step up efforts to eliminate the WFCL despite calls from tens of thousands of Australians and key NGOs to do so.

Box 2: Don’t Trade Lives: Taking on Australian “Big Chocolate”

In March 2008, World Vision Australia launched its Don’t Trade Lives campaign to raise awareness that human trafficking had become the third largest transnational organised crime and inspire action to combat this. With the encouragement of other NGOs and allies overseas, Don’t Trade Lives launched with a focus on labour exploitation in the cocoa industry in Africa.

Starting with a news story highlighting the WFCL and child trafficking in Ghana and Ivory Coast on a major TV network, the campaign quickly gathered momentum. Meetings were held with major chocolate companies and their then industry body, the Confectionary Manufacturers of Australasia (CMA), to explain to them what action World Vision Australia wanted to see taken to address the problem. This first phase of the Don’t Trade Lives campaign, called the “Big Chocolate” phase, sought:

1. To see the Australian chocolate industry commit to a detailed and fully-funded plan of action by 1 December 2008 that will stop labour exploitation in cocoa production within 10 years;

2. To mobilise pressure on the chocolate industry from the Australian public, other NGOs, media, Members of Parliament and others.

At the heart of the call for “Big Chocolate” to ‘Say Yes’ to addressing labour exploitation in cocoa production was World Vision Australia’s ambition to see the WFCL eliminated and fair prices paid to cocoa farmers by 2018.

The “Big Chocolate” campaign set out to achieve its goal by targeting the industry (i.e. the CMA representing cocoa and chocolate manufacturers and importers) and major retailers (urging them to stock ethically certified chocolate), as well as educating and engaging consumers on choosing ethically certified chocolate and letting the industry and retailers know they wanted action. In the initial phase of the Don’t Trade Lives campaign, more than 25 000 Australians supported actions targeting the chocolate industry. Existing World Vision Australia supporters and other Australians visited chocolate manufacturers and retailers, signed petitions, utilised social media, held protests and visited Members of Parliament.

A highlight of Don’t Trade Lives’ “Big Chocolate” phase was the Trek Against Trafficking, which brought together members of World Vision’s youth movement, Vision Generation, in Canberra to train them on trafficking issues and campaigning work. While in Canberra they spoke to MPs, carried out actions on the lawns of Parliament House, and spoke to retailers and people in the street about labour exploitation in chocolate production. Vision Generation members then returned to their communities where they continued to support the Don’t Trade Lives “Big Chocolate” campaign.

While the 1 December 2008 deadline came and went without an adequate response from the CMA and “Big Chocolate” – and certainly not a detailed action plan to address the WFCL and deliver fair prices – the campaign laid the groundwork for significant wins in subsequent years and months. Most notable was the announcement in August 2009 that Cadbury would start sourcing Fairtrade Certified cocoa from Ghana for its Dairy Milk milk chocolate – the first of the Big Chocolate companies to break ranks. Mars and Nestle in Australia have followed with similar commitments since then. Don’t Trade Lives has contributed also to increasing the demand and availability of Fairtrade Chocolate, including gaining commitments from major retailers.

The momentum of the campaign has grown in recent years, with hundreds of thousands of Australians now having taken Don’t Trade Lives actions targeting the chocolate industry. The campaign’s effectiveness was again demonstrated clearly in March 2010 when Don’t Trade Lives action targeted Arnott’s cocoa sourcing for chocolate biscuit products. As soon as the action was launched, Arnott’s agreed to come back to World Vision Australia within six months with a plan for sourcing ethically certified cocoa from West Africa.

Sources: Mizrahi (2010), World Vision Australia (2011)

The breakthrough in Australia came in August 2009, when on the back of global commitments announced out of the UK, Cadbury (now Kraft) announced the conversion of its market leading Cadbury Dairy Milk milk chocolate range to Fairtrade cocoa in Australia and New Zealand (Fair Trade Association of Australia & New Zealand 2011). Since then, other major chocolate companies have made promises to launch ethically certified products in the Australian market. While Australian consumers have embraced the launch of “ethical chocolate”¹² choices so far, the industry as a whole has not committed to coordinated action, and many chocolate companies have not laid out their plans for increasing their demand for ethically certified cocoa. Stop The Traffik, Don’t Trade Lives and a growing

¹² World Vision defines “ethical chocolate” as that which is harvested without the use of forced, child or trafficked labour. This term does not seek to classify the use of other ingredients, such as palm oil.

Fairtrade movement (including schools, councils, universities, etc.) continue to campaign for more action by Australian Big Chocolate.

Action Over the Last Decade – Progress or Business As Usual?

The Harkin-Engel Cocoa Protocol has produced much discussion and data on hazardous child labour, but failed to spur rapid progress on the elimination of the WFCL, including child trafficking and labour exploitation from the West African cocoa production sector as many hoped, especially those that endorsed the Protocol move taken by the industry. Not only were deadlines for ‘certification’ missed, but efforts to identify, remediate and prevent WFCL have not proved to be significant. The establishment and work of the ICI, too, has had its difficulties and has not produced the results that were expected (see Tulane Report 2011). As an institution first set up by the companies as part of the Harkin-Engel Protocol responsibilities, ICI’s full potential to achieve significant results on the ground and be a clearing house for good labour practices has yet to be realised. The World Cocoa Foundation has continued its work with industry and governments to address productivity, yields and environmental farming practices in cocoa production. Yet on the issue of labour exploitation and particularly the WFCL, continued poverty amongst cocoa farmers and their communities, remain at the root of the problem and remains unaddressed by the World Cocoa Foundation efforts.

By end of the decade, while deep disappointments have been expressed, especially by some groups who witnessed the signing of the Harkin-Engel Protocol in 2001, there is momentum in the Tulane University’s findings that recommends product certification as providing credible assurance that cocoa is being produced in line with ILO 82 (2011). Companies incrementally scaling up their consumption of ethically certified cocoa provide hope, but no promise for the industry and global cocoa production as a whole. NGOs and campaigners have been at the forefront over the last 10 years telling the world that certified cocoa without WFCL could only mean product certified cocoa issued by a standard based ISO 65 accredited certification bodies.

Current Status of Labour Exploitation in the Cocoa Industry

After more than a decade of widespread recognition of the problems of child labour exploitation in the cocoa production supply chain, including the WFCL, and the various actions taken as outlined in the last section of this report, where have we got to now? What is the situation in cocoa production? Do we have reason to be hopeful that the elimination of the WFCL and implementation of fair pricing for cocoa farmers can be in place by 2018?

Child Labour and Trafficking Persists

Despite the actions of the last decade, and the signing of the Harkin-Engel Protocol, all the evidence suggests the WFCL and labour exploitation remains rife in cocoa production in West Africa. The third (2009), fourth (2010) and final (2011) reports from the Payson Center at Tulane University documented evidence of ongoing child exploitation in cocoa production, including:

- That over a period of 12 months from 2007 to 2008, 819,921 children were working on cocoa-related activities in Côte d'Ivoire and 997,357 were doing so in Ghana;
- Finding that children are frequently involved in weeding, plucking cocoa pods, gathering and heaping cocoa pods, and other cocoa-growing activities;
- 15 percent of children surveyed reporting forced or involuntary work in the past twelve months;
- Finding that nearly 50 percent of children working in cocoa farming in Côte d'Ivoire and over 50 percent in Ghana reported injuries from their work in the past year;
- Showing that thousands of children travel from impoverished neighbouring countries to the cocoa plantations in Ivory Coast, where some of them live in substandard conditions and receive little or no pay; and
- Research in border areas showing that only a tiny proportion of children in cocoa farming ever see a police officer on their way over the border, and that police officers are not properly trained to deal with such crossings (Tulane University 2009, 2010).

Further, in June 2009, Interpol and police from the Ivory Coast conducted raids on several cocoa plantations in the Ivory Coast that identified scores of children in forced labour conditions who had been trafficked into the Ivory Coast from other countries (Interpol 2009). Fifty-four children, aged between 11 and 16, were rescued from seven countries, and eight people arrested for trafficking. According to Interpol, "children told investigators they would regularly work 12 hours a day and receive no salary or education. Girls were usually purchased as house maids and would work a seven-day week all year round, often in addition to their duties in the plantations" (Interpol 2009). The ILRF flags a second report not long after the mid-June 2009 raid where two trucks carrying 20 children being trafficked into the Ivory Coast from Burkina Faso were stopped (Newman, 2009).

Better methodology to identify child trafficking is urgently needed; the data on child trafficking is difficult to come by because we have not understood the phenomenon fully and as such do not fully know how to identify it (see Sheth 2009). As Sheth (2009) notes, the

Harkin-Engel Protocol and related ‘certification’ and monitoring processes failed to focus on trafficking, and subsequently their methodologies were seriously flawed when it came to identifying and understanding incidences of trafficking. As one example, family ties were assumed to mean ‘not an incident of trafficking’, when this is not necessarily the case (as our opening story of Lela attests). Furthermore, Sheth and De Bhur (2010) points out, once accurate data is generated on trafficking, we then need to know how to adequately remediate such that children are not put at further risks, including being re-trafficked.

Ongoing Efforts of Governments and Multilateral Bodies

As discussed in the previous section on actions taken over the last decade, governments and UN multilateral agencies such as the ILO have made efforts to tackle labour exploitation in the cocoa industry. This continues today. The US government, via the US Department of Labor, reaffirmed its commitment to these efforts in September 2010, soon after the release of the final Tulane University report (2010), pledging a further US\$10 million to a new Framework of Action with governments of Ghana and the Ivory Coast (ILAB 2010). At the launch of this initiative, industry committed US\$7 million to this new framework (though they were challenged by the US Department of Labor Secretary to match the US\$10 million they put on the table). This Framework of Action will work through IPEC to help build community based monitoring systems to ‘uncover the WFCL, determine the causes and provide remedies’ (ILAB 2010). The Ivorian and Ghanaian Governments are partners in this initiative (however, it is useful to note that for the Ivorian Government, this was before the recent political and civil unrest around election results; perhaps a spectre of things to come judging from the last conflict which broke out in 2002 that made it difficult for the Ivorian government to live up to its commitments made on the 2001 Harkin-Engel Protocol). It is also notable that a week before the US Department of Labor announcement, the Ivorian government passed a law to prohibit the WFCL and had committed to building two youth centres in cocoa growing regions where exploited children can be identified and then put back into school.

The governments of Germany and the Netherlands where much of the world’s cocoa is shipped to and processed, are also refuelling attention to tackling the problem of child labour exploitation. The German overseas aid program via GTZ continues to be a major investor and catalyst for projects in West Africa that contribute to creating a more ethical and sustainable cocoa production system. A new development has emerged from the Dutch Sustainable Trade Initiative (see Box 3) that demonstrates an interesting government, industry and civil society partnership model to tackle the issues in cocoa supply and chocolate production systems. The Netherlands is one of the hubs of the world’s cocoa supply chain, channelling hundreds of thousands of tonnes of cocoa beans through the Port of Amsterdam, also home to the world’s largest cocoa-processing factories. The commitment of the government in The Netherlands and its industry players, if replicated in other key cocoa processing or chocolate consumption markets, could significantly fuel momentum towards eliminating labour exploitation, including WFCL.

Box 3: The Netherlands – Leading on Sustainable and Ethical Chocolate

The Dutch Government reached a landmark agreement in March 2010 with the industry to transition all cocoa consumption in The Netherlands to ethically and sustainably sourced by 2025. At the conclusion of a process led by the Ministry of Agriculture, Nature and Food Quality, the Letter

of Intent for Sustainable Cocoa was signed by key Dutch chocolate manufacturers, retailers, trade unions, NGOs, voluntary standards initiatives and key government agencies. A supporting declaration was also made by ADM Cocoa, Cargill Cocoa and Barry Callebaut (who process a significant amount of cocoa into semi-finished products in The Netherlands).

The Letter of Intent aspires for 50% of cocoa consumed in The Netherlands to be ethically and sustainably certified by 2015, 80% by 2020 and 100% by 2025. The work to achieve these objectives will be coordinated by the Dutch Sustainable Trade Initiative, and will involve contributions from all sectors to hit the ambitious targets.

While influencing domestic consumption is the primary outcome of the Letter of Intent, many of the organisations involved also see this initiative as a key enabler for great sustainability in the global production and consumption chain. The Netherlands is one of the hubs of the world's cocoa supply chain, channelling hundreds of thousands of tonnes of cocoa beans through the Port of Amsterdam, and also home to the world's largest cocoa-processing factories (both ADM Cocoa and Cargill Cocoa's factories are just north of Amsterdam). It is the biggest exporter of semi-finished cocoa products in the world, and has the world's largest chocolate factory, Mars' site in Veghel. Through the Letter of Intent, it is hoped to catalyse further change in the global supply chain. This move by the Dutch government and its partner also sets an example to other nations on how stakeholders can collaborate to achieve shared objectives regarding the elimination of labour exploitation and the creation of a thriving and sustainable cocoa sector.

As pointed out by NewForesight, the leadership of The Netherlands on facilitating more sustainable markets is not limited to the cocoa sector. There are also initiatives on sustainable procurement across all government agencies and departments, sustainable palm oil, and minimum sustainability levels for Dutch supermarket private label products.

Sources: *Dutch Sustainable Trade Initiative 2011*, *NewForesight 2011*

In more sobering news, the ILO released its 2010 update on child labour globally. The report, *Accelerating action against child labour - ILO Global report on child labour 2010*, calls for a re-energising of efforts to end child labour as the rate of progress in eliminating incidences slowed down in recent times. Between 2004 and 2008, the number of child labourers decreased overall from 222 million to 215 million (a 3% drop). However, "in Sub-Saharan Africa progress towards the elimination of child labour is lagging behind other regions of the world. Sub-Saharan Africa has the greatest incidence of children in economic activity – 28.4 per cent of all 5-14 year-olds, compared to 14.8 per cent for Asia and the Pacific and 9 per cent for Latin America....In the region, 38.7 million children ages 5 to 17 are in worst forms of child labour (hazardous work). Of particular concern are child trafficking, the use of children in armed conflict, small-scale mining, hazardous work in agriculture, industry and services, informal economy, commercial sexual exploitation and domestic labour. Children trapped in bondage and slavery are also reported in some areas" (ILO 2010). The ILO's IPEC process continues to partner with African governments, industry and civil society to achieve common goals.

In Box 4, there is an exciting model of the IPEC program working directly with Fairtrade Kuapa Kokoo cocoa farmers and their communities in Ghana. This project may add significant value in changing the landscape and seeing substantial, on the ground, progress to eliminating the WFCL and tackling child trafficking. The ILO project with Kuapa Kokoo is in addition to Kuapa Kokoo's own child labour program, launched in late 2010 and partially supported by the Fairtrade premium. This includes, among other things: the development

and implementation of an Internal Control System to monitor and promote compliance with Fairtrade standards at all levels of the organisation; development of Community Action Plans (CAPs) to identify the needs of the communities and develop strategies and appropriate skills in address them; development of a child labour awareness Campaign Program which will increase the level of sensitization among its members and improve their knowledge on issues of child labour and worst forms of child labour; and a remediation team which responds directly to any incidence of child labour identified, including access to a remediation fund to provide resources to act in all cases of WFCL identified¹³.

Box 4: Kuapa Kokoo Tackling Child Labour with ILO

In February 2011, Kuapa Kokoo Farmers Union announced a partnership with the ILO to tackle child labour in Ghanaian cocoa production. The partnership will see a pilot initiative run in 15 cocoa-growing communities focused on preventing and removing children from hazardous work on cocoa farms.

Kuapa Kokoo is a Fairtrade Certified cocoa cooperative with more than 45 000 members. The cooperative was chosen as a partner by the ILO because it is the largest farmer-owned cooperative in the cocoa sector and is committed to, and has a track record of dealing with, eliminating the worst forms of child labour within its organisation and the communities where it operates.

The pilot includes supporting vulnerable families within Kuapa Kokoo's growing communities with livelihood programs and strengthening Kuapa Kokoo's child labour monitoring systems.

Source: Kuapa Kokoo 2011

A final recent development in this space is worth noting. In June 2010, a new International Cocoa Agreement – the first since 2001 – was reached at the UN Cocoa Conference (UNCTAD 2010). In this agreement, the need for fair pricing, a socially sustainable cocoa economy, investing in capacity of local communities and smallholder farmers, and facilitating financial tools and services for cocoa farmers (including credit and price risk management) are all referenced. Disappointingly, however, the issue of child labour, the WFCL, child trafficking and labour exploitation in cocoa production are not mentioned at all. Certainly, in its instruments, the International Cocoa Agreement 2010 missed an opportunity to elevate dealing with labour exploitation issues and tackling the poverty of cocoa farmers to the level of other matters, such as quality or market transparency.

How Serious is Business?

With the process being pursued under the Harkin-Engel Protocol increasingly fraying, what are cocoa and chocolate companies doing today to achieve the outcome they committed too i.e. the elimination of the WFCL from their cocoa supply chains? The answer throughout the last decade may have been 'not enough', and likely still is, but there have been promising developments in more recent times.

¹³ http://www.kuapakokoo.com/index.php?option=com_content&view=article&id=83:statement-on-hazardous-and-the-worst-form-of-child-labour&catid=1:latest-news&Itemid=50

Price Instability

Poverty is a major root cause of labour exploitation in cocoa production. One of the challenges for the millions of smallholder farmers growing cocoa in West Africa (and other cocoa growing regions) is price instability that comes with cocoa being traded on commodity futures markets. While price spikes in futures markets rarely lead to any increase in incomes for cocoa farmers (ILRF 2008), the fluctuations in price create challenges, and downturns rob cocoa farmers of whatever incomes they had been able to earn. The problem of speculators trading futures contracts in agricultural crops was highlighted in 2010, as explained in Box 5. More generally, industry has failed to act to provide farm gate prices that meet costs of production, maintaining the conditions for driving labour exploitation.

Box 5: Armajaro Shocks Cocoa Market with Massive Cocoa Contract Purchase

In July 2010, the millions of dollars made by commodity speculators were brought in to public focus when Armajaro purchased 7% of the world's cocoa – 240100 tonnes – driving cocoa prices to a 33 year high. Armajaro is one of the world's leading cocoa and coffee focused hedge funds, which buys up futures contracts or physical stocks of commodities at one price, hoping to sell them at much higher prices at a later time to other traders. Armajaro was accused of 'gambling with the lives of the poor' – effectively betting that prices would go higher as demand continued to outstrip supply. The US government moved to restrain such speculation in their markets with a new financial reform law. Unfortunately, cocoa farmers like other smallholder farmers in developing countries, rarely benefit from such price surges because of their disconnect from farm gate prices and the fact that they are typically net purchasers of food whose prices are also driven up by such speculation.

Sources: <http://www.tradingvisions.org/content/return-choc-finger>,
<http://www.guardian.co.uk/business/2010/jul/19/speculators-commodities-food-price-rises>

The International Cocoa Initiative

The establishment of the International Cocoa Initiative (ICI), as discussed previously, was one of the objectives of the Harkin-Engel Protocol completed in 2002. Its work continues, focused on eliminating the WFCL from cocoa supply chains, particularly in West Africa. The achievements and operation of the ICI have been put under scrutiny by both the ILRF and the Tulane University research process. Tulane University's 4th report (2010) provided a positive assessment of the ICI's Community Action Plan (CAP) projects, which to date have been largely focused in Ghana, and noted that the Ghanaian government has incorporated the CAP methodology in to its own approach. However, its scope has been limited thus far, certainly not at the scale to drive the change required in the sector. The ICI itself has often lamented a lack of financial resources from its donors, i.e. the cocoa and chocolate industry, which limits the scope and scale of projects it can carry out. Significantly, though, first the ILRF (e.g. 2008) and then the Tulane University process questioned the expenditure made by ICI on the ground. The 2010 Tulane University report goes as far to imply misappropriated funding, with a gap between reported spend (US\$14.5 million since 2001) and what auditors could find spent on programming on the ground (US\$5.5 million). It is possible one trend we are seeing currently is that industry is losing confidence in the ICI and are looking elsewhere for solutions and effective use of their investments.

Industry Commitment to Ethical Cocoa Certification

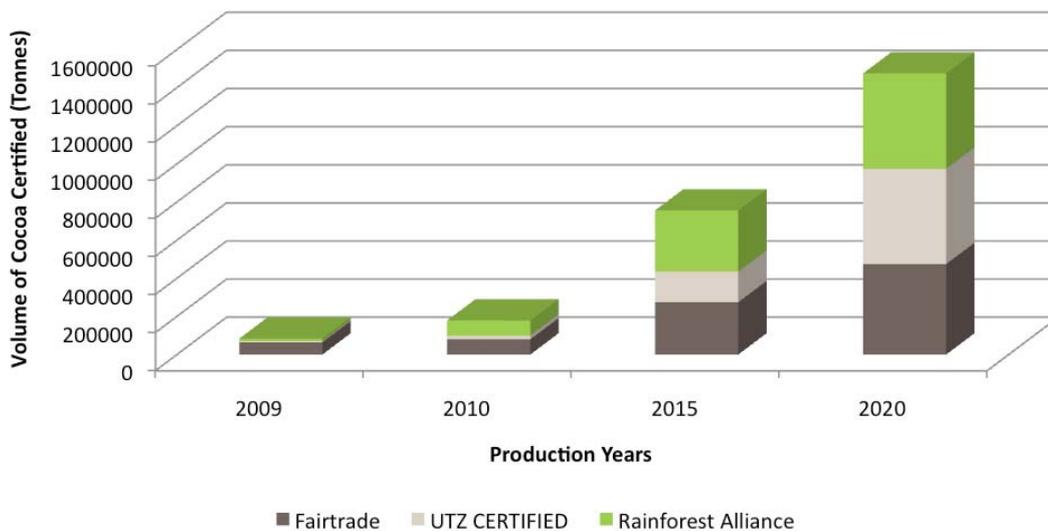
A significant alternative to the ICI for industry is investing in the use of the credible and independent voluntary standards based certification systems mentioned earlier. In the last 12-24 months there has been significant company investment and commitment to sourcing ethically certified cocoa. With market leaders like Kraft (including Cadbury) and Mars (especially) going down this path, it is an option growing in prominence industry wide. As previously highlighted, Mars has committed publicly to sourcing 100% sustainable cocoa that is independently certified by 2020 (Mars 2010). Kraft and Nestle are yet to match this, but have made significant commitments that will see their use of ethically certified cocoa increase substantially in the coming 1-5 years. Outside the major chocolate players, other food businesses, i.e. Unilever, use cocoa have made commitments to 100% sourcing of ethically certified cocoa (by 2020 for Unilever¹⁴). These moves reflect concerns from businesses that the current situation of unsustainable production impacts on them in a number of ways. These include difficulty in securing a supply of quality cocoa, ongoing supply and demand imbalances creating an unstable market and pricing, and risks to their reputation due to increasing consumer concern about social, environmental and economic issues in the supply chain (Tropical Commodities Coalition 2010). But when will a tipping point be reached? When will industry and the wider community expect that all cocoa being purchased and chocolate being sold is automatically ethically certified?

Ethical Certification Gathering Pace

The emergence of ethical certification for cocoa via credible, independent voluntary standards systems, reflects how these approaches offer frameworks for producer, industry, development NGOs and governments to collaborate on solving labour exploitation and cocoa sustainability challenges. As stated above, the role of ethical certification for cocoa under these voluntary standards systems has become even more prominent in the last 12 to 18 months as more Big Chocolate, cocoa processors and even governments (see Box 3) have made commitments to increasing their purchases over the coming years. Figure 3 shows the stated ambitions of each of the three ethical cocoa standards bodies regarding the volume of cocoa they aim to certify between now and 2020. These projections are based on factors such as existing commitments made by stakeholders, anticipated growth in the market and perceived scaling up capacity.

¹⁴ Unilever has 100% certified cocoa commitment by 2020, see <http://www.sustainable-living.unilever.com>

Figure 3: Actual (2009) and projected ethically certified global cocoa supply



Note for Figure 3:

In 2009 and 2010, it is estimated that 15% of reported certified production is 'double certified', i.e. certified by more than one standard, thus over-estimating total volumes

Total cocoa production for the 09/10 harvest was 3.6 million tonnes

While ethically certified production is projected to increase to 2020, overall cocoa production is also expected to increase in response to rising demand

2015 and 2020 production reflects the ambition of each standard system

Source: Tropical Commodity Coalition 2010, Cocoa Barometer 2010

The 2020 figures for ethical cocoa production in Figure 3, as a percentage of total 09/10 production (3.6 million tonnes), is 39%, compared to a 2009 share of just over 2% and 5% in 2010. The Tropical Commodity Coalition (2010) estimates that currently 15% of ethical cocoa is certified by more than one of the three systems (i.e. is counted at least twice), and therefore figures are likely to be an overstatement of total market share. Also, ICCO (2011) is predicting growth in production given the investments being made to redress the supply/demand imbalance of the last few years. ICCO projection for the 10/11 cocoa production year is 3.9 million tonnes. As such, it is entirely possible that production will be over 4 million by 2020, if not heading towards 4.5 million. With these factors in mind, it is likely ethically certified production by 2020 will make up anywhere between 25% and 40% of total cocoa production if this scaling up can be achieved.

The potential of ethical certification of cocoa under the Fairtrade International, Rainforest Alliance and UTZ CERTIFIED systems is largely aspirational at this point. For these systems to deliver the transformation of the cocoa sector towards greater ethical and sustainable production at the scale proposed, significant investment, commitment and collaboration will need to be mobilised across the stakeholder spectrum. Timetabled commitments from Mars, Unilever, and Kraft (to a more limited extent) are aspirational to date, yet important in stimulating the scaling up process.

Continuing NGO Efforts

Importantly, NGOs continue today to lobby, advocate and campaign for the cocoa and chocolate industry to take action and deliver meaningful results on eliminating labour exploitation. The global Stop The Traffik network is mobilising grassroots action to demand 'traffick-free' chocolate, through both individual actions and connecting up values-aligned other NGOs under a common platform. It is holding chocolate companies to account to deliver on public commitments made towards ending child labour and child trafficking, pushing them to go further, and spreading awareness of the issue to more and more individuals and organisations.

In the US, the ILRF has been unwavering in its advocacy for meaningful industry action, producing high profile research reports and forming alliances with other NGOs for campaigns. Most recently, the ILRF's Cocoa Campaign (2011) has singled out Hershey's, the largest chocolate manufacturer in the US and one of the top five purchasers of cocoa globally, asking them to make public timetabled commitments to purchasing Fairtrade Certified cocoa. In September 2010, to time with the US Department of Labor announcement on new funding for a Framework of Action to eliminate the WFCL, the ILRF – in partnership with Global Exchange, Green America, and Oasis USA – launched *Time To Raise The Bar: The Real Corporate Social Responsibility Report for the Hershey Company* (Newman & O'Connell 2010). This timely report shone a light on Hershey's failure to take any meaningful action on labour exploitation in its cocoa supply chain, especially in comparison to its peers, and laid out a clear challenge for Hersheys to accept if it is serious about sharing its load in the effort to end the WFCL and labour exploitation in cocoa production.

Big Chocolate & Cocoa Campaigns in Australia

Today, three of the five leading chocolate companies in the Australian market have either launched, or will launch this year, their number one selling brand under ethical certification for their cocoa sourcing. As set out in Table 1, Cadbury (now owned by Kraft) is sourcing Fairtrade Certified cocoa for their Dairy Milk milk chocolate range, Mars is sourcing Rainforest Alliance certified cocoa for their Mars Bars, and Nestle is sourcing UTZ CERTIFIED cocoa for their four-finger Kit Kats. Only Mars, however, has an existing publicly stated commitment to go beyond, with all of their chocolate products due to be ethically certified by 2020. Ferrero has made no commitments (which reflects their global position), and neither have Lindt.

Table 1: Current Commitments of Major Chocolate Businesses in the Australian Market*

Chocolate Brand	% of Australian market*	Harkin-Engel Signatory	Commitment to Ethical Certification	Ethical chocolate available in Australia
Cadbury	46.9	No*	No specific goals or targets communicated globally; was first major brand to commit to using ethical cocoa in some of its products; has converted market leading product in all global markets	Fairtrade Certified Cadbury Dairy Milk milk chocolate range from April 2010, and Cadbury Dairy Milk milk chocolate Easter Magic Egg (65g) for Easter 2011
Mars	15.0	Yes	100% sustainably sourced* cocoa for all products by 2020 globally	Rainforest Alliance certified Mars Bars from June 2011
Nestle	14.0	Yes	No specific goals or targets communicated globally; Nestle Cocoa Plan provides framework for using ethical cocoa for each country; is in the process of converting Kit Kats in major markets to ethical cocoa	UTZ CERTIFIED 4 finger Kit Kats from start of 2011, all Kit Kats by end of 2011
Lindt	7.9	No	No commitments	No certified products available or planned to be available
Ferrero	5.7	Yes	No commitments	No certified products available or planned to be available

* Refer to Appendix Four, World Vision Australia Chocolate Scorecard, for more information
 * Data taken from Retail Media Pty Ltd 2010, Market Sizes and Shares. Retail World, Annual Report, December 2010, pp. 41-96; Data reflects Grocery channel only, doesn't include Convenience; Data is based on value of the market, not volume
 * While Cadbury is not a Harkin-Engel Protocol signatory, Cadbury was purchased by Kraft in January 2010, and Kraft is a signatory
 * Mars has made a commitment to only use certified cocoa by 2020 of which 100,000 tonnes per year will be Rainforest Alliance certified cocoa

Lindt makes representations that they cannot source ethically certified cocoa due to quality commitments, i.e. there is not the volume of quality cocoa available under current certification. This argument seems to miss the point that is understood by other chocolate manufacturers that volumes will only be available if commitments and investments are made by their business to secure those volumes. Ferrero too emphasises the need for quality cocoa while indicating that, in the unquantified 'long term', it would like 100% of its cocoa to be verified as sustainably sourced. Corporate sustainability and social responsibility reports from both Lindt and Ferrero companies highlight traceability work they are doing, and investments they are making into projects in some cocoa growing communities. However, it is difficult to find any statements or figures that are transparent or independently verifiable, or quantifiable for that matter (i.e. volumes of cocoa traceable, financial investments made). Statements that claim to prefer direct sourcing, for example, without an independently verified figure of just how much or what percentage is sourced directly lack credibility.

The information Figure 3 suggests that, if no further ethical cocoa sourcing commitments or ethically certified cocoa products are launched in Australia between now and 2018 – and if the mix of market share remains approximately similar – somewhere between 20 and 25% of Big Chocolate will be ethically certified. All of Mars 15% market share is expected to use ethical cocoa, and Cadbury (Kraft) and Nestle's market leading products will also carry ethical certification. Ensuring that the market share is significantly higher is one way Big Chocolate can meet both Don't Trade Lives and Stop The Traffik Australia's ongoing campaigns for an end to labour exploitation and human trafficking in cocoa production. For example, Stop The Traffik has recently targeted Nestle, asking them to move beyond Kit Kats and convert more of their product range to "traffik-free" cocoa (Stop The Traffik 2011). Both campaigns seek to continue to 'shine a light' on failures of Big Chocolate to

adequately act to end the WFCL and ensure fair prices for cocoa farmers and encourage more ethical consumption from Australian consumers.

For Don't Trade Lives, even if there is an acceleration of commitments from Big Chocolate in Australia and the market share of ethically certified chocolate grows to nearer 100%, the campaign's call is of the global chocolate industry. World Vision Australia's ambition is not only to catalyse a tipping point in the Australian market, where chocolate companies that are not acting lose their legitimacy, but to see action here fuel a greater pace of change at an international level. The fact that a decade on from the Harkin-Engel Protocol the cocoa production system continues to rely on exploited child labour, including trafficked labour, is unacceptable. Just how Big Chocolate and other stakeholders can achieve the elimination of the worst forms of child labour and fair prices for cocoa farmers by 2018 is discussed in the next section, The Road Ahead.

Reason For Hope

In assessing the current status of the cocoa and chocolate industry and its efforts to tackling labour exploitation in cocoa production, it is evident that there are many things happening, some of which could prove promising. After the disappointment of the Harkin-Engel Protocol it is tempting to be pessimistic. However, it may be that this current set of actors, tools and programs represented in Table 2 can achieve progress in the decade ahead in a way the Harkin-Engel Protocol could not. Certainly there is a sense of momentum building. There is reason for hope. It is the case, however, that today the WFCL, child trafficking and other forms of labour exploitation continue to tarnish the world's chocolate. The need to maintain and build further momentum is urgent.

Table 2: Current actors in the cocoa debate

Actor	Activities
Non-Government Organisations (NGOs)	NGOs are running campaigns, maintaining scrutiny of government and business efforts, conducting research and supporting producer development.
Consumer Movement/Market	Through NGO campaigns, more consumers are demanding ethical cocoa from businesses and retailers, and fuelling surging demand for ethically certified chocolate, especially in Europe, Australia and New Zealand.
Business	Some market leading brands and processors have made major commitments to secure ethical production over the next decade, invested in supply chain traceability and productivity improvements.
3rd Party Certifiers/Voluntary Standards Systems	There are promising systems for providing traceability, monitoring labour rights, facilitating environmentally sound farming techniques and enhancing incomes and livelihoods in the process of scaling up.
Governments	Some Western governments are investing in efforts to eliminate child labour and trafficking, put in place monitoring systems, catalyse ethical certification and support farmer development; while West African governments are building legal and institutional capacity for monitoring, enforcement and farmer development.
Multilaterals	Key institutions are working with West African governments and the global cocoa industry to progress the elimination of child labour, trafficking and the creation of a sustainable cocoa economy.
Producers	Some farmer organisations are emerging in West Africa and investing in local capacity to detect and take action on child labour and trafficking, train and empower farmers, pool resources and improve livelihoods and community wellbeing.

The Road Ahead

It is clear that a decade on from the signing of the Harkin-Engel Protocol, the worst forms of child labour, labour exploitation and poverty amongst cocoa farmers continue to taint the chocolate industry. The emergence of voluntary standards based certification systems capable of addressing these challenges in cocoa production – and the commitment of major chocolate multinationals to increasingly use these systems – has brought new momentum to solve these persistent problems, as well as engaging consumers, retailers, and new NGO partners in these efforts. Investments and actions by government agencies, predominantly from the US, The Netherlands and Germany, also provide hope that significant progress can be achieved over this decade. Growing capacity of the Ghanaian government, its cocoa industry bodies and anti-child labour programs, and farmer organisations themselves in Ghana and the Ivory Coast is also promising, as is the newly negotiated International Cocoa Agreement with explicit mandate to address poverty and price instability. While it is fair to say Harkin-Engel Protocol has failed, what it has helped give birth to in the 10 years since it's signing may succeed in its original intent.

There are, however, many challenges and obstacles to achieving a cocoa production sector that is free of labour exploitation and the WFCL and provides sustainable livelihoods for cocoa farmers, their families and their communities. Whether the momentum can be maintained – and promises and commitments fulfilled – depends on the mobilisation of significantly more business and government investment and will. A key challenge for all initiatives is the ongoing political instability in the Ivory Coast, which has been a feature of that country for decades. Given the Ivory Coast produces more than 30% of the world's cocoa beans, solutions need to be found and gains maintained against a backdrop of civil unrest that hampers development efforts and investment, disrupts trade and economic flows, and restricts government capacity and institution building, monitoring systems and enforcement.

Scaling Up Ethical Certification

Further, achieving the volume of ethically certified cocoa (i.e. 25-40% of global production by 2020) reflected in the ambitions of the voluntary standard systems (Fairtrade, Rainforest Alliance and UTZ CERTIFIED) and the existing commitments of businesses (e.g. Mars, Kraft, Nestle) and governments (i.e. The Dutch Letter of Intent) will be very difficult (Tropical Commodity Coalition 2010). The reality for the standards bodies, and their business and NGO partners, as indicated by the Tropical Commodity Coalition (2010) is that growing the share of ethically certified cocoa will increasingly struggle with:

- A lack of organisation amongst cocoa farmers – farmers need to operate in collective structures with capacity for group purchasing, management, basic processing;
- Limited training capacity at the local level;
- Lack of finance available for cocoa farmers and farmer organisations;
- Decades of declining incomes from cocoa growing have undermined interest and confidence in the capacity of cocoa to provide a livelihood;

- High costs of compliance with the standards and to access certification; and
- Competition between standards bodies.

Encouragingly, these challenges are understood. Fairtrade has been through a lengthy process of revisiting its model and is now well into a transformation process, that includes reviewing its standards and certification processes, with greater capacity to scale to meet producer and market demands a central driver (Fairtrade International, 2011). Rainforest Alliance is also reviewing standards and approaches (Rainforest Alliance, 2011). Additionally, under the banner of the ISEAL Alliance, all three systems are working to improve the robustness of their processes, and pursuing greater cooperation and collaboration opportunities. The cocoa sector in West Africa is one of these key opportunities. Further, all three standards systems are working together on the German overseas development agency, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) project to develop and deliver generic pre-certification training to cocoa farmers in Ivory Coast, Ghana and Nigeria (see Box 6). The Certification Capacity Enhancement project is intended to form an important part of the pipeline to achieve the substantial growth forecast in ethically certified cocoa.

Box 6: Certification Capacity Enhancement (CCE) in West Africa

The Certification Capacity Enhancement project (CCE) is supporting the sustainable production of cocoa by smallholder farmers in West Africa by promoting cooperation between standards initiatives, private enterprises and development organisations. The project provides training for the cocoa producers to improve their agricultural practices and meet the requirements of the three main standards initiatives in the cocoa sector – Fairtrade, Rainforest Alliance und UTZ CERTIFIED – and to achieve certification by them. The guidelines of these initiatives include minimum standards for environmentally sound cocoa cultivation, for handling agro-chemicals responsibly, for protecting biodiversity, and for ensuring socially acceptable conditions, such as fair pay and an end to child labour.

During its pilot phase, the project is working closely with the standards initiatives to develop a collective training curriculum that complies with the requirements of all three initiatives. This will allow all future training measures for certification according to one or several of the standards to use the same curriculum. Training will therefore become easier for the farmers, with lower transaction costs for certification; access to the market for sustainably produced cocoa will also become easier. A number of private companies, including some major cocoa importers and chocolate manufacturers, are running pilot projects to test the practicality and the effects of the collective training concept.

The pilot phase will be followed by a second phase in which the training activities are expanded and a service centre set up, offering extension services and information about certification to companies, standards initiatives, donor organisations and producer groups.

Collaboration has also started with national organisations, such as the Ghanaian state-owned cocoa marketing board, COCOBOD. These partnerships will be used to integrate the CCE certification curriculum into the national extension programmes.

CCE is being implemented across Ghana, the Ivory Coast, and Nigeria from 2010 to 2012.

In addition to GIZ, Fairtrade, Rainforest Alliance, and UTZ CERTIFIED, the project also involves the Dutch Sustainable Trade Initiative, Solidaridad, ADM, Callebaut, Mars, and the governments of Ghana, Ivory Coast and Nigeria.

While it may be overstating the case that ethical certification for cocoa is ‘the great hope’ to address the WFCL and create a sustainable cocoa production economy, it is clear that the opportunities provided by the voluntary standards system are highly promising. They provide tools and frameworks for business and government investment and collaboration, clear targets for social and environmental performance, and ongoing independent verification linked to a consumer labelling system that raises awareness and promotes informed choice. The multi-stakeholder nature of each system, including the involvement of key NGOs and even producers (in some cases) in their governance, means there is a dynamism and an ongoing commitment to better outcomes for farmers and their communities. As consumer awareness rises, and they join with NGOs in demanding more independently certified cocoa that delivers on their social and environmental expectations for production, the demand pull will push more chocolate companies to making commitments and investments in this area also. At some point, there is nowhere to hide for businesses who are not acting.

However, the current predictions of 25-40% of cocoa independently ethically certified by 2020, should it be achieved, is still inadequate. Relying on ethical certification alone will not meet World Vision Australia’s call “To ensure the global chocolate industry guarantees farmers a fair price for their cocoa and eliminates exploited labour from cocoa production by 2018”. What about the other 60%-70% of cocoa production that will be uncertified? Based on current processes and capacity, it would be unlikely to achieve 100% (or close to it) of certified ethical cocoa production until somewhere in the 2030’s. Clearly it is not good enough to allow the WFCL and labour exploitation to persist for another two or more decades.

Fair Pricing

In addition to eliminating the WFCL from cocoa production, World Vision Australia is calling for fair prices for farmers, to alleviate the root cause of labour exploitation, the poverty of smallholder farmers. Industry needs to do more to ensure cocoa production is a viable livelihood for farmers (ILRF 2008, 2010, 2011; Off 2006). This fact seems to be acknowledged. One of Sheth’s (2009) early criticisms of the Harkin-Engel Protocol was to question how effective it would be in eliminating labour exploitation without also increasing prices. Indeed, as mentioned previously, amidst the emergence of evidence of the WFCL in the last 90s and early 00s, the Prime Minister of the Ivory Coast told the chocolate companies they would have to pay ten times more for their cocoa if they were serious about ending labour exploitation (in Sheth 2004, 2009). Despite this message being continually reinforced, it is one area that is continually neglected or resisted by industry.

Some chocolate companies are now signing up to fair pricing as part of their use of the Fairtrade Certification system. Under the Fairtrade model, those companies buying the cocoa (typically the processors who are closest to the farmers), must pay at least a minimum price which is set to, on average, cover the costs of sustainable cocoa production around the world. This is a floor price that is only triggered when market prices fall below

this level. Combined with long term contracts, the guarantee of at least the current Fairtrade Minimum (or floor) price for cocoa beans enables farmers to achieve higher incomes, plan for the future, invest in their crops and their organisations, and invest in community-level monitoring systems to detect and remediate labour exploitation (Fairtrade International 2011).

Significant momentum towards eliminating the WFCL in cocoa supply chains could be achieved if, irrespective of the ethically certified status of cocoa beans, the industry collectively determined to ensure fair prices to cocoa farmers. This would help alleviate the demand pull for cheap labour that underpins labour exploitation and the trafficking of children within countries and across borders to work on cocoa farms.

Traceability

Traceable supply chains for cocoa is another step industry should take in addressing labour exploitation in cocoa production. Traceability enables transparency on where raw materials have come from and is key to companies being able to represent to consumers that the cocoa that they use is free of the WFCL, child trafficking and labour abuses generally. Many cocoa processors and chocolate companies are investing in traceability systems. Voluntary standards systems often provide traceability tools (UTZ CERTIFIED) or require traceability (i.e. any organic certified chocolate will have full physical traceability from bar or block to cocoa bean farmer).

Sector Wide Training for Cocoa Farmers

Investing in a comprehensive sector-wide training effort for all cocoa farmers, especially in West Africa, is one approach that has been proposed (Tropical Commodity Coalition 2010). Farmer training programs have been implemented, over the last five years especially, by the three big cocoa processors (ADM, Cargill, Barry Callebaut) and Kraft, Mars and Nestle; they have also invested in the World Cocoa Foundation's large scale training programs, e.g. the Cocoa Livelihoods Program. The *Cocoa Barometer 2010* estimates that these efforts so far have trained about 10% of small holder farmers, and that to train the remaining 90% will cost¹⁵ □400 million (approximately AU\$550 million¹⁶). This represents approximately 0.56% of the value of global chocolate sales in 2009 (□71.2 billion/approximately AU\$100 billion¹⁷).

The core curriculum of most existing industry led training, including farmer field schools, emphasises farming practices to improve yields, productivity and environmental outcomes (World Cocoa Foundation 2011). ICI's Community Action Plan approach is an exception (ICI 2011). However, the elements relating to farmer organisation, diversification of incomes and crops and financial management are perhaps more directly relevant to tackling labour exploitation. Indeed, it would be wrong to completely dismiss the importance of investments in training on yields and productivity, as the longer term benefits are likely to

¹⁵ See Appendix Five for more information on the Cocoa Livelihoods Program

¹⁶ Based on exchange rates available at www.oanda.com on 3rd April 2011

¹⁷ Ibid

lead to enhanced incomes and livelihoods, and therefore dealing with underlying causes of the WFCL, amongst other things, as previously noted in this report. However, the Harkin-Engel Protocol was signed to tackle the exploitative child labour issues head-on, and yet industry has repeatedly failed to do this. Longer-term, indirect efforts are insufficient. There are more direct ways that industry can fulfil its commitment to combat WFCL and human trafficking in the cocoa sector, for example, there is a significant opportunity to incorporate training on community level responses to the WFCL and human trafficking into the curriculum for such training programs. The ILO project with Kuapa Kokoo in Ghana and Kuapa Kokoo's Child Labour Program, previously mentioned in this report, could both inform such or similarly based curriculum, as could other relevant work done by Fairtrade International and its partners on this issue, especially the development of rights based community led monitoring, remediation and prevention.

In addition to the training and awareness requirements of implementing ILO 182 by the ratifying governments of Ivory Coast and Ghana, greater collaboration between all relevant governments, industry, and NGOs – aligning objectives to not only enhance productivity and yields, but also address labour exploitation – is central to achieving the potential of sector wide training programs. Incorporating community level capacity building on eliminating exploitative child labour and human trafficking will likely increase cost estimates from *Cocoa Barometer 2010* (i.e. □400 million) to develop and deliver training to all cocoa farmers. This training investment figure estimate also does not include “creating organisational structures, access to rural credit, new planting material and social improvement programs” which are also needed (Tropical Commodity Coalition 2010, p18).

Even if expanding the scope of the training and investment agenda from the above initial estimate doubled or quadrupled the amount required, it would still represent a fraction of the value of annual chocolate sales. *Cocoa Barometer 2009* (Tropical Commodity Coalition 2009) estimates that the major chocolate companies spent US\$8.6 billion on marketing (or about 20% of their annual budgets). Chocolate multinationals have been investing too much at one end of the supply chain – consumers (via marketing, branding) – and not enough at the producer end, which is now coming back to haunt them. The need for industry wide investment in cocoa farmers is now increasingly recognised.

How do these global figures and proposals relate to the Australian chocolate industry? As shown in Figure 4, chocolate sales in Australia were AU\$1.28 billion in 09/10. The Tropical Commodity Coalition estimate of a minimum investment of 0.56% of global chocolate sales (AU\$550 million) to fund the training of cocoa farmers equates comparatively for Australia to just over AU\$7 million. As at the global level, this indicative investment figure is small in comparison to what is currently spent on advertising per year.

Figure 4: Australian chocolate sales, advertising spend and required share of global cocoa farmer training investment

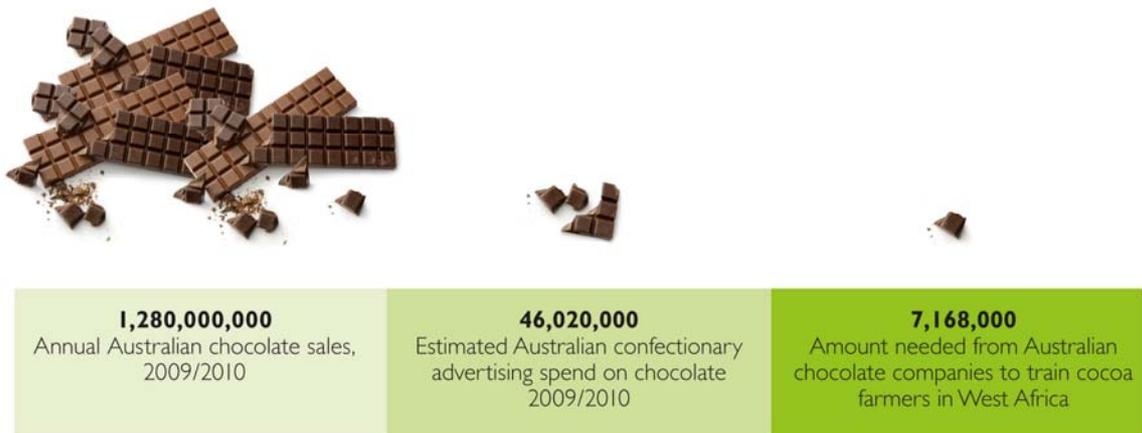


Figure 4 - sources:

1. Retail Media Pty Ltd 2010, *Market Sizes and Shares*.
2. Tropical Commodity Coalition 2010, *Cocoa Barometer 2010*.
3. Retail Media Pty Ltd 2010, *State of the Nation Report*.

Notes: * Grocery sales channel sales only

However, there are short-term risks for businesses in 'going it alone' and reallocating investment from the consumer end of the market to the producer end. It could mean a loss of market share and/or a drop in earnings, which could see a drop in share price, and then vulnerability to takeover. A business taking action on creating a more ethical, sustainable cocoa production system being taken over by one that is not acting is not an ideal outcome. While many chocolate and cocoa businesses can clearly afford to take action and shift their investment distribution towards the farmer end of the supply chain, it is clear that 'whole of sector' responses, where all businesses benefiting from cocoa production pay their way, are preferable. Such pre-competitive investment in cocoa farmers would enable the challenges to be addressed without seeing laggard companies gain a competitive advantage.

With this in mind, Federatie Nederlandse Vakbeweging, a federation of Dutch trade unions, has presented a proposal for a 'sustainability levy' on cocoa processing to the second Roundtable for a Sustainable Cocoa Economy (RSCE) meeting in Trinidad & Tobago in 2009 (Roundtable for a Sustainable Cocoa Economy 2010). Under the proposal, a levy would be charged per tonne of cocoa processed. Given all cocoa must be processed before it can be used, and that the majority of cocoa processing is undertaken by three massive companies, this was felt to be the most appropriate part of the chain to levy. The specific proposal was for a levy of €39/tonne of ground cocoa, which would generate approximately €140 million per year without noticeably increasing the cost to consumers. The amount is also considered within the realm of normal market fluctuations (i.e. approximately 2% of the world market price at the time) (Tropical Commodity Coalition 2010). This proposal is being researched by ICCO and the RSCE.

To look at the investment challenge another way, the proposed sustainability levy on cocoa processing, generating €140 million a year, would apply approximately 0.2% of 2009 global chocolate sales at the production end to create a more ethical and sustainable cocoa production industry. Taking Australia's annual sales of AU\$1.28 billion, a sustainability levy on cocoa processed for our market may generate in the vicinity of AU\$2.56 million per year. This levy would be absorbed in to ingredient costs by Australian companies buying cocoa and should result in little price increase for the consumer.

For Australian chocolate companies, there are cocoa producing regions on our doorstep where investment and training to combat labour exploitation is also needed. Indonesia is now the third largest cocoa producing country, with prediction that by 2014 it would out beat Ivory Coast as the lead cocoa producer¹⁸. There is also quality cocoa produced in Papua New Guinea and small volumes coming out of various Pacific islands. The Australian cocoa and chocolate industry could play a leading role in partnerships with regional governments, development NGOs and other stakeholders to deliver training and capacity building for cocoa growers in our region¹⁹. While issues of the WFCL and labour exploitation are not commonly associated with production in our region, it is unlikely that they are immune. There are common characteristics with West African production and efforts should be made by industry and UN agencies to map the extent of the exploitative labour situation proactively in the newer region where cocoa is likely to be increasingly sourced. The impact of such training investment is illustrated in the case study (see Box 7) of World Vision's work with smallholder cocoa farmers in Indonesia.

Box 7: Farmer Training – Income & Empowerment Outcomes for Smallholders

World Vision Indonesia has been assisting rural communities on the island of Flores to improve their understanding of markets and also identify initiatives that can improve their access to markets. In Tilang, a village near the port of Maumere, cocoa farmers have been trained on how to improve their cultivation methods in order to increase their productivity, improve the quality of their cocoa and therefore increase their incomes. Farmers have learnt how to prune their trees, improve the management of their plants, create and apply low-cost organic fertilisers and pesticides, and also improve the sanitation of the planting area. After 6 months of training, farmers from Tilang are reporting that they are harvesting between 100% to 300% more cocoa pods than previously. One of the farmers described the change in their outlook; "we used to think of our trees not as a farm, but as a forest where we would just pick when the fruit was ready, but now (after the training and improved knowledge) we think of it as a farm instead of a wild forest ... we know how to care for our trees and increase our production".

As well as increasing productivity, farmers in Tilang have formed producer groups to collectively sell their cocoa and negotiate with buyers. Whilst working collectively is still a relatively new activity, the groups are reporting that the price for their cocoa has risen considerably as their negotiating power in the market has strengthened. They have also identified that new buyers have become interested in purchasing their cocoa as they are now able to sell a much larger amount than when they used to sell individually. The collective selling has given the community in Tilang a new confidence and hope

¹⁸ See <http://www.freshfruitportal.com/2011/04/08/ivory-coast-conflict-to-prompt-indonesian-cocoa-exports/>

¹⁹ Both Mars and Cadbury are already working in Indonesia. Mars is partnering with Australian scientists and others (e.g. <http://www.abc.net.au/landline/content/2008/s2534615.htm>). Cadbury announced its investment in Indonesia as part of the Cadbury Cocoa Partnership (<http://www.cadbury.co.uk/cadburyandchocolate/OurCommitments/CocoaSourcing/CadburyCocoaPartnership/Pages/LongTermSustainability.aspx>)

for better engaging with their buyers.

The combined effect of increased productivity and improved bargaining power is helping farmers to improve their incomes and better provide for the needs of their families. The change at community level amongst cocoa farmers in Tilang village is just one small example of what is possible if support is given to community-led initiatives at the local level.

Source: Internal Case Study, World Vision Australian 2011

Monitoring Impact of Initiatives

A final missing piece from the global response to tackling labour exploitation and creating a more just and sustainable cocoa production sector is monitoring, evaluation and impact assessment. A lack of reliable data on the positive impact (or otherwise) for cocoa farmers and their communities is a problem recognised across the voluntary standards systems, industry training efforts, and pretty much all interventions targeting these problems in West Africa. In part this is a reflection of the problems previously discussed regarding flawed methodologies and other barriers preventing reliable data collection on child labour and trafficking encountered within the Harkin-Engel Protocol 'certification' process. More broadly it reflects a lack of investment in asking the questions and failure to design monitoring and evaluation systems alongside interventions.

Very recently, the Committee on Sustainability Assessment (COSA) has started work in Ghana and the Ivory Coast looking at cocoa production. COSA is a program managed by the Sustainable Commodity Initiative, developing and applying independent impact assessment for sustainability programs in agriculture (Committee on Sustainability Assessment 2011). This program has cut its teeth on coffee production, and its introduction to the cocoa sector in West Africa is very welcome by World Vision Australia.

Further, the ISEAL Alliance has launched version one of its 'Impacts Code' for its members in October 2010 (ISEAL Alliance 2011). This code sets out good practice for monitoring and evaluation of impacts of the implementation of standards systems and will be used by Fairtrade International, Rainforest Alliance and UTZ CERTIFIED in their work in cocoa production. Each of these systems is also currently partnering with COSA, to both benefit from synergies and ensure comparability of approaches.

Rapid deployment of impact assessment and monitoring and evaluation initiatives in the cocoa production sector is needed, in West Africa especially. Given the momentum of activities and the rapid scaling up likely in the next five to 10 years, it is essential to have access to data to demonstrate progress and inform the most effective approaches to eliminating the WFCL and labour exploitation and achieving a more just and sustainable cocoa production sector.

World Vision Australia emphasises caution when researching children and youth in the cocoa sector. As recommended by Sheth and de Bhur (2010), with reference to the Harkin-Engel Protocol, it is essential that children are factored into the impact assessment, treated and regarded as more than just research objects.

While evidence of child trafficking as a phenomenon is overwhelming, the extent of the problem has remained controversial. Only representative research in areas of origin as well as the areas of

destination may be able to provide certainty about the number of child trafficking cases and the success of prevention and intervention. To achieve this, the Harkin-Engel may need to extend its reach beyond cocoa growing areas. Furthermore, it may want to not only research working children, but factor into the assessment the recommendations made by them. After all, what could be more effective and substantial than children, previously exposed to the worst forms of child labor, speaking for themselves about their increased well being (p. 29).

There Is Hope

There are many promising developments which give us hope that the worst forms of child labour, child trafficking and labour exploitation could be eliminated from cocoa production by 2018. Ethical certification alone will not be enough, given current projections, and achieving those will require significant scaling up, collaboration and investment in training to develop more 'certification ready' cocoa producing organisations. Sector wide training of cocoa farmers will demand high levels of cooperation and collaboration between business, governments and NGOs; substantial commitments of funding (though very small in comparison to sales and marketing budgets); and the incorporation of curriculum on community level responses to child labour and human trafficking. A proposed 'sustainability levy' on cocoa processing may be what is needed to fund such a massive training project, along with other capacity development requirements such as farmer organisation, provision of credit and planting materials. All of these interventions in the cocoa production sector need quality monitoring and evaluation programs to determine what is working best and to demonstrate to stakeholders that progress is being achieved. The road ahead is neither straightforward nor easy. For the desired destination to be reached by 2018, it will take a substantial increase in business and government will and investment, the continued vigilance of NGOs, retailers and consumers, and for all stakeholders to play their part.

Recommendations

There is growing momentum for positive change in the cocoa industry, as this report shows. However, such momentum can easily be lost if we are not vigilant. Further, the analysis in this report suggests that unless significantly more political will and industry investment is mobilised in the immediate future, exploitative child labour and trafficking will continue to taint much of global chocolate production into the next decade.

What follows are recommendations for actions that different Australian stakeholders can take to play their part in eliminating the worst forms of child labour and trafficked labour from cocoa production and ensuring a more just and sustainable future for cocoa growing communities around the world.

Big Chocolate

“Big Chocolate”, the term World Vision Australia uses for the 5 companies that dominate the Australian chocolate market (i.e. Cadbury/Kraft, Mars, Nestle, Lindt, Ferrero), have a pressing responsibility to act on eliminating the worst forms of child labour and human trafficking and addressing the underlying poverty that fuels labour exploitation. Big Chocolate makes the most profit from selling chocolate here in Australia – and all are part of multinational organisations that together purchase almost 50% of global cocoa supplies.

World Vision Australia recommends Big Chocolate:

1. Follow the recommendation made by the Tulane University’s Final Report on the Harkin-Engel Protocol to scale up consumption of ethically certified cocoa globally, publically committing to new procurement targets
2. Public commitments must indicate clear steps and milestones towards sourcing a growing amount of ethically certified cocoa – to stimulate both supply and demand changes in the market
3. Ensure any farmer training programs incorporate curriculum to combat unacceptable child labour and human trafficking at the farm and community levels
4. Support the proposal, currently being considered by ICCO and the RSCE, of a small ‘sustainability’ levy on cocoa processing to fund a program of coordinated investment in smallholder cocoa farmer training
 - a. Work to extend the investment of these funds to address other capacity needs as well, including rural credit, new tree planting, organisational capacity building and social protection programs over time.
 - b. If a global agreement cannot be reached, adopt an Australian industry-wide response targeting regional production areas (Indonesia, Papua New Guinea), with potential for partnerships with governments and development organisations
5. Invest in physical traceability of cocoa from farm or plantation through the supply chain to the consumer
6. Commit to ensuring fair cocoa bean prices for farmers (as distinct from global cocoa commodity prices) – irrespective of ethical certification status – as a pre-competitive baseline (at the current levels, the Fairtrade Minimum Price of US\$2000/MT FOB could be used as a reference point)

7. Invest in impact assessment and monitoring and evaluation initiatives at the producer end of the cocoa supply chain to measure progress on achieving more ethical and sustainable cocoa production (in partnership with governments, key NGOs, cocoa farmer organisations and communities)
 - a. Develop in partnership with community members and child advocacy and development organizations agreed key performance indicators across the cocoa sector that will demonstrate progress to eliminating WFCL and other forms of labour exploitation, better incomes and livelihoods, and improved community wellbeing outcomes
 - b. Agree on best mechanisms for collecting the data required, use child rights methodologies for data collection where relevant
 - c. Determine a credible, independent organisation, such as a University, to report on industry-wide performance annually against these KPIs
 - d. Collaborate with emerging opportunities for impact assessment and monitoring and evaluation work with COSA and the ISEAL Alliance and other initiatives
8. Commit to reporting transparent information annually to the Australian public on key progress indicators, starting in 2011, such as:
 - a. Total tonnes of cocoa bean equivalent purchased in the last year
 - b. Percentage of last year's cocoa bean purchases that were ethically certified and by which certification system
 - c. Projected percentage of next year's cocoa bean purchases that will be ethically certified
 - d. Percentage of last year's cocoa bean purchases that were traceable to producers
 - e. Average FOB price paid for last year's cocoa beans, with a medium term goal of reporting at farmer organisation or plantation level
 - f. Financial (and other, if relevant) investments in to enhancing sustainability of the cocoa sector during the last year
 - i. Differentiating productivity (yield) projects from labour rights/social development activities, i.e. trees vs people
 - ii. Quantify these contributions as a percentage of overall revenue, marketing spend, etc.
 - g. These annual reports should be externally audited by a credible and independent audit firms and could be done as part of regular audit
 - h. Should be done by company, not as a sector, to enable comparison of performance
 - i. Annual reporting could be done through the Ai Group Confectionary Sector (though Lindt is not a member)

Other Chocolate Businesses/Cocoa Users and the Ai Group Confectionary Sector

While Big Chocolate dominates the Australian marketplace, there are numerous smaller chocolate brands, including Australian owned manufacturers, and companies that use cocoa in their products, e.g. Haigh's Chocolates. Some of these businesses are members of the Australian Industry Group Confectionary Sector industry network (along with Big Chocolate, excluding Lindt). These businesses must also play their part in creating a more just and sustainable cocoa production system.

World Vision Australia recommends that these companies:

1. Make public commitments to move to sourcing ethically certified cocoa and/or couverture for all their products as soon as possible

World Vision Australia recommends that the Ai Group:

1. Assists its Confectionary Sector members, especially smaller operators, to enhance their understanding of the challenges of global cocoa production and possible solutions, through training sessions, information materials, etc.
2. Provide information to Confectionary Sector members on available ethical cocoa certification options and support them to select and implement ethical sourcing into their businesses
3. Support the proposed 'sustainability levy' on cocoa processing on behalf of the Australian confectionary sector to ICCO and the RSCE, including providing information and education to Confectionary Sector members on the proposal and how it would work, if necessary
 - a. Should this 'sustainability levy' proposal be rejected, play a role in coordinating an Australia industry-wide initiative to provide necessary training for smallholder cocoa farmers in our region
4. Play a role in assisting Big Chocolate with public annual reporting

Supermarkets

Australian supermarkets have an important role to play as the primary interface point between consumers and chocolate (and cocoa) products. Coles and Woolworths both have ethical sourcing policies, for example, that give them capacity to engage with suppliers and demand action on ethical cocoa. Additionally, supermarkets are increasingly gaining market share on cocoa products through their own private label brands.

World Vision Australia recommends Australian supermarkets:

1. Make public commitments to move to sourcing ethically certified cocoa for all their private label products as soon as possible
2. Use their ethical sourcing policies to pressure Big Chocolate and other confectionary businesses to take action on eliminating the WFCL and labour exploitation in their supply chains
3. Educate their customers on what ethical chocolate means – and why it is important – through their magazines, point of sale materials, catalogues, websites, etc.

Federal Government

Governments are an important part of global efforts to eradicate the WFCL and tackle labour exploitation, as they have made international commitments to do so and have primary input to the UN system (as member states) including the ILO, UNCTAD and other multilateral platforms. They also have the power to influence domestic markets and regulate

industry, as the example of the US government and the Harkin-Engel Protocol demonstrates. Governments can also catalyse projects in target communities/countries and bring together stakeholders through funding and government-to-government liaison, such as with the German Government with GIZ and the CCE initiative.

World Vision Australia recommends the Australian Government:

1. Ensure its Agencies and Departments require ethically certified chocolate in procurement policies
2. Prioritise support and investment through the UN system for efforts to address child labour and child trafficking, i.e. IPEC
3. Consider trade-related frameworks like that adopted by the US and monitored by the Department of Labor regarding goods made/produced with trafficked and child labour, i.e. 1930 Tariff (Customs) Act (see OCFT 2011)
4. Provide assistance to regional Governments (especially Indonesia and Papua New Guinea) for monitoring systems, as well as legal and related enforcement systems, with regards to child labour and child trafficking, including repatriation and rehabilitation services if needed
5. Provide investment and/or participate as partners in regional projects that support cocoa growing communities to improve incomes and address labour exploitation in cocoa production
6. Consider the example of the Dutch government and its engagement with chocolate manufacturers and key NGOs to set targets for the use of ethical cocoa in Australia

State and Local Governments

Though State and Local Governments play less of a role in trade, foreign affairs and overseas development, they remain important drivers of domestic markets, invest in industry development, and have an important role in engaging with and educating citizens.

World Vision Australia recommends Australian State and Local Governments:

1. Ensure their Agencies and Departments require ethically certified chocolate in procurement policies
2. Encourage and reward businesses for their commitments to using ethically certified chocolate and taking action to create a just and sustainable cocoa production system through such things as business awards, business promotion, etc
3. Educate their constituents about global cocoa production and labour exploitation issues, and the actions they can take to help fix the situation, through the channels they have available

Organisations

The many other organisations in Australia (e.g. businesses, community organisations, sporting clubs, schools, faith groups) can also help maintain momentum on action towards the elimination of the WFCL and ending labour exploitation in the cocoa industry.

World Vision Australia recommends Australian organisations:

1. Require ethically certified chocolate in procurement policies (if they exist) or in standard purchasing arrangements
2. Educate employees/members/supporters about the issues and encourage them to take action too

Individuals

For individuals, the primary means to influence the cocoa sector is through our roles as consumers and citizens. As consumers we can make more ethical choices and let companies know we want action. As citizens we can engage with our friends and families, colleagues, organisations where we work and play, and with our governments.

World Vision Australia recommends individuals:

1. Choose ethically certified chocolate (Fairtrade, Rainforest Alliance, UTZ CERTIFIED) where they can – see World Vision Australia's Good Chocolate Guide on the Don't Trade Lives website (www.donttradelives.com.au)
2. Let chocolate companies know you want them to take action via consumer feedback channels (online, phone, email) and in stores and/or visit www.chainstorereaction.com.au
3. Ask supermarkets to only stock ethical chocolate
4. Ask governments at all levels to choose only ethically certified chocolate in their procurement
5. Ask workplaces, faith groups, community organisations, etc to only choose ethically certified chocolate
6. Talk to friends and colleagues about the issues and encourage them to take action too
7. Participate in campaigns such as Don't Trade Lives to have your voice amplified

There is much that can be done – from Big Chocolate to people in their own homes – to tackle such a large, persistent and disgraceful problem as the ongoing labour exploitation in the production of cocoa, and in particular the trafficking and exploitation of children.

The momentum of investment and programs to create a more just and sustainable cocoa production system is gathering pace, and World Vision Australia believes that with the above recommendations, the elimination of the worst forms of child labour and the payment of fair prices for cocoa can be achieved by its target of 2018.

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Appendices

APPENDIX ONE: Categories of Child Work/Labour Under International Law

APPENDIX TWO: Definition of Trafficking in Persons

APPENDIX THREE: Credible Third Party Certification Schemes in the Cocoa Industry

APPENDIX FOUR: World Vision Australia Chocolate Scorecard

APPENDIX FIVE: Sustainable and Ethical Cocoa Production and Trade Related Initiatives, Networks, Organisations, Codes

APPENDIX ONE: Categories of Child Work/Labour Under International Law

The categories of child work/labour are both specifically designated and generally outlined in ILO Conventions 138 (Minimum Age), 182 (Worst Forms of Child Labour) and Recommendation 190 (accompanying C. 182):

Category	Explanation
Work	Economic activity by children over the minimum working age (i.e. 'legitimate' employment) under conditions that do not put them into any of the categories outlined below
Helping Hands	Non-hazardous tasks carried out by a child of any age as part of daily chores in their own home or family business, that do not interfere with any of the child's rights under international law and that do not constitute economic activity
Light Work	Non-hazardous work (i.e. paid) carried out by children no less than 2 years below the legal minimum age (i.e. 12 or 13 ^a), for no more than 2 hours per day (14 hours per week), and that does not interfere with attendance or performance at school
Child Labour	Tasks carried out by children under the legal minimum working age ^a , as well as by children above the legal minimum age but under 18 years, in exploitative conditions – a form of 'child labour to be eliminated' in international treaties
Unconditional Worst Forms of Child Labour	Tasks carried out by anyone under the age of 18 years that fall into these categories: (a) slavery or slavery like practices such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including in armed conflict; (b) prostitution, production of pornography or pornographic performance; (c) illicit activities, in particular the production and trafficking of drugs. Under international law, these are to be eliminated and children must be removed immediately.
Conditional Worst Forms of Child Labour	Work by anyone under the age of 18 years, which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children. Under international law, the 'conditions' relating to this are set by individual countries through tripartite agreement (government, workers, employers) and are listed as 'hazardous tasks' or 'hazardous employment sectors' ^b . Children must be removed from these conditions as soon as possible.

^a Legal minimum working age is set by individual countries. The international recommendation is 15, however countries whose economies require it – presumed temporarily – may set 14 as the minimum.

^b Recommendation 190 (of C. 182) lists, for example: work that exposes children to physical, psychological or sexual abuse; work underground, under water, at dangerous heights or in confined spaces; work with dangerous machinery, equipment and tools or involving handling or transport of heavy loads; work in an unhealthy environment, with hazardous substances, agents or processes, or that exposes children to temperatures, noise levels or vibrations damaging to their health; work under particularly difficult conditions, e.g. long hours, during the night or with unreasonable confinement.

APPENDIX TWO: Definition of Trafficking in Persons

Trafficking is defined in the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Article Three:

For the purposes of this Protocol:

- (a) “Trafficking in persons” shall mean 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. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs;
- (b) The consent of a victim of trafficking in persons to the intended exploitation set forth in subparagraph (a) of this article shall be irrelevant where any of the means set forth in subparagraph (a) have been used;
- (c) The recruitment, transportation, transfer, harbouring or receipt of a child for the purpose of exploitation shall be considered “trafficking in persons” even if this does not involve any of the means set forth in subparagraph (a) of this article;
- (d) “Child” shall mean any person under eighteen years of age.

Source: UN General Assembly 2000, *Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention against Transnational Organized Crime*, 15 November

APPENDIX THREE: Credible Third Party Certification Schemes in the Cocoa Industry

World Vision Australia endorses certification schemes that are members of the ISEAL Alliance – the international benchmark for independent, third party social and environmental certification schemes.

Three ISEAL Alliance member organisations are recognised for social and environmental standards, certification, and producer support in the cocoa industry – particularly in West Africa – that assist in eliminating the worst forms of child labour: Fairtrade, Rainforest Alliance and UTZ Certified.

a. ISEAL Alliance²⁰ <http://www.isealalliance.org>

The ISEAL Alliance is the global association for leading voluntary accreditation organisations that meet or are close to meeting ISEAL Codes of Good Practice for social and environmental standards systems.

The Codes of Good Practice define good practices and set an internationally recognised minimum bar against which to evaluate the credibility of different standards, certification, labelling and verification systems. The Codes of Good Practice require accreditation organisations to ensure openness, transparency and participation of communities, governments and industry in decision making.

Whilst the systems falling under the ISEAL Alliance have different aims and principles, they are complementary in their goals to promote sustainability, reliability and accountability. Full members meet the Codes of Good Practice, while associate members are still in the process of working to meet these requirements.

The ISEAL Alliance works with members to strengthen their effectiveness and collective capacity to scale up their positive impacts. ISEAL also works with companies, non-profits and governments to support their referencing and use of voluntary standards.

b. Fairtrade²¹ <http://www.fairtrade.net>

Fairtrade is an alternative approach to conventional trade and is based on a partnership between producers and consumers. Fairtrade offers producers a better deal and improved terms of trade, via a set of mechanisms including prices that aim to cover the costs of sustainable production, an additional Fairtrade Premium, advance credit, longer term trade relationships, and decent working conditions for hired labour. This Fairtrade approach allows producers the opportunity to improve their lives and plan for their future. For the consumer, their choice of Fairtrade products while making every day purchases gives them a powerful way to help reduce poverty and invest in sustainable development. Consumers choose Fairtrade products by looking for the FAIRTRADE Label (see image).

²⁰ All information on ISEAL Alliance sourced from their website www.isealalliance.org

²¹ All information on Fairtrade sourced from their global website www.fairtrade.net and from the website of Fairtrade Australia & New Zealand www.fairtrade.com.au

The FAIRTRADE Label on a product means the producers and traders have met Fairtrade standards, and chain of custody has been maintained along the supply chain. There are now thousands of products that carry the FAIRTRADE Label worldwide. Fairtrade standards exist for food products ranging from tea and coffee to fresh fruits and nuts. There are also standards for non-food products such as flowers and plants, sports balls and seed cotton.



Fairtrade has some unique features amongst social and environmental certifications globally with its focus on economic aspects of the trade relationship and the empowerment of farmers and workers. One feature that sets Fairtrade apart is that it seeks to achieve price stability and security for producers by setting prices (for most products) that aim to cover the costs of sustainable production. The Fairtrade minimum price acts as a safety net for farmers at times when world markets fall below a sustainable level. Given the instability of many commodity markets, this is a big deal, and better allows producers to make long term investments in improving their businesses and communities.

In addition to more stable prices, Fairtrade helps farmers and workers to tackle poverty, improve the quality of their lives and invest in their futures through the Fairtrade Premium. The Fairtrade Premium is a sum of money paid on top of the agreed Fairtrade price for investment in social, environmental or economic development projects.

Fairtrade is also unique in that it encourages and supports the formation of small farmer organisations with democratic processes, as well as the empowerment of workers on plantations through representation and a voice in how the Fairtrade Premium is spent.

Finally, producers are joint partners in Fairtrade, not just beneficiaries. Producers are able to influence decisions that affect their future by having their say in decisions regarding overall strategy, the setting of Fairtrade prices, premiums and standards.

Fairtrade International (FLO) was a founding member of the ISEAL Alliance.

c. Rainforest Alliance²² <http://www.rainforest-alliance.org>

The Rainforest Alliance works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behaviour. The conservation of trees, wildlife and ecosystems is the foundation of Rainforest Alliances work.

Rainforest Alliance certification is based on the Sustainable Agriculture Network (SAN) standard, a comprehensive set of criteria developed by a coalition of locally based NGOs that is coordinated by the Rainforest Alliance. The SAN standard addresses environmental, social and economic conditions. The Rainforest Alliance approach is to ensure businesses and communities profit from maintaining ecosystems and that workers are well-trained, enjoy safe conditions, proper sanitation, health care and housing.

²² All information on Rainforest Alliance was sourced from their website www.rainforest-alliance.org



Rainforest Alliance works across agricultural production, forestry and ecotourism to protect and restore forests and biodiversity, tackle climate change, transform business and tackle poverty. Whilst Rainforest Alliances offers extensive guidance to farmers, it does not set prices or otherwise regulate trading relationships. The Rainforest Alliance Certified seal generally allows farmers to negotiate a better price for their products by using certification as leverage but this is not guaranteed. Rainforest Alliance believes that certification helps farmers learn how to negotiate for themselves and compete in an increasingly complex and globalised marketplace. As they gain business skills and confidence, they are

better able to shape their own futures.

Products that come from Rainforest Alliance certified producers and can demonstrate chain of custody along the supply chain carry the Rainforest Alliance Certified logo (see image). Certified consumer products currently include bananas, chocolate, coffee, flowers, juice, mangoes and tea.

Rainforest Alliance was a founding member of the ISEAL Alliance.

d. UTZ CERTIFIED *Good Inside* ®²³ <http://www.utzcertified.org>

UTZ CERTIFIED Good Inside ® is a certification and labelling scheme, launched in 2002, to achieve more sustainable agricultural supply chains. It is built around Codes of Conduct for production (to achieve good agricultural practices) and its own Traceability System (to ensure transparency in trade and chain of custody along supply chains). UTZ CERTIFIED Good Inside ® currently certifies coffee, tea and cocoa, and is actively engaged with the palm oil (through its traceability mechanism), sugar and soy industries. The first UTZ CERTIFIED Good Inside ® cocoa producers were certified in the second half of 2009.

UTZ certification ensures responsible production by recognising producers who manage their farms in a professional way and care for workers and the environment. Certified farmers must comply with the relevant UTZ CERTIFIED Good Inside ® Code of Conduct, which sets a standard for socially and environmentally responsible practices, traceability and professional farm management. Independent, third party certifiers accredited by UTZ CERTIFIED annually inspect these farms to ensure compliance to the Codes.

UTZ CERTIFIED works to help farmers by supporting them to improve farming and management systems so that they can achieve



²³ All information on UTZ CERTIFIED Good Inside ® was sourced from their website www.utzcertified.org

larger harvests of higher quality against lower costs. They also work to ensure farmers have better tools for negotiation through greater market access and information. UTZ CERTIFIED relies on market dynamics to deliver higher prices from buyers, based on the value buyers place on certification of the commodity. Any UTZ CERTIFIED premium is explicitly agreed in contracts between buyers and sellers, and UTZ makes the average premium transparent for all parties involved.

Coffee, tea and cocoa products using traceable ingredients from UTZ CERTIFIED producers carry the UTZ CERTIFIED Good Inside ® logo.

UTZ CERTIFIED became a full member of the ISEAL Alliance in January 2010

APPENDIX FOUR: World Vision Australia Chocolate Scorecard



Chocolate Scorecard



In recent years World Vision's Don't Trade Lives campaign has been calling on the global chocolate industry to guarantee farmers a fair price for their cocoa and eliminate exploited labour from cocoa production by 2018. Hundreds of thousands of Australians have supported actions targeting the chocolate industry and significant progress has been made. However, with less than 5% of the world's cocoa being ethically certified, there is a long way to go. This chocolate scorecard details and scores the actions and progress of some of the major chocolate companies to date with regard to the use of ethical cocoa.

Criteria/ Company	Acknowledges the use of child labour in the industry	Entire Australian product range uses ethical cocoa	Public timetabled commitment to the future use of ethical cocoa across entire Australian product range	Some Australian products use ethical cocoa	Supports and invests in local farmers and their communities
Cadbury	✓	✗	✗	✓	✓
Nestle	✓	✗	✗	✓	✓
Mars	✓	✗	✓	✗	✓
Ferrero	✓	✗	✗	✗	✓
Lindt	✓	✗	✗	✗	✓
Cocolo	✓	✓	✓	✓	✓
Green and Blacks	✓	✗	✓	✓	✓

NOTES:

- World Vision Australia definition: "Ethical chocolate / ethical cocoa" refers to cocoa that is independently certified to have been harvested without the use of forced, child or trafficked labour. This term does not seek to classify the use of other ingredients, such as palm oil.
- World Vision Australia supports certification schemes that are full members of the ISEAL Alliance (isealalliance.org).
- By signing the 2001 Harkin Engel Protocol the chocolate industry has "publicly acknowledged the problem of forced child labour in West Africa and will continue to commit significant resources to address it". (*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*. Accessed online 25 November 2010, cocoainitiative.org/images/stories/pdf/harkin%20engel%20protocol.pdf)
- Criteria **Supports and invests in local farmers and their communities** requires that: Companies are actively engaged in the development and funding of community services and infrastructure that promote the education, health and the social development of cocoa farming communities and families.

Cadbury

Acknowledges the use of child labour in the industry	Cadbury is a member of the International Cocoa Initiative (ICI). In their Human Rights & Ethical Trading Policy, Cadbury recognises International Labour Organization (ILO) international standards on child labour. It states in their Ethical Sourcing Standards that there shall be, "No harmful child labour, which means no employment of anyone under the minimum school leaving age; the work of anyone under 18 must not interfere with their education."	✓
Entire Australian product range uses ethical cocoa	No.	✗
Public timetabled commitment to the future use of ethical cocoa across entire Australian product range	Cadbury have not produced a timetable for the use of ethically sourced cocoa across their entire Australian product range. They have said it is a long term objective and will take some years to achieve.	✗
Some Australian products use ethical cocoa	As of March 2010, Cadbury's signature product, the Cadbury Dairy Milk milk chocolate range is Fairtrade Certified in Australia and New Zealand, as part of a global conversion of signature Cadbury products in markets around the world. Cadbury Australia has currently agreed to purchase 3900 tonnes of Ghanaian Fairtrade Certified beans each year - the annual amount needed to manufacture Dairy Milk milk chocolate demand in Australia and New Zealand (this amount may increase dependent on conversion or launch of new Fairtrade Certified products). In addition to paying at least the Fairtrade Minimum Price for its cocoa (US\$1600 per tonne in 2010, US\$2000 per tonne as of 1 January 2011), Cadbury pays cocoa farmer organisations the Fairtrade Premium (US\$150 per tonne in 2010, US\$200 per tonne as of 1 January 2011). Through the Fairtrade Premium, Cadbury Australia's sourcing of Fairtrade Certified cocoa in 2010 is estimated to have generated US\$585,000 for Ghanaian cocoa farmer organisations to invest in social and community development projects.	✓
Supports and invests in local farmers and their communities	The Cadbury Cocoa Partnership was established in 2008 in partnership with the United Nations Development Programme, local governments, farmers and communities. The program aims to secure the economic, social and environmental sustainability of around a million cocoa farmers and their communities in Ghana, India, Indonesia and the Caribbean.	✓

Nestle		
Acknowledges the use of child labour in the industry	Nestle is a signatory to the 2001 Harkin-Engel Protocol and a member of the ICI. The Nestle Corporate Business Principals recognises ILO international standards on child labour. As part of Nestle's Supplier Code it says that there shall be "no use or benefit from forced or compulsory labour; no use of child labour or work that is mentally, physically, socially or morally dangerous or harmful to children, or improperly interferes with their schooling needs."	✓
Entire Australian product range uses ethical cocoa	No.	✗
Public timetabled commitment to the future use of ethical cocoa across entire Australian product range	Nestle doesn't source ethical cocoa for its entire range and has no published timetable to do so.	✗
Some Australian products use ethical cocoa	As of October 2010, Nestle's four finger KitKat Bar is being sold in Australia with UTZ certification. UTZ Certified purports to be dedicated to creating an open and transparent marketplace for agricultural products. UTZ Certified is a member of the International (ISEAL) Alliance. World Vision supports certification schemes that are members of the ISEAL Alliance.	✓
Supports and invests in local farmers and their communities	In October 2009 Nestle launched The Cocoa Plan. The plan represents a £65 million investment over the next ten years in programmes to address the economic, social and environmental issues facing cocoa farming communities.	✓

Mars		
Acknowledges the use of child labour in the industry	Mars is a signatory to the 2001 Harkin-Engel Protocol and a member of the ICI. Mars assert that they "take very seriously our responsibility to the cocoa farming families and we have a genuine commitment to the communities that are touched by our business."	✓
Entire Australian product range uses ethical cocoa	No.	✗
Public timetabled commitment to the future use of ethical cocoa across entire Australian product range	Mars have publicly stated that its aim is for 100% of its cocoa to be certified by 2020; it has however yet to name which certifier or certification system will label all its cocoa as certified by the target date and has only stated that 100,000 tonnes per year of its total cocoa supply will be certified by the Rainforest Alliance.	✓
Some Australian products use ethical cocoa	At this time, no products are available in Australia using ethically sourced cocoa. However, Mars has announced that they will purchase 1150 tonnes of Rainforest Alliance Certified beans in 2011 and launch their Mars Bars with Rainforest Alliance certification as of June 2011.	✗
Supports and invests in local farmers and their communities	The Mars Partnership for African Cocoa Communities of Tomorrow (iMPACT), initiated in 2007, is a collaborative social, economic and environmental development program, specifically targeted to assist cocoa growing communities in Ghana and Côte d'Ivoire.	✓

Ferrero		
Acknowledges the use of child labour in the industry	Ferrero is a signatory to the 2001 Harkin-Engel Protocol and a member of the ICI. Ferrero use a standard clause in their contract with suppliers to ensure that the goods acquired have been obtained and transformed in full compliance with all local and other applicable laws, regulations and norms, as well as with the requirements established by the applicable International Conventions, Agreements and/or Declarations (such as the ILO and UN Conventions and the Human Rights Declaration).	✓
Entire Australian product range uses ethical cocoa	No.	✗
Public timetabled commitment to the future use of ethical cocoa across entire Australian product range	No.	✗
Some Australian products use ethical cocoa	No Ferrero products currently source ethical cocoa. They have not publicly released a timetable for sourcing ethical cocoa for any of their products.	✗
Supports and invests in local farmers and their communities	In 2005 Ferrero developed the "Social Enterprises" program. The program starts up small factories to produce a few select Ferrero products that can be afforded and purchased by local communities in developing countries. The main aim is to promote local jobs and source local raw materials. Part of the revenues are invested into local social initiatives.	✓

Cocolo (Organic Trader Pty Limited)		
Acknowledges the use of child labour in the industry	Yes.	✓
Entire Australian product range uses ethical cocoa	Yes. All Cocolo chocolate is Fairtrade Certified.	✓
Public timetabled commitment to the future use of ethical cocoa across entire Australian product range	All Cocolo chocolate is Fairtrade Certified.	✓
Some Australian products use ethical cocoa	All Cocolo chocolate is Fairtrade Certified.	✓
Supports and invests in local farmers and their communities	Cocolo receives a completely positive scorecard. The company only sources 100% Fairtrade Certified cocoa for all of its products. Through sourcing Fairtrade Certified cocoa, Cocolo ensures monitoring and protection of labour standards on the cocoa farms it buys from, as well as facilitating the social and economic development and empowerment of cocoa growing communities via a fair price and payment of the Fairtrade Premium.	✓

Green and Blacks¹		
Acknowledges the use of child labour in the industry	Green and Blacks have ethical sourcing standards that are based on International Labour Organization Conventions, the UN Declaration of Human Rights, the Ethical Initiative Basecode and take into account the Soil Association Organic Standards.	✓
Entire Australian product range uses ethical cocoa	No.	✗
Public timetabled commitment to the future use of ethical cocoa across entire Australian product range	Green and Blacks' announced they would have 90% of their block chocolates and chocolate beverage range available as Fairtrade Certified in Australia by the end of 2010, as part of global conversion of most products to Fairtrade Certified cocoa. They have committed to converting their entire range globally by the end of 2011.	✓
Some Australian products use ethical cocoa	The Maya Gold chocolate block and bar are Fairtrade Certified, as is their cocoa powder.	✓
Supports and invests in local farmers and their communities	The premiums paid through Fairtrade certification will be used to deliver community projects in the Dominican Republic and Belize. Green and Blacks relationship with cocoa farmers in Belize began in 1994 and continues today. During that time they have been investing in cocoa growing communities through community investment and long term cocoa contracts. In 2003 they started a formal program called the Belize Program which assists farmers to improve farming and management practices, rehabilitate cocoa growing crops and plant more cocoa trees.	✓

1. Owned by Cadbury

Summary

World Vision recognises that:

- Changes to supply chains are complex and cannot happen overnight
- There is presently limited availability of ethical cocoa and high competition between companies to obtain a secure supply and
- Cadbury and most other companies mentioned in this document have taken steps to address the issue of trafficked and exploited labour in their supply chains.

World Vision calls on the global chocolate industry to guarantee farmers a fair price for their cocoa and eliminate exploited labour from cocoa production by 2018.

World Vision will continue to campaign on the issue of child and exploitative labour in the cocoa industry through public mobilisation, coalition activities and meeting with chocolate company representatives and industry associations.

Current information and actions can be found at dontradelives.com.au

Disclaimer: The information contained in this scorecard has been sourced from a range of sources and, according to such sources, was correct at the time of publication of this report (April 2011). However as this information is subject to frequent change, please refer to the relevant company, standard or certification website for current information. The information provided should not be considered an endorsement, or lack of endorsement of any company or product referred to by World Vision Australia.

APPENDIX FIVE: Sustainable and Ethical Cocoa Production and Trade Related Initiatives, Networks, Organisations, Codes

a. International Cocoa Organization (ICCO): <http://www.icco.org>

The International Cocoa Organization (ICCO) is a global organisation comprised of cocoa producing and consuming countries, established in 1973 to put in to effect the first International Cocoa Agreement negotiated in Geneva at a UN International Cocoa Conference. There have been seven cocoa agreements, the latest agreed in June 2010.

ICCOs' mandate is to work towards a sustainable world cocoa economy: encompassing social, economic and environmental dimensions in both production and consumption. This includes work on customs tariffs on cocoa bean imports, cocoa semi-products and chocolate; (indirect) taxes related to cocoa consumption and processing; production costs in different countries and regions; market information for cocoa farmers; and Price Risk Management for farmers through co-operatives. The ICCO recognises that higher incomes for cocoa farmers are essential for achieving sustainability.

ICCO member countries currently represent 85% of world cocoa production and 60% of consumption. All members are represented on the International Cocoa Council, the highest governing body of the ICCO.

Headquarters in London, United Kingdom.

b. International Labor Organization (ILO) <http://www.ilo.org>

The International Labor Organization (ILO) is a tripartite UN agency with government, worker and employer representatives, established in 1919 as part of the Treaty of Versailles that ended World War I. The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity.

The ILO's permanent secretariat is the International Labour Office in Geneva, Switzerland.

c. International Programme on the Elimination Of Child Labour (IPEC): <http://www.ilo.org/ipec/lang--en/>

The ILO's International Programme on the Elimination of Child Labour (IPEC) was created in 1992 with the overall goal of the progressive elimination of child labour, which was to be achieved through strengthening the capacity of countries to deal with the problem and promoting a worldwide movement to combat child labour. IPEC currently has operations in 88 countries, with an annual expenditure on technical cooperation projects that reached over US\$61 million in 2008. It is the largest programme of its kind globally and the biggest single operational programme of the ILO.

The number and range of IPEC's partners have expanded over the years and now include employers' and workers' organizations, other international and government agencies,

private businesses, community-based organizations, NGOs, the media, parliamentarians, the judiciary, universities, religious groups and, of course, children and their families.

IPEC is part of the the ILO's permanent secretariat, the International Labour Office, in Geneva, Switzerland.

d. Understanding Children's Work: <http://www.ucw-project.org/>

The Understanding Children's Work (UCW) programme is an inter-agency research cooperation initiative involving the International Labour Organisation (ILO), UNICEF and the World Bank.

UCW is guided by the Roadmap adopted at The Hague Global Child Labour Conference 2010. The Roadmap calls for effective partnership across the UN system to address child labour, and for mainstreaming child labour into policy and development frameworks. The Roadmap also calls for improved knowledge sharing and for developing further methodologies and capacity to conduct research on child labour.

UCW research activities are designed to inform policies that impact upon the lives of child labourers in countries where they are prominent. Research efforts help provide a common understanding of child labour, and a common basis for action against it. UCW research extends to a variety of policy issues associated with child labour, including education, youth employment and migration.

Headquarters in Rome, Italy.

e. Cocoa Producers' Alliance (COPAL): <http://www.copal-cpa.org>

The Cocoa Producers' Alliance (COPAL) is an intergovernmental organisation established in 1962 by representatives of the governments of five cocoa producing countries: Ghana, Nigeria, Brazil, Ivory Coast and Cameroon.

Its 4 objectives are to:

1. Exchange technical and scientific information
2. Discuss problems of mutual interest and to advance social and economic relations between producers
3. Ensure adequate supplies to the market at remunerative prices
4. Promote the expansion of consumption

Headquarters in Lagos, Nigeria

f. ILAB Office of Child Labor, Forced Labor, and Human Trafficking:
<http://www.dol.gov/ilab/programs/ocft/>

The Office of Child Labor, Forced Labor, and Human Trafficking (OCFT) is part of the US Department of Labor's Bureau of International Labor Affairs (ILAB). The office was created in 1993 in response to a request from Congress to investigate and report on child labour around the world. As domestic and international concern about child labour grew, OCFT's activities significantly expanded. Today, these activities include research on international child labour, forced labour, and human trafficking; funding and overseeing cooperative agreements and contracts to organizations engaged in efforts to eliminate exploitive child labour around the world; and assisting in the development and implementation of US government policy on international child labour, forced labour, and human trafficking issues.

Headquartered in Washington DC, United States of America

g. Sustainable Commodity Initiative (SCI): <http://sustainablecommodities.org>

The Sustainable Commodity Initiative (SCI) is a joint initiative launched in 2003 and managed by the International Institute for Sustainable Development (IISD) and the United Nations Conference on Trade and Development (UNCTAD). Dedicated to assisting the international community, the SCI aims to discover ways to ensure that sustainable practices are adopted into commodity production and trade to enhance social, environmental and economic welfare on a global scale. SCI is particularly concerned with voluntary standards initiatives to enhance their impact and reach.

IISD is headquartered in Winnipeg, Canada.

UNCTAD is headquartered in Geneva, Switzerland.

h. Committee on Sustainability Assessment (COSA): <http://www.thecosa.org>

The Committee on Sustainability Assessment (COSA) is a not-for-profit global consortium of institutions developing and applying an independent measurement tool to analyse social, environmental and economic impacts of agricultural practices, particularly those associated with the implementation of sustainability programs. Initiated in 2005, COSA has so far been applied to coffee production in Central and South America, Africa and Asia, and cocoa production in Ghana and the Ivory Coast.

COSA is managed and implemented by the Sustainable Commodity Initiative.

i. World Cocoa Foundation (WCF): <http://www.worldcocoafoundation.org>

The World Cocoa Foundation (WCF) was established in 2000 by chocolate companies to promote a sustainable cocoa economy by providing cocoa farmers with the tools they need to grow more and better cocoa, market it successfully, and make greater profits. Today it has more than 70 members and works in 15 cocoa-producing countries.

Headquarters in Washington, DC, United States of America

- j. Cocoa Livelihoods Program (World Cocoa Foundation):
http://www.worldcocoafoundation.org/what-we-do/current-programs/CocoaLivelihoodsProgram_summary.asp

The Cocoa Livelihoods Program (CLP) being managed by the World Cocoa Foundation is a multi-year (2009-2013) initiative to improve farmer incomes and strengthen local service capacity for cocoa production across 200 000 smallholder cocoa farming households in the Ivory Coast, Ghana, Cameroon, Nigeria and Liberia. The CLP provides training, technical capacity building and support to improve the operation and management of cocoa farms as a business, setting out to improve production efficiency and quality, farmer competitiveness and marketing.

CLP is an initiative managed by the World Cocoa Foundation from its headquarters in Washington, DC, United States of America

- k. International Cocoa Initiative (ICI): <http://www.cocoainitiative.org>

The International Cocoa Initiative (ICI) was established in 2002 as part of the Harkin-Engel Protocol, as a partnership between the cocoa industry, trade unions, and NGOs. The work of the ICI – to address the worst forms of child labour and forced adult labour on cocoa farms – is funded by the cocoa industry.

Headquarters in Geneva, Switzerland

- l. Roundtable for a Sustainable Cocoa Economy: <http://www.roundtablecocoa.org>

The Roundtable for a Sustainable Cocoa Economy (RSCE) is an event driven dialogue platform between all stakeholders in the cocoa industry on how best to achieve sustainability of the sector. It has met twice – once in Ghana in 2007, and again in Trinidad & Tobago in 2009.

The RSCE is coordinated from within the International Cocoa Organisation in London, United Kingdom.

- m. Certification Capacity Enhancement (CCE):
<http://www.gtz.de/en/weltweit/afrika/ghana/33272.htm>

The Certification Capacity Enhancement (CCE) project is supporting the sustainable production of cocoa by smallholder farmers in West Africa by facilitating cooperation between standards initiatives, business and development bodies. CCE brings together the three main standards initiatives in the cocoa sector – Fairtrade, Rainforest Alliance and UTZ CERTIFIED – to develop and deliver generic training materials to assist cocoa producers to improve their agricultural practices and meet certification requirements from all three systems. CCE is an initiative of GIZ, the German government's overseas development agency, and targets producers in Ghana, Ivory Coast and Nigeria.

GIZ is headquartered in Eschborn, Germany

- n. International Labor Rights Forum (ILRF) Cocoa Campaign: <http://www.laborrights.org/stop-child-labor/cocoa-campaign>

The International Labor Rights Forum (ILRF) emerged from work in the 1980s by human rights, labour, academic and faith-based communities fighting for the rights of workers in international trade. In 1986 the International Labor Rights Education & Research Fund was created, and it changed its name to the ILRF in 2007. The ILRF is committed to combating the scourge of forced child labour in the cocoa industry through public education and corporate campaigns as part of its broader work.

Headquarters in Washington, DC, United States of America

- o. The Payson Center For International Development, Tulane University Child Labor in the Cocoa Sector Project: <http://www.childlabor-payson.org>

This Payson Center for International Development research project examines efforts to establish child labour monitoring and verification systems in West Africa to assess progress made toward meeting obligations under the Harkin- Engel Protocol. As part of the contract, the Payson Center also implements representative population surveys and other research activities to study the health effects on children working under exploitative conditions in the cocoa sector and trains government officials in Cote d'Ivoire and Ghana to monitor the incidence of work in this sector. The Payson Center prepares annual reports for the US Department of Labor (DOL) and the US Congress on progress being made toward implementation of a child-labour-free cocoa certification system, covering at least 50 percent of the cocoa growing areas in Ivory Coast and Ghana.

Tulane University is in New Orleans, United States of America.

- p. Tropical Commodities Coalition (TCC): <http://www.teacoffeecocoa.org>

The Tropical Commodity Coalition consists of ten non-governmental organisations: Hivos, Oxfam-Novib, Solidaridad, Oikos, Somo, Fairfood, India Committee of the Netherlands, BothEnds, Goede Waar&Co, Stop the Traffik and two trade unions: FNV Bondgenoten and CNV BedrijvenBond. It cooperates with NGOs and trade unions in coffee, tea and cocoa producing countries to improve the social, environmental and economic conditions at the beginning of these value chains.

Headquartered in The Hague, The Netherlands

- q. International Initiative to End Child Labor (IIECL): <http://endchildlabor.org>

The International Initiative on Exploitative Child Labor (IIECL), also commonly known as the International Initiative to End Child Labor, is a US-based, not-for-profit organization, incorporated in 1999. IIECL conducts and provides education, training, technical assistance, capacity building, research, social accountability auditing, resources, and evaluation services

to public and private institutions and agencies, non-governmental organisations, and international programmatic institutions that seek to eliminate the worst forms of child labour in the United States and around the world.

Headquartered in Arlington, Virginia, United States of America.

r. Stop The Traffik: <http://www.stophetraffik.org>

Stop The Traffik is a growing global movement of individuals, communities and organisations, established in 2006, to combat the global human trafficking industry. Stop The Traffik now has over 1000 member organisations in 50 countries, and a growing activist network. It has a substantial global cocoa campaign.

The international headquarters of Stop The Traffik is in London, United Kingdom, with partners operating worldwide.

s. Source Trust: <http://www.sourcetrust.org/>

Source Trust is a global not-for-profit organisation launched in September 2009 to improve the livelihoods of farming communities in Ghana, Nigeria, Ivory Coast, Indonesia and Ecuador. Source Trust receives premiums from industry for traceable products and invests these premiums in local communities. One of the world's leading commodities and financial services businesses, Armajaro, founded Source Trust. It is primarily used by Lindt and Ferrero.

Headquarters in London, United Kingdom.

t. SERAP Program²⁴

Archer Daniels Midland is one of the world's largest cocoa and chocolate manufacturers. They launched in 2005 their own scheme to address sustainable cocoa production called The Socially and Environmentally Responsible Agricultural Practices (SERAP) program. SERAP offers financial incentives to cocoa farmer organisations for meeting standards developed by ADM around financial transparency, product-quality management, safe farming practices, responsible labour management and forest protection.

²⁴ Information on ADM's SERAP Program sourced from: <http://www.adm.com/en-US/responsibility/Documents/ADM-Cocoa-Sustainability-Brochure.pdf> & http://www.adm.com/en-US/responsibility/supply_chain/Pages/Africancocoafarmers.aspx