

Comparative Assessment of Monitoring and Remediation Systems on Child Labour as implemented by Fairtrade Small-scale Producer Organizations



At-a-glance

Introduction

Fairtrade commissioned an independent research team from Patricia Erb and Associates to assess monitoring and remediation systems for child labour as implemented by Fairtrade small-scale producer organizations (SPOs). The study compares two types of systems: Fairtrade International's signature Youth Inclusive Community Based Monitoring and Remediation (YICBMR) system and Internal Control Systems (ICS) in four countries: Belize, Dominican Republic, Ghana and India. Both systems were compared on the six OECD criteria of Relevance, Coherence, Effectiveness, Efficiency, Impact and Sustainability.

Generally, an **Internal Control System (ICS)** monitors compliance with specific, individual control points related to Fairtrade standards, policies, rules, regulations and laws. In Fairtrade producer settings, an ICS must cover all areas of production, and the producer organization conducts monitoring of all the organization's members' farms and farm operations on a regular basis.

1. OECD criteria



Source: Adapted from OECD library website

The **Fairtrade Youth-Inclusive Community-Based Monitoring and Remediation (YICBMR)** system on child labour takes an area-based approach (covering also the wider community) rather than focusing just on certified farmer households. Its three-phased implementation starts with communities that were through participatory methods identified as highest risk and eventually expands to all production areas and surrounding communities. The YICBMR system, at each phase, operates by applying three tools: namely the community mapping of risks to children's well-being, community risk prioritization of the most salient risks and recommendations on how to mitigate them, and household surveys. Each phase also includes engagement with commercial partners, government entities, and non-farming community members, culminating in integrating with the country's national plan for the elimination of child labour, and gaining financial support for the ongoing monitoring and remediation.

To date, the YICBMR system has been piloted in 18 countries, including producers of Fairtrade cocoa, sugarcane, gold, coffee, flowers and vanilla. Since 2016, the YICBMR system has been adapted to also cover forced adult labour and gender-based and other workplace violence and abuse.

This study focused on the selected organizations' use of the ICS and YICBMR systems to monitor and respond to child labour.

Key findings based on the case studies



Relevance:

Both the ICS and YICBMR systems have relevance. The YICBMR system is relevant to a wider area and location, reducing the risk of moving child labour elsewhere. By mapping community risks and prioritizing the mitigation of unsafe places for children, the YICBMR system addresses wider risks to children's security and well-being. Finally, the YICBMR system requires SPOs to report to the relevant government protection agency for follow-up, thus triggering the government's duty of care to children's rights.

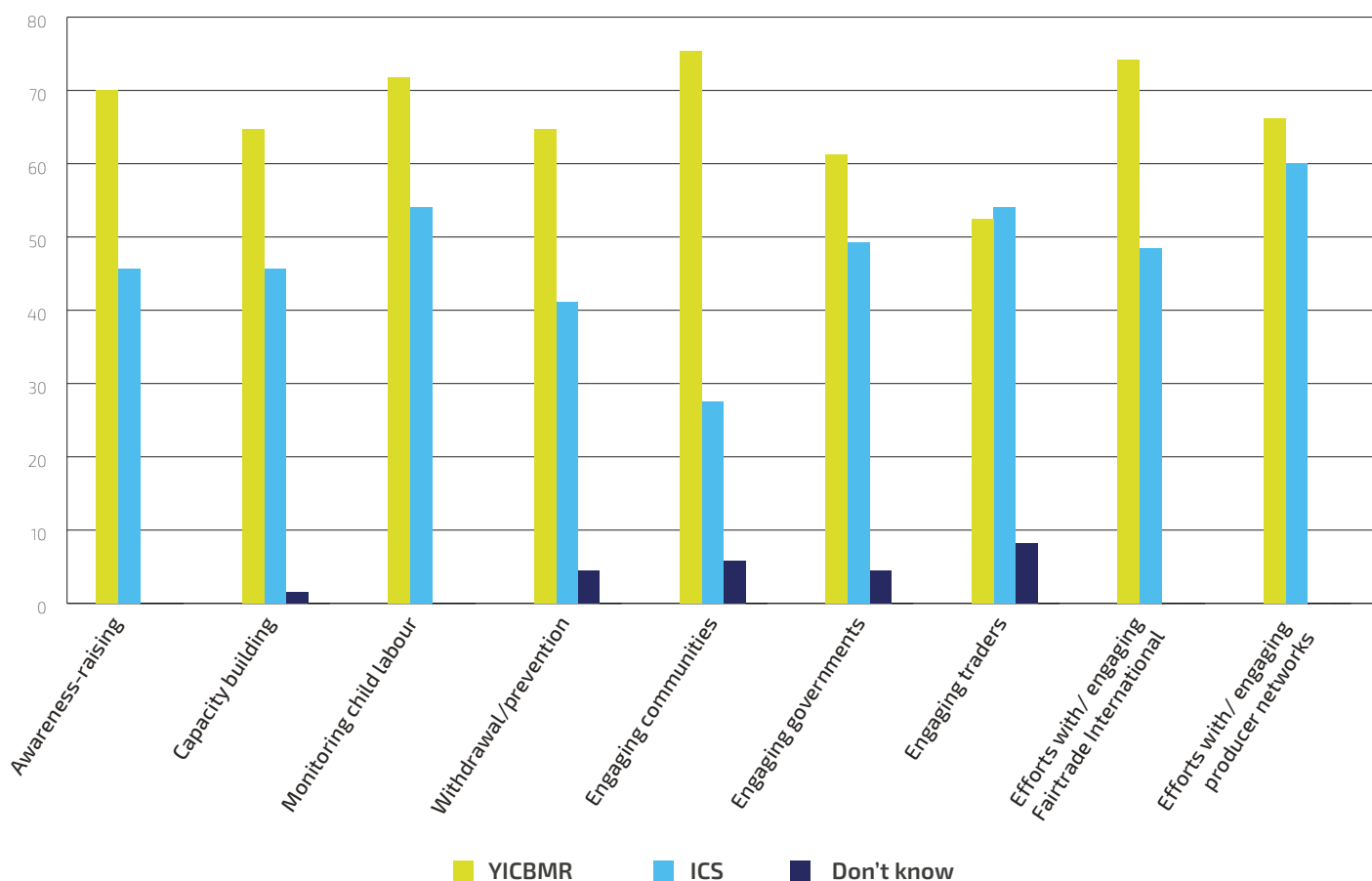
Coherence:

The YICBMR system is stronger than the ICS system since it engages with partners and governments, which have the mandate to protect against child labour. An ICS is internally coherent in that it focuses on the risks within farms which often reflects buyers' interests, but such a system does not involve sharing any information with relevant government agencies.

Effectiveness:

Both the ICS and YICBMR systems were reported to be effective for their intended purposes: the ICS for monitoring compliance, and the YICBMR system for addressing child labour risks and cases in a deeper way and engaging communities and governments. Specifically, YICBMR is regarded as more effective in awareness raising and capacity building, prevention, monitoring, and remediation. The ICS was perceived as slightly more effective with regard to trader engagement (see graph 2).

2. Stakeholder perceptions on effectiveness of the activities per system



Key findings based on the case studies

Efficiency:

Producers considered ICS to be more cost-efficient due to its reduced scope (e.g., covering only certified farmers and involving fewer remediation activities) compared to the YICBMR system.

Impact:

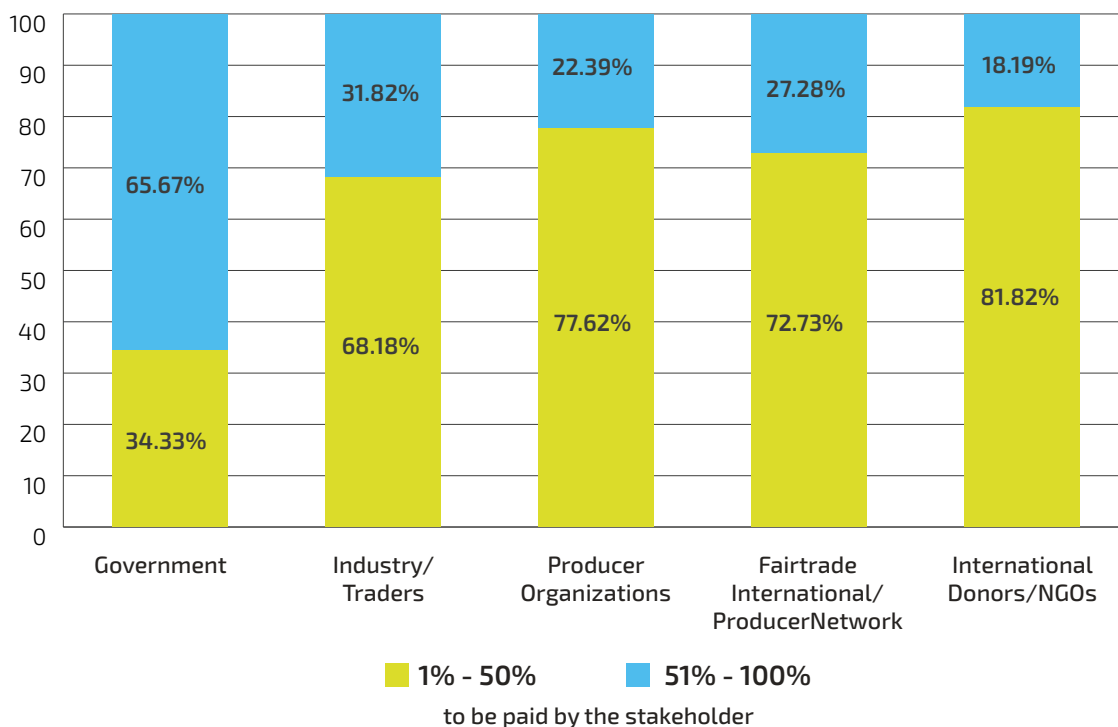
Both the ICS and YICBMR systems achieve the objectives of identifying and addressing child labour. The researchers found that the YICBMR system has a greater impact on detection and remediation of child labour cases, but also in generating cross-fertilization of its activities into ICS practices. Producers and community members reported compelling examples of child labour cases identified and remediated through the YICBMR system, for instance, a case in India in which children of migrant workers were identified and supported to start attending school. The researchers conclude that, on balance, the YICBMR system is stronger than the ICS system as it extends to protect children beyond farms.

Sustainability:

ICS is more sustainable in the immediate or short-term from a financial standpoint compared to the YICBMR system, due to its narrower focus (member farms only, fewer remediation activities, no community or government engagement). According to respondents, the cost for producer organizations to implement either system increases if new standards and checkpoints are added. This may benefit buyers' supply chain policies but puts the cost primarily on the farmers who are the least able to afford it. In the long-run, if external stakeholders take on a significant portion of the cost, the YICBMR system could become more sustainable financially as well as institutionally (when becoming part of the national action plan for the elimination of child labour). See also figure 3 on study participants' responses on the question whom should pay for child labour, which highlights the view of shared financial responsibility, with a key role for governments.

3. Who should pay for child labour monitoring and remediation?

Percentage of respondents that consider each stakeholder responsible for paying up to 50% and more than 50% of the costs.



Recommendations



While the YICBMR system outperformed ICS on most OECD criteria (and can help to improve ICS for child labour), with regards to short-term financial sustainability ICS scored better. Both systems were found to be effective for their intended scope and there is value in them being used alongside each other. The researchers made recommendations to further improve both systems and systematize learning across approaches and stakeholders:

- **SPOs:** Enable fuller and wider understanding of the YICBMR system, especially the aspects of financial sustainability and joint responsibility by government and other stakeholders such as NGOs and industry;
- **SPOs:** Enhance the role of the YICBMR committee and establish links to external bodies, including for example NGOs and UN bodies to advocate for relevant national laws and regulations and accountable government systems;
- **Fairtrade:** Promote and invest in trade-specific and industry-related trainings and social impact investments targeting decent youth employment;
- **Fairtrade and other stakeholders:** Invest in remediation, learning and de-colonizing the issue of child labour so that affected young people and communities have a voice in defining problems as well as solutions.

How was the study conducted?

The researchers sampled cases of SPOs with ICS and with YICBMR that were studied in four countries. They conducted key informant interviews with in total 57 staff of Fairtrade International and the Fairtrade producers' networks in each region. The researchers also interviewed and conducted focus group discussions with a total of 184 producers and 122 community members, including men, women, youth and children and 38 external stakeholders including government actors, traders and NGO staff in each of the four countries. Due to COVID-19, the planned participatory methods could not be applied, and were adapted to an online format. All data in the report are self-reported. The researchers did not approach the various national protection agencies to request information on (confidential) child labour cases reported by the producer organizations involved in the study. The researchers adhered to all relevant Fairtrade policies, including the Fairtrade Protection Policy for Children and Vulnerable Adults and ethical research standards.

Interviews with the
Fairtrade System

57

Interviews and focus
groups with producer
organizations

*in India, Ghana, Belize and
Dominican Republic*

184

Interviews in the
communities

*in India, Ghana, Belize and
Dominican Republic*

122



Fairtrade response and next steps

This study is most timely, especially because the United Nations declared 2021 the international year for the elimination of child labour. Fairtrade contributed to this global effort with this study aimed at enhancing understanding of how different systems operated by the producer organizations monitor child labour, remediate and prevent it.

While ICS was found to be effective at monitoring child labour on farms, YICBMR is better at remediation, at embedding child rights, building communities' ownership of child welfare, and strengthening local and national child protection systems. Overall this results in YICBMR scoring best on most OECD criteria. The study however raises questions with regard to financial sustainability and related efficiency in maintaining the YICBMR system. Fairtrade is particularly concerned that the burden for paying for these systems should not fall on farmers alone, when everyone in the supply chain has a responsibility and role to play in addressing child labour and other forms of exploitation. We agree with the researchers' recommendation to ensure a fuller understanding of all three phases of the YICBMR at the start by all actors, especially with regard to the joint responsibility of all supply chain and government stakeholders to finance the system.

At Fairtrade we will use the study findings to evaluate our support to producer organizations on the implementation of effective child labour and remediation systems. Within this context, a significant finding was that when SPOs implement both ICS and the YICBMR system, producers report that the YICBMR has contributed to better ICS design and implementation as applied to child labour due to the importance of child rights and understanding of government obligations with regard to child labour remediation. This and other findings will allow producers with Fairtrade support to improve systems and will inform the ongoing consultation process for the Fairtrade Standard for Cocoa, which includes proposed new requirements on implementing monitoring and remediation systems. Fairtrade will also explore how we could collect data going forward on actual costs of YICBMR and ICS, recognizing methodological challenges due to the different scopes of both systems.

Key recommendation made by the researchers were that Fairtrade should strengthen the role of the YICBMR committee by establishing links to NGOs and UN bodies and enable advocacy. This will ensure that relevant and applicable national and international laws and regulations are enforced and joint investment made into trade- and industry-specific trainings and projects to enable decent youth employment. This recommendations relates to linkages with international agencies and advocacy on human rights, for which **Fairtrade's new global strategy (2021-2025)** foresees a big role of the Fairtrade system to leverage our collective voice for the benefit of producers.

This study will support Fairtrade's focus on enabling investment in decent youth employment, skills development and business opportunities for young people, with their involvement and leadership. The recommendations will also help us support producer organizations to further enhance existing child labour monitoring and remediation systems. For this Fairtrade will be exploring the researchers' recommendations related to social impact investment and will be building on the joint responsibility of all supply chain and government actors to co-finance such systems.

