



Brussels, 16th March 2021

COCOA TALKS

EU VIRTUAL MULTI-STAKEHOLDER ROUNDTABLES ON SUSTAINABLE COCOA

SUBJECT: SUMMARY REPORT ON MEETING 3A ON TRACEABILITY, TRANSPARENCY AND ACCOUNTABILITY WITH REGARDS TO CHILD LABOUR.

On the 16th of March 2021, the European Commission hosted Meeting 3a of the *Cocoa Talks*, its multi-stakeholder dialogue on sustainable cocoa, on the topic of Traceability, Transparency and Accountability with regards to Child Labour. The objective of this meeting was to:

- Provide an overview of existing monitoring and enforcement mechanisms that seek to improve transparency, traceability and accountability along the supply chain.
- Discuss the allocation of roles and responsibilities between government and the private sector in the design, implementation, administration and supervision of these systems.
- Discuss the role of women and youth from cocoa-producing communities, civil society organizations, trade unions and farmers' organizations in the design, implementation, administration and supervision of monitoring / traceability systems.

Three-hundred and ninety-five people attended the meeting, which lasted for three-and-a-half hours.

The moderator welcomed the audience and welcomed the authorities of Cameroon who joined the Cocoa Talks as an observer.

Ms. Erica Gerretsen, Acting Director of the Directorate for Sustainable Finance, Investment and Jobs; Economy that works for the People, at the European Commission Directorate-General for International Partnerships, opened the meeting by quoting the President of the European Commission, Ursula Von der Leyen, who at the beginning of her mandate announced a “zero-tolerance” approach to child labour. Ms. Gerretsen then acknowledged some of the progress that has already been made in Côte d’Ivoire and Ghana. . In both countries, the child labour rate has been reduced and school enrolment has increased over the past decade;. However, much remains to be done. In this regard, Ms Gerretsen called on businesses to adopt due diligence measures to identify and prevent the risks of labour rights violations, including the existence of child labour or hazardous child labour in their supply chains. She offered a few lessons learnt from the Commission’s experience in this area, explaining that traceability systems should address to the needs and capacities of all actors (producers, buyers, industry, retailers and consumers), be built on existing value chain systems and data in producing countries (with full government buy-in and ownership) and be based on a solid governance system with independent oversight, including by civil society. Ms Gerretsen explained that the upcoming horizontal mandatory due diligence regulations at the EU level will require companies to map their supply chains to identify adverse impacts on human rights and the environment and expressed her belief that traceability systems will help producing countries and companies alike to comply with these requirements. She concluded by recognising that cocoa traceability will not respond alone to all the systemic challenges that are needed to end child labour, calling for complementary actions, including territorial and holistic approaches to protect children and key structural reforms to address the root causes.

Mr. Lluís Prats, Head of Unit, International Relations, European Commission Directorate General for Employment, Social Affairs and Inclusion estimated the number of working children in the world to amount to more than 150 million. He acknowledged that the current figure shows an important reduction of 100 million compared to two decades ago, but regretted the fact that progress has been slowing. He observed that the child labour situation is getting worse in many countries due to the COVID-19 crisis Mr Prats joined Ms Gerretsen in applauding the universal ratification of ILO convention No. 182 on eliminating the worst forms of child labour, and in calling for businesses to exercise due diligence to identify and prevent risks to labour, including

child labour. Mr Prats proceeded to outline some of the most relevant work streams of the European Commission with regard to child labour. He mentioned the Commission's bilateral dialogues with labour ministries in many countries around the world, including within the framework of Trade and Sustainable Development Chapters of EU FTAs. . He further explained that DG EMPL is collaborating closely with DG TRADE and DG INTPA to ensure that Decent Work topics are well defined in the medium-term financial assistance programmes of the EU, which are now being decided for the next seven years under the ongoing MFF programming process. He reiterated that child labour is a complex issue that must be tackled from different angles, by addressing root causes, improving transparency, establishing monitoring and traceability systems, and contributing more broadly to a better enabling environment. He concluded by acknowledging that the behaviour of actors in international supply chains can be a major catalyst for improvements, urging European companies to live up to their corporate responsibilities.

Paul Ntim, Research Manager at the Ghana Cocoa Board, spoke on behalf of Honourable Joseph Aidoo, Chief Executive of the Ghana Cocoa Board, who was unable to attend the meeting with an apology. He informed the audience that, Ghana Cocoa Board works closely with the Ministry of Employment and Labour Relations (MELR) other state Ministries, Departments and Agencies on the issue of child labour in Ghana. He described the legal framework that is in place to deal with child labour, including the Human Trafficking Act of 2005. He listed the institutions responsible for addressing child labour, including: the Child Labour Unit under the Ministry of Employment and Labour Relations; the Department of Social Welfare, a State Agency under the Ministry of Gender and Social Protection; the Anti Human Trafficking Unit (AHTU) of the Ghana Police Service; and the Ghana Education Service under the Ministry of Education. In 2011-2012, given concerns over child labour in cocoa supply chains and with the experience since 2001/2002 Ghana Cocoa Board partnered with the aforementioned agencies with support of the international community, to commence the development of a new Child Labour Monitoring Systems which was duly incorporated in the National Plan of Action for the Elimination of the Worst Forms of Child Labour (2017-2021) – NPA II.. Out of such collaboration and support, the International Cocoa Initiative for example, implemented a version of the child labour monitoring systems on behalf of their members. He stated that Ghana Cocoa Board is rolling out a new programme to tackling challenges on cocoa farms and in cocoa-farming communities through the establishment of a fully digitised Cocoa Management System (CMS). He concluded that, it is expensive to establish and manage a robust Child Labour Monitoring System (CLMS) and for that matter if the key underlying causes of child labour which is farmer-poverty and deprivation is not properly addressed, the CLMS may identify child labourers but cannot solve the problem.

Mr Jean-Jacques Kanga, Directeur de Cabinet du Ministère de l'Emploi et de la Protection Sociale, Côte d'Ivoire, began his speech by emphasizing the importance of cocoa production to the social and economic development of his country. He acknowledged that child labour has been a persistent issue in cocoa value chains since 2000 and that this poses a threat to the sustainability of the cocoa economy. Since 2011, he added, measures have been introduced to tackle the root causes of child labour, including the creation of two important committees : *Le Comité National de surveillance des Actions de Lutte contre la Traite, l'Exploitation et le travail des Enfants* (CNS) chaired by the First Lady, Mme Dominique Ouattara, and the *Comité Interministerielle de Lutte contre le travail des Enfants* (CIM), chaired by the Minister for Employment and Social Protection. Under the leadership of the First Lady, Côte d'Ivoire developed and implemented three consecutive National Action Plans on child labour between 2012 and 2021. Côte d'Ivoire has ratified almost all the international Conventions related to child labour and has adopted specific laws to prohibit and suppress child labour and child trafficking. Mr Kanga proceeded to describe the government's progress in providing access to education. Primary and secondary school education to children aged six to sixteen years old has been made compulsory and free-of-charge, since 2015. Complementary, large-scale campaigns to build schools and recruit teachers in hard-to-access areas were completed between 2015 and 2019. Under the aegis of the First Lady, Côte d'Ivoire has also actively promoted the prevention of child trafficking in the region, establishing a framework for cooperation with Burkina Faso, Ghana and Mali. Insofar as transparency of cocoa supply chains is concerned, the *Conseil Café Cacao* recently completed a census of coffee and cocoa producers and satellite mapping of their plantations, with a view to introducing a national cocoa traceability system. This traceability system will be further reinforced once the African Regional Standard on Sustainable Cocoa (ARS 1000) has been adopted. Côte d'Ivoire has also carried out a large awareness-raising campaign, reaching more than 3 million people in rural areas to inform them about the prohibition on child labour. .. This is reinforced by the

activities of labour inspectors, who conducted more than three thousand inspections between 2015 and 2020. Mr Kanga also mentioned the deployment of the *Système d'Observation et de Suivi du Travail des Enfants* (SOSTECI), the national child labour monitoring system that has been put in place in cocoa-growing regions. Mr Kanga concluded by expressing his hopes that the European Union's legislative process would support Côte d'Ivoire's efforts in the fight against child labour. He also called for participants to go beyond sectoral and supply-chain approach and to support the government's social programmes more broadly and to take into account exogenous factors like migration and child trafficking across international borders.

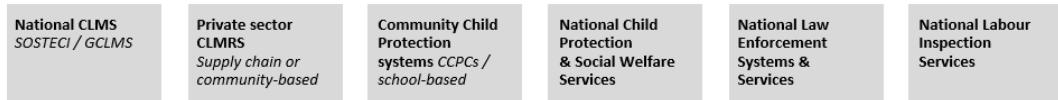
Mr Nick Weatherill, Executive Director of the International Cocoa Initiative, in his presentation provided a comprehensive overview of the subject. He echoed the remarks of the preceding speakers by emphasizing that traceability systems are only 'one piece of the puzzle' in the broader struggle against child labour. He explained that traceability systems can act as a bridge between sustainability standards (the focus of the Cocoa Talks Meeting 2) and regulations (which will be discussed in Meeting 4), tracking actions on the ground and their impacts, thus contributing to consumer confidence and the protection of corporate reputation. Child labour monitoring systems, in particular, could be integrated with physical traceability systems to create the concept of 'social traceability', linking "*households, communities, or geographic areas and the cocoa beans they produce, to measures (and assurances) or responsible business conduct and (positive) social impacts in relation to the most salient human rights risks*".

Following these introductory remarks, Mr Weatherill reviewed the definition of child labour as enshrined in ILO Conventions no. 138 and no. 182 noting that "not all work done by children is child labour". He cited available statistics on the number of children in child labour (1.56 million) and hazardous child labour (1.48 million) in the cocoa sector in Ghana and Côte d'Ivoire, as compared to the number of children in child labour in agriculture worldwide (108 million). He offered an overview of the share of children in the cocoa-growing communities of Côte d'Ivoire and Ghana that live at home with their parents (99%), that perform some form of cocoa-related child labour (45%) and that attend school (88%-96%). He estimated that child labourers in Côte d'Ivoire and Ghana work, on average, for a total of 8.3 hours per week but emphasized that the real problem lies in the nature of the work that children undertake, since ninety-five per cent (95%) of child labour is documented as being hazardous. He enumerated some of the root causes of child labour, including farmer poverty, the lack of birth registration, gender inequality, and limited access to quality education. However, he also highlighted some "bright spots" of progress, with a massive increase in school enrolment in Côte d'Ivoire, near universal access to primary and secondary education in Ghana, the development of Comprehensive National Action Plans in both countries, and the recent campaign in Côte d'Ivoire that has offered "catch-up" birth certificates to seven hundred thousand children. Actions supported by industry have also contributed to a thirty-three per cent (33%) reduction in the rate of child labour, he explained, a rate that is five times faster than the global rate of child labour reduction in agriculture as estimated by the ILO.

The emerging African Regional Standard for Sustainable Cocoa (ARS 1000), which is aligned with the UN Guiding Principles on Human Rights, will reinforce these developments, he claimed.

Mr Weatherill then provided an overview of the systems that can be deployed to advance the monitoring of child labour, identifying the relative strengths and weaknesses of these systems and exploring the extent to which they can be integrated with physical traceability of cocoa beans. The relevant slide is reproduced below:

SYSTEMS:



RELEVANCE TO ARSO STANDARD:

Identifies child labour	✓	✓	✓	✓	✓	✓
Regular and repeated monitoring of child labour	✓	✓	✓ ?	✓ ?	✓ ?	✓ ?
Remediates and/or refers child labour cases	✓	✓	✓	✓	✓	✓
Prevents child labour	✓ ?	✓ ?	✓	✓	✓ ?	✓ ?
Reports on child labour	✓	✓	✓ ?	✓	✓	✓

LINKS TO TRACEABILITY SYSTEMS:

✓	✓	?	?	?	?
Supports social traceability if CL data is linked to cocoa production data OR if entire production area covered (eg. CLFZ)	Strongly supports social traceability as systems linked; community approach could drive traceability across a geographic area if all farmers covered.	Currently limited, but with verification could reinforce social traceability across a geographic area.	Currently limited, but potential for social welfare information systems to link with farmer / cocoa production data in an integrated system.	Limited as delinked from farmer registration / cocoa production, but could flag compliance issues to co-ops and vice-versa.	Currently limited as delinked from farmer registration / cocoa production, but could flag compliance issues to co-ops and vice-versa.

Key: CL = Child Labour; CLMS = Child Labour Monitoring System; CLMRS = Child Labour Monitoring and Remediation System; SOSTECI = *Système d’Observation et de Suivi du Travail des Enfants en Côte d’Ivoire*; GCLMS = Ghana Child Labour Monitoring System; CCPC = Community Child Protection System; CLFZ = Child Labour Free Zone;

Mr Weatherill then proceeded to explain how Child Labour Monitoring and Remediation Systems function, noting that CLMRs can be categorized as national, community-based or supply chain systems. In all cases, such systems begin with awareness raising among all actors on the definitions of child labour, the risks associated with the phenomenon and the solutions that exist to tackle it. This is followed by the deployment of capacity within communities and at farm-level to monitor for child labour and collect data. Child Labour Monitoring and Remediation Systems are not, however, merely about data collection, but also serve to identify children at risk and pass information forward so that the identified children can receive assistance and remediation. Remediation can be preventive or reactive; it can be targeted at the individual child (e.g. through the grant of an apprenticeship, a school kit or a bicycle), the household (e.g. through support for income-generation activities) or the community level (e.g. building schools). When deployed by the private sector in the supply chain context, CLMRS conform precisely to the UN Guiding Principles and the OECD Guidance on Due Diligence and Responsible Business Conduct.

Mr Weatherill then provided an overview of the challenges to upscaling Child Labour Monitoring and Remediation Systems. He observed some positive trends in the availability of data on company activities and progress made on the ground. Reporting has improved and become more transparent, and now includes details on the coverage of corporate systems and their concrete impact (number of children identified as being at risk vs. number of children receiving assistance). Child Labour Monitoring and Remediation Systems will, by the end of 2021, cover thirty per cent (30%) of the cocoa supply chain. Similarly, best estimates suggest that only thirty to fifty per cent (30% - 50%) of cocoa can be physically traced to the coop level, constituting an obstacle to social traceability more broadly. Scalability is further impeded by the fragmented structure of the supply chain, which renders it extremely difficult to extend coverage to the less organized segments that are hardest to reach and which probably suffer the most from unsustainable practices such as child labour.

Lastly, Mr Weatherill listed some challenges to ensuring traceability of cocoa. He noted that there is a direct trade-off between costly traceability systems and direct investments in sustainability initiatives, emphasizing that it is important to avoid imposing additional costs on farmers themselves. He concluded by calling for greater coherence and linkages between different systems, in particular supply chain systems (e.g. corporate CLMRS and due diligence), national systems (e.g. child protection, social services, education, law enforcement) and community systems, with the long-term goal of full coverage through greater integration. He noted that there is an emerging framework in both Côte d’Ivoire and Ghana to strengthen collaboration and coordination: in Côte d’Ivoire, the SOSTECI Decree of 29/01/2020 determines that “*SOSTECI will... monitor & coordinate private*

CLMRS initiatives”; in both countries, the National Action Plans call for a vibrant interaction and interplay between private sector and government systems.

Panel Discussion

Ms. Michelle O’Neill, Vice-President Global Corporate Affairs Cocoa at Mars Wrigley, kick-started the panel discussion by expressing industry support for scaling up Child Labour Monitoring and Remediation Systems. She applauded the progress made in recent years thanks to voluntary measures and intense collaboration between industry, governments, cocoa-growing communities and development partners. However, she said, child labour remains a persistent challenge in Côte d’Ivoire and Ghana because the root causes are still there, including farmer poverty, lack of access to early childhood programmes and quality education in or near cocoa-growing communities. Turning to the topic of the day, Ms O’Neill informed participants that monitoring and remediation systems already exist and are embedded into the supply chains of cocoa and chocolate companies, allowing these companies to identify, remediate and prevent child labour. Several companies aim to increase the coverage of CLMRS to one hundred per cent (100%) in their direct supply chains by 2025. However, she warned, CLMRS alone cannot remove all instances of child labour. In addition to voluntary measures, there is a need for mandatory due diligence at the EU level, based on the UN Guiding Principles for Business and Human Rights, to ensure that all stakeholders abide by the same rules (the so-called ‘level playing field’). Ms O’Neill also called for all stakeholders to support origin countries in their efforts to put in place national programmes and policies, to strengthen and enforce current and future legal and regulatory frameworks.

Mr. Antonie Fountain, Managing Director of the Voice Network, acknowledged also the improvements that have taken place in Côte d’Ivoire and Ghana, particularly in relation to access to education and school enrolment. However, he emphasized the persistence of the issue, noting that poverty is the root driver of the problem and insisting that a failure to provide a living income to farmers would call into question all other interventions in the field of child labour. He agreed with previous that corporate social responsibility programmes play an important role in addressing child labour, and called for both mandatory due diligence regulations and the ‘blanket roll-out’ of Child Labour Monitoring and Remediation Systems. Going beyond living income and CLMRS, he brought attention to the broader enabling environment and called for partnership agreements between the EU and cocoa-producing nations that improve access to education, healthcare, sanitation and infrastructure. He noted a complicated tension between those advocating for prevention-based approaches (through community development and the enabling environment) and those advocating for remediation approaches (looking at CLMRS and supply chain responsibility) and insisted that these approaches are not in contradiction to one another. On the contrary, both are needed. He sought to ease concerns about cost, noting that CLMRS cost about \$70 - \$80 per tonne, while the international price for cocoa can rise or fall by more than that amount over the course of a week. He concluded his speech by identifying traceability and transparency as an ‘absolute necessity’, allowing companies to acknowledge the size of the problem and tackle it effectively. In response to a question from the moderator on the definition of the worst forms of child labour, Mr Fountain explained that both Côte d’Ivoire and Ghana have laid out clear, uncontroversial guidelines in their respective laws.

Ms. Wieneke Vullings, Head of Unit, Sustainable Production and Trade / Public-Private Partnerships, Sustainable Economic Development Department, Directorate-General for International Cooperation, Ministry of Foreign Affairs of the Netherlands, spoke on behalf of the European sustainable cocoa platforms (the “ISCOs”). She began by explaining that the different ISCOs have signed a Memorandum of Understanding with each other to further harmonise their efforts in the field of sustainable cocoa, and that one of the four objectives of their MoU is to end the worst forms of child labour and forced labour in cocoa value chain. She noted that the ISCOs house substantial collective knowledge and experience on CLMRS and are encouraged by the uptake of such systems. However, an additional collective effort is needed from governments, the private sector, civil society and the International Cocoa Initiative to improve the implementation of CLMRS and to make progress on the enabling environment that is needed to end child labour. Ms. Vullings also provided additional detail on the Dutch policy with regard to child labour in cocoa value chains. As one of the biggest importers of cocoa beans in the world, the Netherlands is seeking to draw closer links between supply chain approaches and its complementary efforts in the field of living income and education. Ms Vullings specified that the Netherlands is an Alliance 8.7 Pathfinder country with an explicit policy on Responsible Business Conduct, which calls for mandatory due diligence obligation at EU level. She ended by expressing her firm

conviction that upcoming EU legislation should not hamper trade flows between continents, urging the EU to support its partners to meet any new market access requirements and to enjoy continued access to the EU market.

The moderator also gave the floor to the **Frédéric Lapeyre, ILO Country Director for Côte d'Ivoire**, to deliver a joint statement on behalf of the **International Labour Organization**, the **UN Food and Agriculture Organization (FAO)**, the **International Organization for Migration (IOM)** and **UNICEF**. Mr Lapeyre welcomed the European Commission's inclusive dialogue on sustainable cocoa, which will allow stakeholders to take stock of lessons learnt in the fight against child labour, to develop improved frameworks for collaboration between the private sector and producing-country governments, and to better understand the opportunities arising from the legislative process on mandatory due diligence that is taking place at EU level. He called on all stakeholders, under the leadership of the governments, to also take preventive measures to address the structural causes of child labour, including rural poverty. In this respect, he highlighted the importance of decent work and social protection, of investment in public services such as education, health, water, and sanitation, and of the need to strengthen farmers' cooperatives. He acknowledged the importance of certification systems and child labour monitoring systems, but insisted that these should be seen as a means to an end, not an end in themselves. Mr Lapeyre urged businesses to conduct effective human rights due diligence in their supply chains, to integrate human rights and children's rights into their business practices, and to use their leverage to halt any negative impacts on children. He also encouraged the private sector to align itself with government programmes and to invest in social protection, education, birth registration and capacity-building for cooperatives. Lastly, Mr Lapeyre made a few remarks on the development of mandatory due diligence requirements at EU level. He noted that this legislation could make a significant contribution to the elimination of child labour and create a level playing field for business. However, if the legislation places too much emphasis on social audits and monitoring systems, it will represent a failed opportunity to learn the lessons of the past. He suggested further discussion on child labour from a broader perspective.

Question and Answer Session

In response to questions on farmer poverty as a driver of child labour, **Mr Régis Méritan, Head of Sector on Agricultural Growth at the Sustainable Agri-Food Systems and Fisheries Unit of the Directorate-General for International Partnerships**, observed an emerging consensus among stakeholders that a higher price for cocoa is a necessary precondition to end child labour and deforestation in the sector. He reminded participants that the question of price is at the core of the EU Sustainable Cocoa Initiative, and that the introduction of the Living Income Differential by the two largest producing countries has created a window of opportunity to discuss sustainability concerns, including child labour. He expressed his hopes that cocoa will be produced in a more sustainable manner and that, precisely for this reason, it will begin to fetch a higher price on the international market, with the agreement of all stakeholders and market participants. He explained that this reasoning lies behind the European Union's support for the Living Income Differential, reminding the audience that this initiative also enjoys the support of industry players.

In response to questions on **forthcoming EU legislation** introducing **mandatory due diligence requirements** for companies, Mr Meritan responded that additional details will be provided in Meeting 4 on Regulations, but that this legislation will serve as an incentive to expand the scope and the uptake of traceability systems. He added that these trends will not come to the detriment of the broader enabling environment or to EU programmes that address the root causes of child labour. On the contrary, traceability systems can increase consumer confidence in the Living Income Differential, which will in turn generate additional resources to support broader, more holistic approaches to child labour. He ended with a call to ensure that traceability systems are transparent, to provide access to information on the supply chain to all stakeholders, and to reassure consumers that the new cocoa is more sustainable and therefore merits a higher price.

In response to questions on the proliferation of child labour monitoring and remediation systems, and on the roles and responsibilities of different stakeholders in the management of those systems, **Mr Nick Weatherill** advocated for the development of a common framework and agreed benchmarks. He also called for national coordination and harmonisation of monitoring systems, led by producing-country governments with the support of third-party verification bodies.

In some concluding talks on behalf of the government of Côte d'Ivoire, **Mr Amany Konan** restated the limits of CLMRS and other supply chain approaches. He explained that remediation is usually offered within the context of specific communities; however, in the case of child labourers from neighbouring countries, who may

be migrants or victims of child trafficking, this approach is not appropriate. He contrasted the community-based approach to the Ivoirian *Système d'Observation et de Suivi du Travail des Enfants* (SOSTECI) which has a mandate to identify the family of the child migrant in the country of origin and to repatriate the child. Mr Konan also recommended holding another discussion session with Côte d'Ivoire on actions to address the root causes of child labour in cocoa production, as the 16 March 2021 session was dedicated to cocoa supply chain traceability and the CLMRS.

Another speaker from Côte d'Ivoire, **Mr Jeremy Kouassi** confirmed the data collected through its census and its geo-satellite mapping systems, on cocoa-producing households and their plantations . **Mr Ntim from the Ghana Cocoa Board** concluded by urging for cost-benefit analyses, to compare the cost of CLMRS and other sustainability systems to the cost of direct investments in public services.