Dear Ms Lindgren,

At ICI, we are all too aware that most cocoa farmers in West Africa, like most smallholder farmers in Sub-Saharan Africa, live close to or below the poverty line. We also know that this is often one significant cause (but by no means the only cause) of the child labour that is so prevalent in the cocoa supply-chain in rural Ivory Coast and Ghana, and more generically in all agricultural farming that takes place in Sub-Saharan Africa. Our long-term vision is one of thriving cocoa-growing communities, so indeed the poverty that prevails is a constant and earnest reminder of the serious work that still needs to be done, and the challenge that remains in making cocoa farming truly sustainable.

That is why a significant proportion of our work in cocoa-growing communities is now geared towards reducing the poverty of cocoa-farming households. In 82 communities in the last 3 years, ICI has directly supported the training of farmers in Good Agricultural Practices, allowing them to improve their yields, to diversify their production, and to increase their income. We have also, in the last 4 years, supported Income Generating Activities for 300 womens’ groups, delivering a direct increase in earnings to vulnerable households that has proven to help families send their children to school.

But whilst farmer poverty is a critical issue, it is by no means the only driver of the child labour that ICI is specifically mandated to tackle. Increasing the money in a farmer’s pocket does not necessarily translate into a reduced tendency to resort to using child labour. If there is no school in a farmer’s community, then increased income will be unlikely to have any impact on taking children out of child labour, for whom there will still be few alternatives to helping out on the family farm. If household income is controlled by men, rather than women, World Bank and IFAD research has also shown that it is ten times less likely to be used in a way that benefits children, so in some settings household distribution of income may be more important than the level of income. And if farmers find themselves living 10% above the poverty line, as opposed to 10% below it, their children may still be considered as cost-saving resources worth retaining as labourers. This may especially be the case if the price paid for the commodity a farmer grows increases, whereby the opportunity cost of sending children to
school actually increases, and the incentive to do so decreases. Indeed, various research studies\textsuperscript{1} have revealed a “paradox” in certain contexts whereby wealthier farmers in fact have a higher use of child labour on their farms. It is therefore essential that any strategy to tackle farmer poverty is implemented in conjunction with other social development measures if it is going to impact positively on child labour.

Where poverty is the main driver of child labour, the issue should preferably be evaluated from the perspective of household income, rather than simply looking at commodity-price, although the price paid for cocoa is of course one important factor in that income. Our concern should be that cocoa-farming households earn sufficient income to cover the real costs of production (including hired adult labour costs) and that their basic needs are met either from public provision of social services or from the income they earn from cocoa and other sources. This requires a complex and often context-specific calculation of a “living income”. ICI agrees that cocoa farming should contribute to a living income, and that cocoa-growing communities should satisfy the basic needs of cocoa-farming households, if cocoa-farming is going to survive as a viable livelihood that attracts future generations of cocoa-farmers. That is why ICI is closely engaged in, amongst other discussions, the CEN/ISO 415 process to define an international standard for sustainable and traceable cocoa, within which a living income for cocoa farmers is under consideration. ICI is part of the multi-stakeholder body (comprising civil society, certifiers, industry and producing and consuming governments) charged and mandated to agree these standards. We will evaluate how to integrate these considerations into our operational thinking, and our advocacy work, as and when the CEN/ISO process, and other parallel initiatives, conclude their deliberations and articulate specific, workable recommendations. In the meantime, as detailed above, we do support numerous activities in our community work that successfully reinforce farming household incomes, and we consistently advocate for a holistic approach to child labour that combines poverty reduction with social improvements. Indeed, we have been instrumental in ensuring that the chocolate industry’s sustainability strategy precisely combines efforts to boost farmer incomes (through investments in productivity) with social strategies that reduce child labour risks.

The fact is that the cocoa-price alone cannot solve child labour, although we do share the conviction that cocoa farmers generally need a higher, more stable income, whether derived from cocoa-farming or other sources. How this can be achieved and sustained merits a far broader and deeper analysis than just simply focusing on the cocoa price. Indeed, whether and how prices may be influenced to bypass current international market-forces and the existing government price-regulating mechanisms in Ivory Coast and Ghana would need to be thoroughly evaluated and explored with those entities that have authority and influence over the global cocoa economy (including the producing governments, the ICCO, the World Bank and the IMF, as well as the cocoa industry), and explained to the broader cocoa sector. Whether the chocolate and cocoa industry has the ability

to absorb significantly higher prices when the cocoa value-chain is currently acknowledged (Including by the VOICE Network of NGOs in the 2015 Cocoa Barometer) to be squeezed of value needs to be closely examined. Whether enough of the additional costs could be uniformly passed on to consumers also needs to be carefully thought through given constraints imposed by anti-competition law. And while ICI firmly believes that the price of chocolate should ultimately reflect the true cost of production, particularly for those labour costs that are currently externalized through the use of family child labour, the risk that higher prices on chocolate products might dampen consumer demand to the detriment of those that grow its raw ingredients also needs to be evaluated. Similarly it should also be questioned whether any discussion of solutions should really focus so exclusively on the cocoa-sector, when there is a clear risk that boosting income for cocoa-farmers alone may perversely encourage a migration-effect from other agricultural activities in Ghana and Ivory Coast, potentially triggering over-production that actually risks to drive prices down in the longer term. Ultimately, it is of fundamental importance that any solution seeking to tackle the poverty of farmers is carefully studied for feasibility in the context to which it is to be applied, to be sure that it can have the desired outcome without unintended negative consequences.

ICI’s front-line experience in more than 500 communities over the last 5 years has given us a very pragmatic understanding of those interventions that are most effective in tackling the child labour that we have been mandated by our multi-stakeholder constituents to focus on. Our holistic model for child-centered community development (which includes but is not confined to addressing household poverty) delivers tangible results in empowering communities, protecting children and increasing access to quality education, results which we regularly report on, publically, through our Annual Report (link). Our parallel promotion of responsible supply-chain management, and specifically the building of cooperative and supply-chain capacities to identify and remediate child labour risks effectively is also delivering promising outcomes. Conscious that these approaches have to-date been applied at too small a scale to make a significant dent in this widespread problem (see ICI’s analysis of the 2013/14 Tulane Report – link), ICI’s advocacy and influencing efforts are calling for an urgent sector-wide scale-up of these proven good practices by all relevant actors, including the chocolate and cocoa industry, the cocoa-producing governments, civil society and the international development community. By 2020, we want to see at least 1800 cocoa-growing communities benefitting from these good practices, and 1 million children therefore benefitting from improved child protection. We and our members (who include vocal and scrutinizing non-industry organisations) believe that this strategy is the correct one to bring about change on the basis of proven results. We welcome any voices that are ready to rally with us behind our ambitious but imperative goal.

Yours Sincerely,

Nick Weatherill
Executive Director

International Cocoa Initiative