

Primer on Recruitment-
Related Risks in the
Latin American Coffee
Sector



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Primer on Recruitment-Related Risks in the Coffee Sector

Introduction

This tool is one of 17 tools comprising the Socially Sustainable Sourcing Toolkit (S3T), which was developed as part of Verité’s Cooperation on Fair, Free, Equitable Employment (COFFEE) Project through generous funding from the US Department of Labor’s Bureau of International Labor Affairs (USDOL-ILAB). The S3T was developed in alignment with USDOL’s *Comply Chain* model, with at least one tool created for each of the eight steps of *Comply Chain* (see graphic below). Many of the tools are derived from tools created for the *Responsible Sourcing Tool*, developed by Verité with funding from the U.S. Department of State’s Office to Monitor and Combat Trafficking in Persons (J/TIP). The tools can be used *à la carte*, but it is important that companies have systems and tools in place for each step of *Comply Chain*.

STEPS OF COMPLY CHAIN AND CORRESPONDING TOOLS



U.S. Department of Labor Comply Chain Model

S3T Socially Sustainable Sourcing Toolkit

- STEP 1. Engage Stakeholders and Partners**
Guidance on Stakeholder Engagement
- STEP 2. Assess Risk and Impacts**
Risk Evaluation for Action in the Coffee Trade (RE-ACT) Dashboard
Root Cause Analysis of Labor Violations in the Coffee Sector
Self-Assessment Questionnaire for Coffee Traders
Self-Assessment Questionnaire for Coffee Producers
Self-Assessment Questionnaire for Labor Brokers
Guidance on Screening and Selection of Labor Brokers
- STEP 3. Develop a Code of Conduct**
Sample Code of Conduct Provisions
Sample Social Responsibility Agreements
Primer on Recruitment-Related Risks in the Latin American Coffee Sector
- STEP 4. Communicate & Train Across Supply Chain**
Guidance on Communicating Objectives and Standards Across the Supply Chain
- STEP 5. Monitor Compliance**
Guidelines on Monitoring of Coffee Farms
Guidance on Monitoring of Labor Brokers
Worker Interview Guide Focused on Recruitment and Hiring
- STEP 6. Remediate Violations**
Management Systems Framework for Preventing and Remediating Labor Risks
- STEP 7. Independent Review**
Framework for Independent Verification of Ethical Sourcing
- STEP 8. Report on Performance**
Guide on Public Reporting for Private Sector Stakeholders

Introduction to the Tool

Verité research has found that the use of labor brokers (including recruiters, labor contractors, crew leaders, village agents, and in some cases employment agencies) is widespread in the Latin American coffee sector. Coffee producers often turn to labor recruiters when there is an urgent need for workers, especially during the labor-intensive harvest season. While labor brokers can play an important role in coffee supply chains by ensuring a constant supply of farmworkers, unscrupulous labor brokers may engage in unethical practices that put workers at risk, and at the same time create legal and reputational risks for coffee producers, traders, and roasters alike. Therefore, it is necessary that they put systems in place to identify and address potential risks related to labor recruitment in their supply chains.

This tool contains **background information on recruitment-related risks** identified by Verité in the Latin American coffee sector, as well as information on concrete **red flags related to recruitment in coffee supply chains** and **key steps that companies can take to address these risks**.

Background: Labor Shortages, Migration, and Recruitment-Related Risks in the Latin American Coffee Sector

Many coffee-producing countries in Latin America have experienced labor shortages due to several factors, including poor pay and working conditions. Left unaddressed, these shortages could jeopardize the future of the sector and result in reductions in coffee production. Shortages of local workers in coffee-producing regions foster an increased need for migrant laborers, which may necessitate the utilization of labor brokers to recruit workers from faraway communities. While the use of labor brokers can bring tangible benefits to coffee producers and workers alike, and is a logical response to growing labor shortages, it can also increase the risk of labor rights violations if proper controls are not put in place to adequately screen and monitor them.

Verité field research has found that labor brokers are often financially incentivized to recruit as many workers as possible, which may lead them to deceive workers about working conditions and engage in other unscrupulous practices to maximize profits. These unethical practices may include the retention of workers' identity documents, harassment and abuse, charging of recruitment fees, and making illegal deductions from workers' pay.

Labor shortages have led to an increased alignment in the interests of brands, estate owners, and workers. When coffee producers are unable to recruit enough workers from their usual local labor sources or other regions within their own countries or neighboring countries due to the poor conditions and pay, they may have to turn to labor brokers.¹ However, it can be extremely difficult for farmers to cover the cost of

labor brokers and provide workers with decent pay and conditions due to historically low coffee prices and the fact that labor costs are one of the only inputs over which farms have control. Tackling this dilemma will require that coffee roasters, traders, producers, governments, and other stakeholders take joint action through a shared investment approach to identify and implement better practices.

To reduce the risk of unethical recruitment practices such as those noted above, there is a need to better screen and monitor labor brokers. Coffee producers can also establish practices such as direct recruitment, profit sharing, and, in some cases, hiring workers permanently. These practices have the potential to result in cost savings, improvements to the quality of coffee harvested, and increased rates of worker satisfaction and retention, in addition to reducing the risk of labor violations.

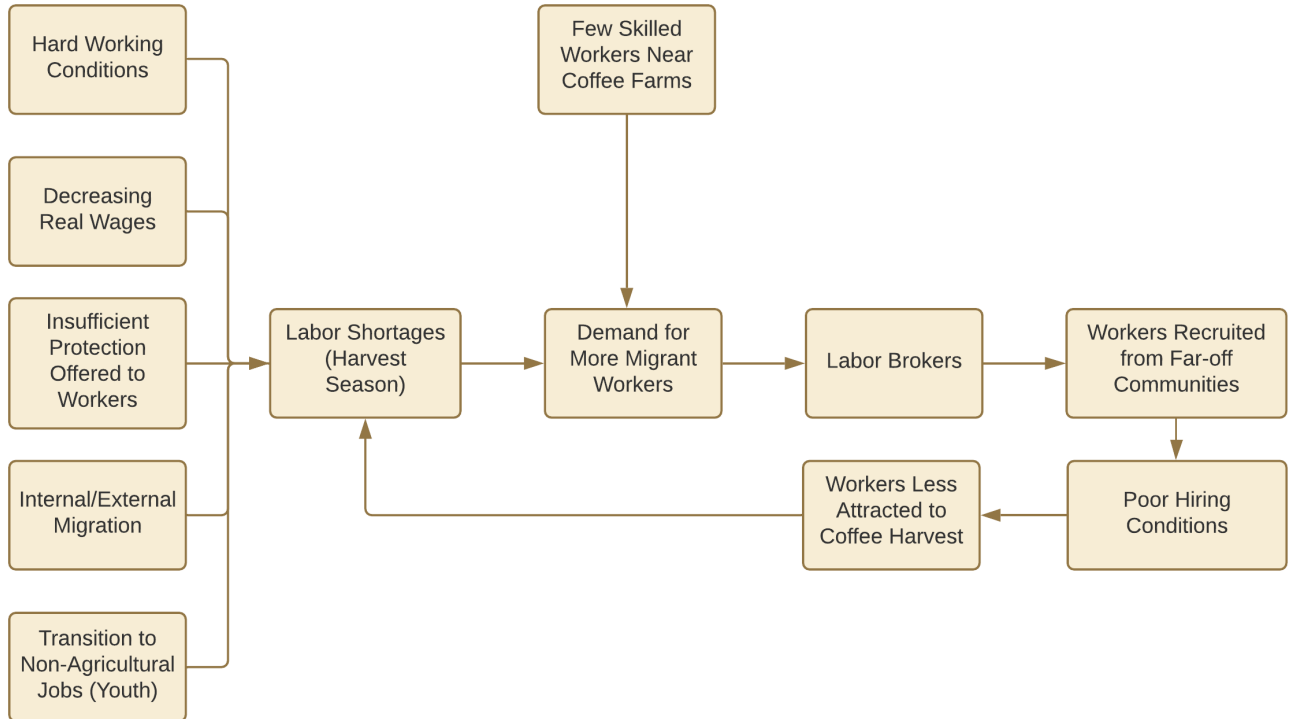
Labor Shortages

Media sources report that farmers in Latin America are facing a dearth of skilled farmworkers during the coffee harvest season, due in part to harsh working conditions, decreasing real wages, and insufficient protections offered to workers.² Other factors include internal and international migration driven by economic necessity and displacement related to violence and climate change, as well as the desire of younger generations to work in better remunerated and less physically demanding and stigmatized sectors.

Although agricultural work is sometimes described as “unskilled,” cultivating and harvesting high-quality coffee actually requires years of hands-on experience. Thus, workers leaving the coffee sector cannot be easily replaced,³ as “farm labor is a major factor in an estate’s ability to deliver high-quality, highly productive coffee.”⁴ Erik Nicholson of United Farm Workers (UFW) has referred to farmworkers as “field baristas”⁵ who can increase coffee producers’ profit margins in the form of higher quality coffee.

A shortage of experienced local workers in the coffee-producing regions of a number of Latin American countries has created demand for migrant labor, which in turn often has necessitated the use of labor brokers to recruit workers from distant areas. The COVID-19 pandemic (including government restrictions on the movement of international and internal migrants) has contributed to even greater challenges surrounding labor shortages.⁶ The use of unmonitored labor brokers can result in poorer wages and working conditions, making the work less attractive, and thus contributing to further labor shortages. This creates a vicious cycle of spiraling labor conditions. To disrupt this cycle, producers must offer working and living conditions capable of attracting a new generation of workers, thereby stemming the flow of skilled workers to urban migration or other competing sectors. This can be accomplished, in part, by direct recruitment or the monitoring of labor brokers.

Labor Shortages, Recruitment, and Labor Risk



Labor Migration

Verité’s research has found that many coffee estates are staffed by a small number of permanent workers and a large contingent of temporary workers who are often hired informally (without contracts) during labor intensive periods (especially harvesting, planting, and fertilization). Many of these temporary workers are migrant workers who may settle on or near a particular farm for the duration of the harvest season or follow crop-harvesting cycles from farm to farm.

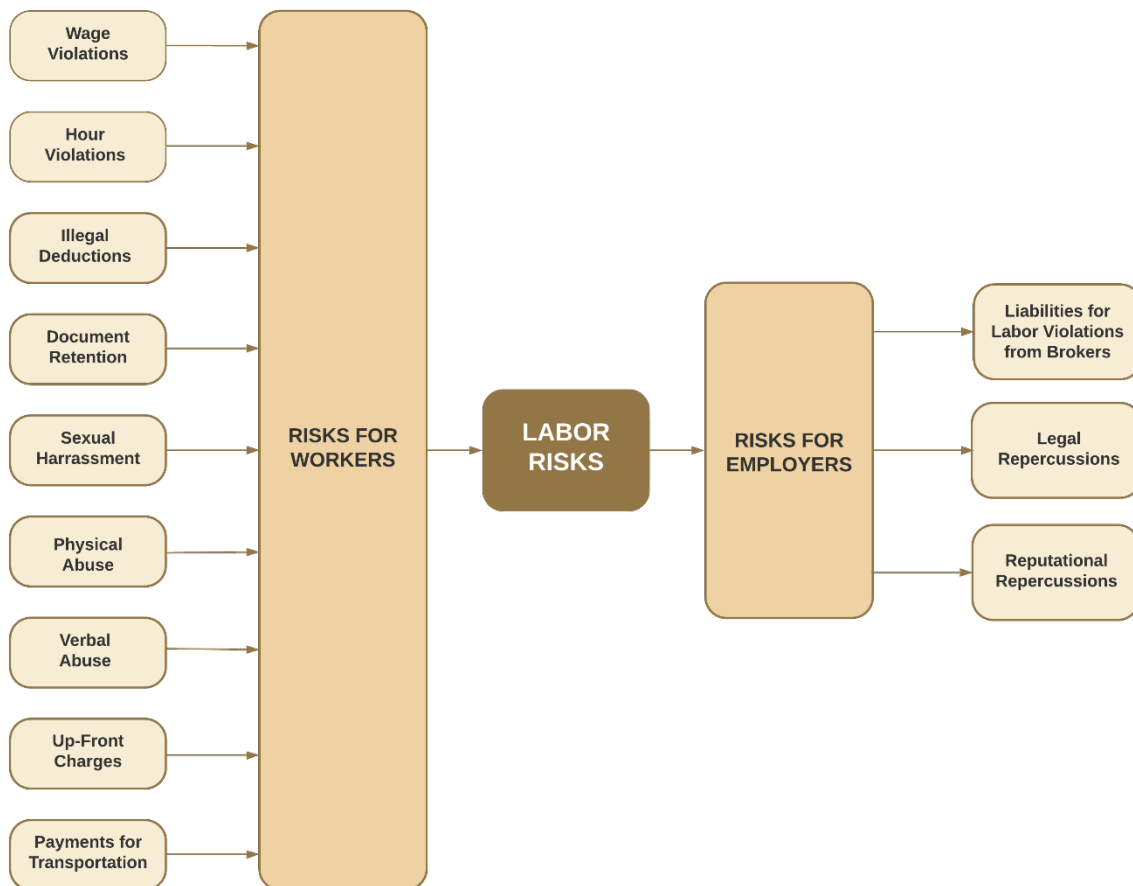
Migrant workers from regions that do not historically produce coffee may lack experience working in the coffee sector, making them significantly less productive. Recent reports indicate that inexperienced workers are typically able to harvest less than half the coffee of an experienced harvester. As a result, these workers earn significantly less money as most coffee harvesters are paid according to the amount of coffee harvested.⁷

Migrants, especially female migrants, “constitute the most marginalized and invisible part of the coffee sector.”⁸ A lack of support systems and local language skills create

social isolation for migrant workers and make it difficult for them to file complaints if their rights are violated.

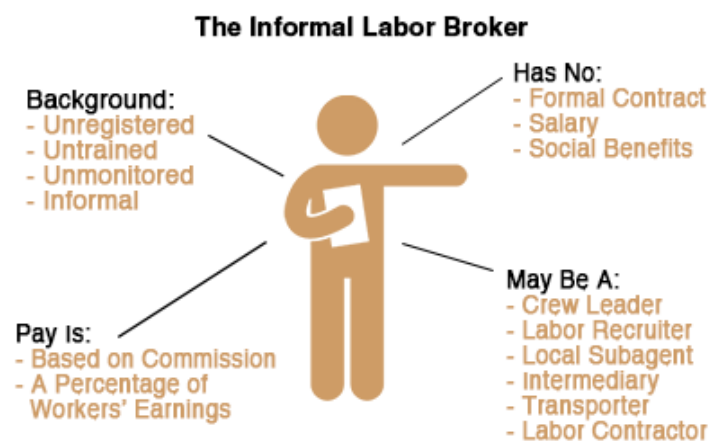
Verité’s research has shown that there has been a recent surge in cross-border migration into the coffee sector in countries which have not traditionally been destinations for international migrants. “Push” factors include extreme poverty in migrant workers’ countries of origin, displacement due to high levels of societal violence, conflict, and political instability, as well as climate change and related crop diseases. Labor shortages in other coffee-producing countries can serve as a “pull” factor for migrant workers. In some cases, farms and estates offer favorable wages and living conditions to attract international migrants; in others, they utilize unregistered and untrained labor brokers to recruit immigrant workers, frequently under false pretenses and in violation of laws in sending and receiving countries.

Risks Related to Recruitment



The Role of Labor Brokers in the Coffee Sector

Workers may be recruited by labor brokers, farm owners, or representatives of coffee estates. In some cases, they are recruited directly by owners of smallholder farms or coffee estate personnel. However, many larger estates rely on labor brokers to recruit, select, and hire workers, especially during the harvest season when labor demand is at its peak. Labor brokers recruit both individual workers, as well as crews of workers. They provide an essential service to both employers who have no contacts with workers in their communities of origin and the workers themselves who are in search of jobs. However, the use of unregulated and unmonitored informal labor brokers creates increased risks for workers and employers alike.⁹



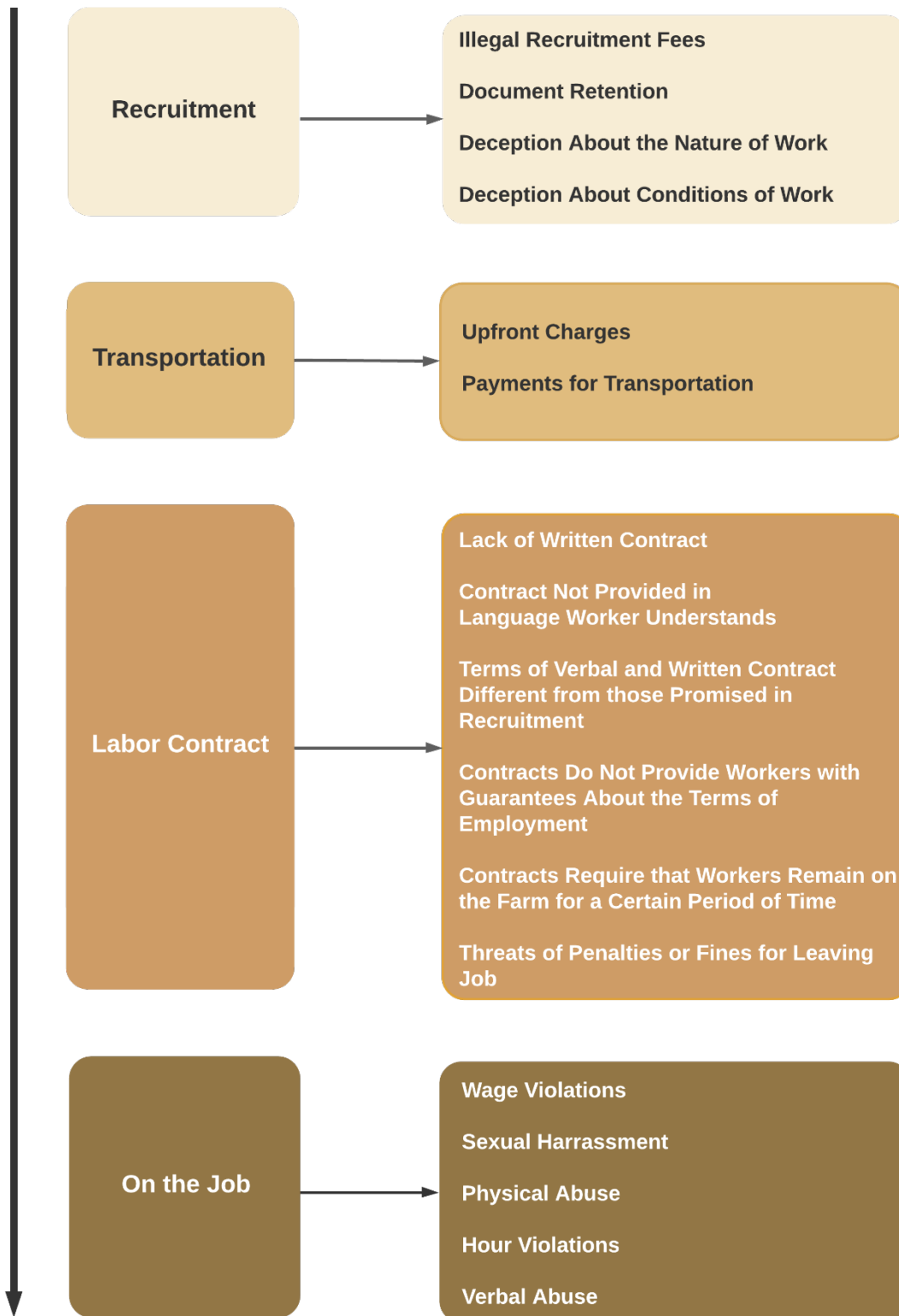
There are many different types of labor brokers who provide an array of services: formal subcontracting agencies, crew leaders, and local subagents. Some labor brokers only recruit workers, while others transport them to their employers and/or take responsibility for their supervision and payment. A number of terms are used to refer to these different types of labor brokers. In Spanish-speaking countries, common terms include *reclutadores* (recruiters), *transportistas* (transporters) *contratistas* (labor contractors), *intermediarios laborales* (intermediaries), and *líderes de cuadrilla* (crew leaders), all of whom play distinct roles. In Brazil, the term *empreiteiros* generally refers to labor contractors, the term *turmeiros* is used to describe crew leaders who are often involved in the recruitment of workers, and the term *gatos* (literally “cats”) is usually used as a derogatory term for labor brokers who are perceived to be engaging in deceptive or exploitative practices.

Farm Area (Ha)	Total Farmworkers Needed (Harvest)	Average # of Farmworkers/Day (90 days est. harvest season)
1.0	125	1
2.5	313	3
5.0	625	7
10.0	1,250	14
20.0	2,500	28
50.0	6,250	69
100.0	12,500	139
250.0	31,250	347
500.0	62,500	694
1,000.0	125,000	1,389

In some cases, labor brokers are simply charged with recruiting workers and sending or transporting them to estates, where the workers are delivered to farms. In other cases, labor brokers directly supervise workers on the estates. Labor brokers frequently supervise crews of workers responsible for completing specific tasks, such as clearing a certain amount of land or harvesting a certain amount of coffee. These types of labor brokers are often paid by the task and are responsible for divvying up the earnings between the members of crews.¹⁰

Verité has found that the risk of labor violations increases when human resources and worker management functions are outsourced to third parties, such as when labor brokers are given roles as workers’ supervisors. This is especially the case when brokers are responsible for the payment of workers, potentially incentivizing wage retention or manipulation.¹¹ Several factors contribute to this increased risk, including the multiple dependencies of workers on brokers acting as their employers, and the fact that third-party brokers are often unregistered, untrained, and unmonitored. In addition to wage manipulation, workers supervised by a broker may also be vulnerable to working hour violations, document retention, sexual harassment, and physical and verbal abuse. Estates may outsource the management of workers to brokers as an intended means of avoiding liability for these labor violations, but in reality, most countries’ labor laws, as well as company codes of conduct, establish end employer liability for violations committed by labor brokers. (See next page for diagram of Risks of Labor Violations Related to Labor Brokers.)

Risks of Labor Violations Related to Labor Brokers



Recommendations for Company Action on Responsible Recruitment

In order to identify, prevent, and address recruitment and hiring practices associated with labor risks, there is a need for action on behalf of international coffee roasters and traders, as well as coffee producers. Concrete recommendations follow.

Recommendations for Coffee Roasters and Traders

Establish clear and specific policies and standards that cover the recruitment and hiring of workers. Most global companies already have corporate-level policy commitments and supplier codes of conduct, but they often do not go far enough providing suppliers, brokers, and other intermediaries with sufficiently detailed, measurable standards on recruitment and hiring, or implementation guidance. Company policies on selection, hiring, and monitoring of labor brokers should:

- adhere to international standards on recruitment and labor migration (See the *Definitions and international standards* guidance document):
- include separate measurable standards appropriate for coffee traders, coffee estates, and smallholder farmers;
- be integrated into existing and new business contracts, as a basis for audits and assessments and ensuring understanding of compliance requirements;
- be clearly communicated to all internal staff involved in sourcing decisions, as well as to all direct and indirect suppliers and relevant stakeholders, such as farmers, workers, and trade unions; and
- include concrete, actionable, feasible recommendations for coffee suppliers on strategies to bring their practices into compliance with more robust policies and codes, including:
 - commitments to “zero fees” for workers and the “employer pays” principle in supplier codes of conduct;
 - inclusion of commitments to adherence with human rights and responsible recruitment standards in contracts between farms and labor brokers;
 - requiring transparency in hiring practices to ensure that workers sign only one verified contract; and
 - investing in responsible recruitment capacity building for suppliers and incentivizing good practices.

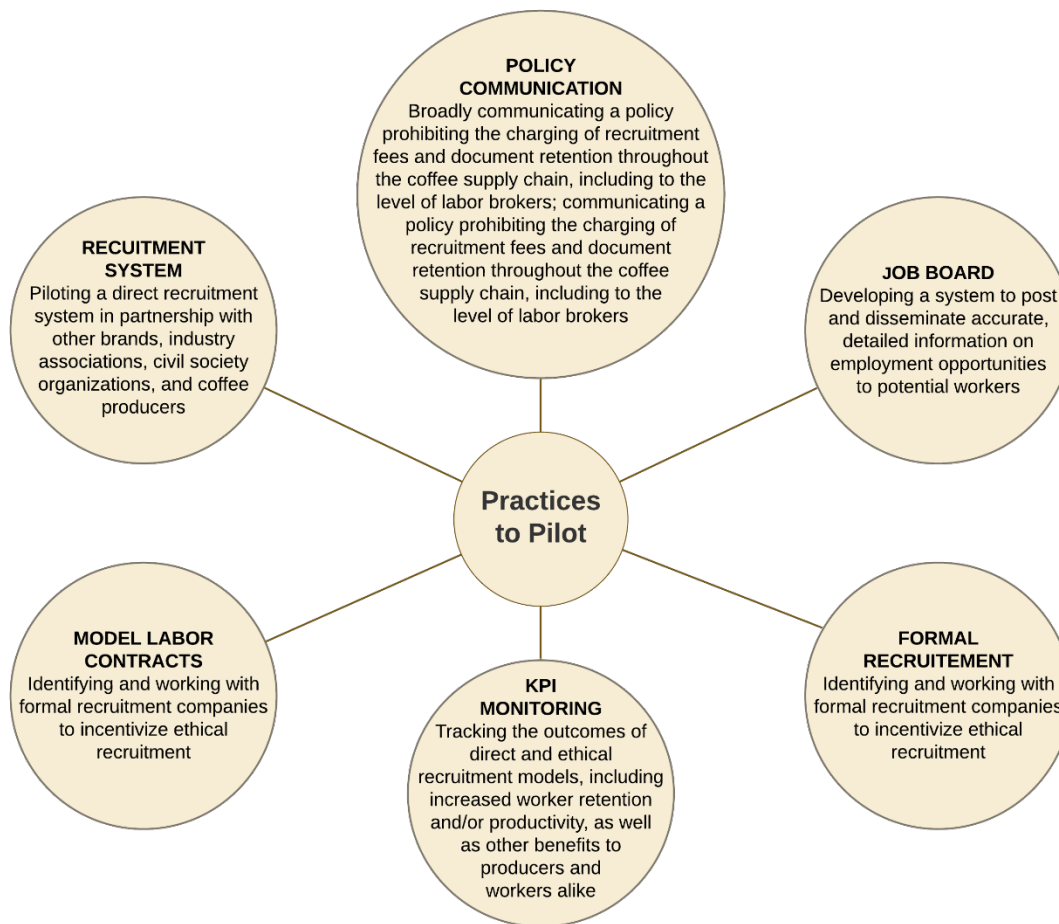
Carry out robust risk and supply chain mapping. Labor abuses are complex, and their manifestation is frequently subtle and hidden — particularly when there are labor brokers in the supply chain. Therefore, companies should conduct a multitiered risk and supply chain mapping process, including:

- identification of risks by country and geography through a high-level risk mapping process;
- robust supply chain mapping down to the farm level;
- working with coffee producers to identify labor brokers in supply chains; and
- comprehensive assessments of high-risk suppliers and labor brokers.

Conduct ongoing monitoring and immediately respond to any specific risks of violations identified. Traditional audit approaches, particularly the one-day audits carried out by many for-profit auditors, are often ineffective at detecting many labor abuses, including those related to third-party labor brokers. This is especially true in the coffee sector, in which there is little visibility into product or labor supply chains, and in which auditors and labor inspectors find it difficult to gain access to migrant workers.¹² Therefore, companies should:

- amend social audit protocols to ensure that auditors are able to interview a representative cross-section of workers in private locations;
- provide auditors with training to ensure that they are able to adequately identify risks related to recruitment and hiring;
- conduct periodic third-party assessments of high-risk supply chains — including assessments of the practices of labor brokers and other intermediaries that recruit and manage migrant workers;
- work with suppliers to immediately remediate any labor violations detected; and
- take measures to ensure that workers are not subject to reprisals for reporting labor violations.

Assist coffee producers in piloting an ethical recruitment system. Verité’s research found that severe labor shortages posed an intensifying crisis for the Latin American coffee sector as a whole. During times of labor shortages, employers tend to turn to migrant labor and labor brokers to fill vacancies. It is essential that brands co-invest to pilot ethical recruitment systems to reduce labor risks associated with the use of labor brokers and migrant workers. The coffee sector can apply important lessons learned from ethical recruitment pilots carried out in other sectors. See practices that can be piloted in the diagram below.



Recommendations for Coffee Producers

Develop and disseminate detailed policies on the recruitment and hiring of workers. A lack of concrete policies on recruitment and hiring can contribute to an environment of unscrupulous recruitment practices. Therefore, coffee producers should develop and disseminate to workers and labor brokers clear policies on the recruitment and hiring of workers that adhere to international standards on recruitment and labor migration (see the *Definitions and international standards guidance* document): and include the following provisions:

- workers shall not be charged any fees or costs for recruitment, directly or indirectly, in whole or in part, including costs associated with travel or the processing of official documents and work visas;

- the confiscation or withholding of worker identity documents or other valuable items, including work permits and travel documentation (e.g., passports), is strictly prohibited; and
- all workers, including those hired by labor brokers, should be provided with contracts at the time of recruitment and hiring. Contracts should be in a language that workers understand, and should abide by all legal requirements, including the specification of the place and duration of employment, the tasks that define the work, the amount, method, and timing of compensation and benefits, the hours of work, and other working and employment conditions.

Conduct comprehensive screening and monitoring of labor brokers. Coffee producers and buyers can face legal and reputational risks if they do not adequately screen and monitor labor brokers. Coffee producers should hire workers directly whenever possible. When the subcontracting of recruitment and hiring is necessary, they should:

- ensure the labor brokers they engage operate legally, are registered or licensed by the competent authority, and do not engage in fraudulent behavior that places workers at risk of forced labor or other forms of labor exploitation;
- screen potential brokers, including by verifying their registration and carrying out criminal background checks, adverse media screens, and interviews;
- institute direct contracts with labor brokers that stipulate their responsibility for complying with labor law and company codes of conduct; and
- monitor labor brokers to ensure they are complying with requirements set out in their contracts, labor laws, and company codes of conduct in practice.

Provide workers with confidential grievance mechanisms to allow them to report recruitment and labor abuses. Rural farmworkers often lack safe, anonymous, accessible avenues to report recruitment and labor abuses. Immigrant and indigenous workers who do not speak Spanish or Portuguese face additional barriers. The provision of robust grievance mechanisms to all workers is critical for gathering information and building trust and engagement with workers. Grievance mechanisms also serve as a means to collect information from workers about the practices of labor brokers. Coffee producers should:

- launch a confidential grievance system, such as a hotline, available in languages spoken by workers and appropriate to the level of literacy and technology access of the workforce, that allows workers to report grievances, receive legal advice, and connect with local service providers that can assist them;
- ensure that internal grievance mechanisms allow for workers to report grievances anonymously to individuals other than their labor brokers and supervisors;
- develop systems to effectively remediate grievances identified and their root causes, while protecting worker confidentiality and guarding against reprisals; and
- support the development of workers' organizations and committees to facilitate workers' communication with management.

Develop a systems improvement plan that includes corrective and preventive action.

Proactive, preventative action is key; taking a reactive approach to problems can be costlier in the long run. Therefore, coffee producers should:

- develop formal, written strategies to improve recruitment and hiring systems which include mechanisms to prevent and respond to problems;
- develop written guidance on preventing a recurrence of abuses; and
- develop detailed responses to specific issues that ensure that vulnerable workers are protected, and root causes are addressed.

Next Steps

As a follow-up to this tool, your company may use *Guidelines on monitoring of coffee farms*, *Self-assessment questionnaires for coffee traders, producers, and labor brokers*, *Management systems framework for preventing and remediating labor risks*, and *Framework for independent verification of ethical sourcing*. Verité has also developed three tools specifically focused on recruitment: *Guidance on screening and selection of labor brokers*; *Guidance on monitoring of labor brokers*; and *Worker interview guide focused on recruitment and hiring*.

Endnotes

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