

# Assessment Report

## Task 5.1.6: Assess Efforts of Governments, Industry, and Workers' Organizations to Address Child Labor and Forced Labor in the Cocoa Sector in Brazil, Ecuador, and Indonesia

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Office of Child Labor, Forced Labor, and Human Trafficking*

June 2024

Project: Conduct Research on Efforts to Eliminate Child Labor and Forced Labor in the Cocoa Sector in High-Risk Countries



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## Acknowledgments

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The present study was conducted between the months of May and September 2023. The team of researchers was composed of Rafael Muñoz Sevilla (Senior Researcher), César Mosquera (National Expert, Brazil), Bladimir Chicaiza (National Expert, Ecuador), and Maria Epik Pranasari (National Expert, Indonesia) who carried out this study under the supervision of Vanessa Hoffman (Contract Manager), Mahrusah Zahin (Research Associate), and Amanda Ortega (Monitoring, Evaluation, and Learning Specialist) from the American Institutes for Research® (AIR®). The research team would like to express their sincere gratitude to all parties involved in this study for their support and valuable contributions.

## Acronyms and other Abbreviations

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AIPC	National Association of the Cocoa-Processing Industry (AIPC— <i>Associação Nacional da Indústria de Processamento de Cacau</i> )—Brazil
BPS	Indonesian Bureau of Statistics
CAPs	Community Action Plans
CBPC	Community Based Child Protection Committees
CCT	Conditional Cash Transfer Initiatives
CEDOCUT	Ecuadorian Confederation of Class Organizations for the Unity of Workers
CEOSL	Ecuadorian Confederation of Free Trade Union Organizations ( <i>CEOSL—Confederación Ecuatoriana de Organizaciones Sindicales Libres</i> )
CLMRS	Child Labor Monitoring and Remediation Systems
CLMS	Child Labor Monitoring System
CNA	Children and Adolescents Code
CONAETE	National Plan for the Eradication of Slave Labor—Brazil
CONAETI	National Commission for the Eradication of Child Labor—Brazil
CONATRAE	National Committee for the Eradication of Slave Labor—Brazil
CONEPTI	National Committee for the Eradication of Child Labor—Ecuador
CONTAG	National Confederation of Rural Workers, Farmers, and Family Farmers ( <i>CONTAG—Confederação Nacional dos Trabalhadores Rurais Agricultores e Agricultoras Familiares</i> )
CONTAR	National Confederation of Salaried Rural Workers ( <i>CONTAR—Confederação Nacional dos Trabalhadores Assalariados e Assalariadas Rurais</i> )
CPCs	Child Protection Committees
CSOs	Civil Society Organizations
CSR	Corporate Social Responsibility
CTE	Ecuadorian Workers' Confederation ( <i>CTE—Confederación de Trabajadores del Ecuador</i> )
CUT	Workers' Central Union ( <i>CUT—Central Única dos Trabalhadores</i> )
ECLT	Elimination of Child Labor in Tobacco Growing Foundation
ENEMDU	National Survey of Employment, Unemployment, and Underemployment—Ecuador
FLA	Fair Labor Association
FNPETI	National Forum for the Eradication of Child Labor—Brazil
FSPPP-SPSI	All-Indonesian Plantation Workers' Trade Union Federation ( <i>FSPPP-SPSI—Federasi Serikat Pekerja Pertanian Perkebunan Seluruh Indonesia</i> )
FUT	United Workers Front ( <i>FUT—Frente Unitario de los Trabajadores</i> )
GEFM	Special Mobile Inspection Group Brazil ( <i>GEFM—Grupo Especial de Fiscalização Móvel</i> )
IBGE	Brazil's National Statistics Office ( <i>IBGE—Instituto Brasileiro de Geografia e Estatística</i> )
ILAB	Bureau of International Labor Affairs
ILO	International Labour Organization
INAP-TIP	Indonesia National Plan of Action Against Trafficking in Persons
INEC	National Institute of Statistics and Census
InPACTO	National Pact for the Eradication of Slave Labour Institute ( <i>InPACTO—Instituto Pacto Nacional pela Erradicação do Trabalho Escravo</i> )
IPEC+	International Programme on the Elimination of Child Labour and Forced Labour
KIIs	Key Informant Interviews
KLA	Child-Friendly Villages program—Indonesia
KSPSI	All Indonesian Workers' Union ( <i>KSPSI — Konfederasi Serikat Pekerja Seluruh Indonesia</i> )

MAPA	Ministry of Agriculture, Livestock, and Supply—Brazil
MIES	Ministry of Economic and Social Inclusion—Ecuador
MIRTI	Child Labor Risk Identification Model
MoE	Ministry of Education—Ecuador
MOL	Ministry of Labor
MoWECP	Ministry of Women Empowerment and Child Protection—Indonesia
MPT	Public Labor Prosecution Office (MPT— <i>Ministério Público do Trabalho</i> )—Brazil
MTE	Ministry of Labor and Employment (MTE— <i>Ministério do Trabalho e Emprego</i> )—Brazil
MWECP	Ministry of Women’s Empowerment and Child Protection—Indonesia
NGO	Non-Governmental Organization
NORC	National Opinion Research Center, University of Chicago
ofi	Olam Food Ingredients
OCB	Organization of Brazilian Cooperatives
OSB	Social Observatory Institute of Brazil, ( <i>OSB—Instituto Observatório Social do Brasil</i> )
PAACLA	Partnership for Action Against Child Labour in Agriculture
PETI	Program for the Eradication of Child Labor—Brazil
PETI	National Plan for the Progressive Prevention and Eradication of Child Labor in Ecuador
PIP	Smart Indonesia Program
PKH	Family Hope Program—Indonesia
PKSA	Child Social Welfare Program—Indonesia
PnadC	National Household Sample Survey—Brazil
RST	Responsible Sourcing Tool
SPI	Indonesian Peasant Union ( <i>SPI—Serikat Petani Indonesia</i> )
UGTE	General Union of Workers of Ecuador
UNICEF	United Nations Children’s Fund
UNOCACE	Union of Cocoa Farmers’ Organizations—Ecuador
UOPROCAE	Union of Cocoa Farmers in the Province of Esmeraldas ( <i>UOPROCAE—Unión de Organizaciones de Productores de Cacao Arriba Esmeraldas</i> )
U.S.	United States
USAID	U.S. Agency for International Development
USD	U.S. Dollars
USDOL	U.S. Department of Labor
USDOL-ILAB	U.S. Department of Labor, Bureau of International Labor Affairs
VSLAs	Village Savings and Loan Associations



## Executive Summary

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The U.S. Department of Labor’s Bureau of International Labor Affairs (USDOL-ILAB) has contracted with the American Institutes for Research® (AIR®) to assess the current landscape of efforts to address child and forced labor in the cocoa supply chains in Ecuador, Brazil, and Indonesia.

The main research questions focused on (a) the identification of efforts of governments, industry, and civil society organizations, including international organizations, non-governmental organizations, and workers’ organizations, to address child and forced labor in the cocoa sectors; (b) identification of the challenges encountered in these efforts; (c) review of situations that could potentially increase child and forced labor in the cocoa supply chain; and (d) identification of indications that these child labor and forced labor situations exist in the cocoa sector in these countries.

The research methodology employed a comprehensive approach involving desk research, stakeholder interviews, and mixed-methods data analysis. The research team conducted a thorough review of more than 70 documents and websites, encompassing a wide range of sources. The team conducted interviews with 46 stakeholders, representing a total of 35 institutions and companies across the three countries. The research team adopted a mixed-methods data analysis approach, combining both primary qualitative data from stakeholder interviews and secondary data from document review. The research team adopted two conceptual frameworks to guide each country case’s analysis and triangulation between secondary data from document review and information gathered from key informants. The use of conceptual frameworks allows for comparability across the case studies, while recognizing and capturing the unique contexts and challenges of child and/or forced labor in cocoa in each country landscape. This study uses the structure of the (1) Cocoa Production Stages Framework,<sup>1</sup> to review phases of cocoa production in the supply chain in each country for relevant child labor and forced labor risks, as well as the (2) Systems Framework of Key Dimensions to Reduce Child and/or Forced Labor,<sup>2</sup> to assess the current efforts by actors in that country to make progress on child labor and forced labor reduction in cocoa. Qualitative data from interviews and the desk research were systemically analyzed to respond to the research questions and identify patterns, themes, and variations within these frameworks.

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<sup>1</sup> Main source: Cocoa industry: Integrating small farmers into the global value chain. United Nations Conference on Trade and Development (UNCTAD), 2016.

<sup>2</sup> Zegers, M. et al. (2024). Repository of Progress Indicators and Supporting Narrative. Report in preparation.

## Ecuador Case Study

### *Main Findings*

**Child labor and forced labor statistics and context.** In Ecuador, there was a decreasing trend in child labor from 2001 to 2012, but then it began increasing starting in 2014, with higher levels seen in rural areas, the agricultural sector, among older children, and in the Indigenous population. There is a lack of official statistics on forced labor in Ecuador, but there are higher risks in the agricultural sector, and among women, children, Indigenous, Afro-Ecuadorian, migrant, and refugee populations.

**Cocoa production and value chain.** There has been substantial growth in cocoa production with Ecuador, now the third largest cocoa producer in the world. Most of the cocoa beans produced in Ecuador are exported. In the cocoa value chain, the highest risk for child labor and forced labor is in the growing and harvesting stage. For child labor, this is because of poverty and informal and small-scale family farming. Forced labor risks appear to be because of migrant vulnerability and economic and social pressures. There were risks for child labor noted for older adolescents ages 15–17 years in cocoa collection centers, transporting cocoa products, and selling cocoa beans, as part of the sourcing and trading stage. There were lower risks seen for child labor and forced labor in manufacturing and distribution stages of the value chain, but factors such as the role of middlemen and low prices paid to farmers can affect the risk for child labor and forced labor in the farming and cultivation stage.

**Efforts and challenges.** Ecuador has a comprehensive legal and policy framework to combat child labor and forced labor, though there is a need for more resources for enforcement and more official data and statistics for child labor and forced labor overall and specific to the cocoa sector. Private sector efforts have focused on engaging in Child Labor Monitoring and Remediation Systems (CLMRS) and improving agricultural practices and production, though there has been a lack of integrating efforts with government and other stakeholders. There is a lack of data on CLMRS and other intervention implementation and effects. There is limited cooperative engagement in the cocoa sector with approximately 20 percent of cocoa farmers in Ecuador organized in cooperatives,<sup>3</sup> but successful examples of cocoa cooperatives include the Union of Cocoa Farmers' Organizations (UNOCACE) and the Union of Cocoa Farmers in the Province of Esmeraldas (UOPROCAE). There is also a lack of substantial union engagement in the cocoa sector compared to other agricultural sectors such as bananas and flowers.

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<sup>3</sup> Source: Cocoa Barometer Latin America. [Cocoabarometer.org](http://Cocoabarometer.org)

## **Conclusions and Recommendations**

There has been increasing cocoa production in Ecuador. Despite the lack of up-to-date data on child labor, according to estimations, there has been an increase in child labor since 2014.<sup>4</sup> There also is a lack of official statistics on forced labor, including in the cocoa sector. There is a higher risk for child labor and forced labor in the farming and cultivation stage of the cocoa value chain. Payment farmers receive from middlemen, in addition to farm gate prices, can lead to lower income levels for farmers, resulting in poverty and greater potential for utilizing child labor to supplement household income, especially if it is not affordable to hire outside labor. There are limited cooperatives in the cocoa sector to improve bargaining power for farmers to negotiate for better prices for cocoa beans, and among those unions present such as UNOCACE and UOPROCAE, they share that cocoa farmers need access to credit and technical support. UNOCACE in particular purchases cocoa beans directly from small farmers, sells them in global markets, and bypasses selling to middlemen. While it was not common for cooperatives representing small farmers to sell directly to international markets, this could be a promising model to be expanded or replicated in Ecuador. When cocoa farms are more formal enterprises, there are lower risks for child labor, though most farmers in the cocoa sector are informal. There is limited union presence in the cocoa sector to support labor rights. While Ecuador has a comprehensive legal and policy framework to address child labor, its adopted national plan for 2021-2025 has not been implemented and is not well known to local civil society experts in child labor, and other crops are prioritized above cocoa for child labor interventions.<sup>5</sup> On the industry side, some companies have started engaging in CLMRS, though there is a lack of data on implementation.

Recommendations include the following:

1. **Develop a new national action plan on child labor.** The government of Ecuador, in consultation with workers' organizations, industry, local officials, and civil society organizations (CSOs) should develop a national strategy or plan for the prevention and eradication of child labor.
2. **Gather current official statistics on child labor and forced labor, including for the cocoa sector.** There is a need for more current data on child labor, given that the last official national survey was conducted in 2012, as well as regular data collection on forced labor.
3. **Greater support for CLMRS from the private sector, along with increased engagement with other stakeholders and data on current efforts.** More data are needed on industry experiences engaging in CLMRS and integrating efforts with government, CSOs, non-

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<sup>4</sup> Diagnóstico sobre la situación de los derechos de las niñas, niños y adolescentes en el Ecuador, antes y después de la declaratoria de emergencia por covid-19. World Vision Ecuador 2021.

<sup>5</sup> ILAB Findings on the Worst Forms of Child Labor, Ecuador, 2022.

[https://www.dol.gov/sites/dolgov/files/ILAB/child\\_labor\\_reports/tda2022/Ecuador.pdf](https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2022/Ecuador.pdf)

governmental organizations (NGOs), worker’s organizations, unions, and cooperatives, as well as commitment to share data and expand implementation.

4. **Promote engagement of workers’ organizations and unions.** Strengthened workers’ organizations and unions can advocate for better prices, conditions, and support for farmers and farm workers. Agricultural worker unions could learn from initiatives to prevent and eradicate child labor in the banana and flower sectors, and engagement in tripartite spaces such as the Social Forum for the Banana Production Sector.<sup>6</sup>
5. **Promote engagement of cooperatives in the cocoa sector.** Strengthened cooperatives could provide support for better bargaining power for cocoa prices. Cooperatives can also help reach small farmers to promote government initiatives to eradicate and prevent child labor, as part of a broader package of support for small farmers in areas such as credit, work conditions, health, and education.
6. **Incorporate forced labor into the national agenda.** Forced labor in Ecuador demands heightened focus and strategic interventions, including investing in official statistics on forced labor, strengthening capacities of labor inspectors to identify and investigate cases of forced labor, and raising awareness specifically on forced labor for the cocoa sector.

## Brazil Case Study

### *Main Findings*

**Child labor and forced labor statistics and context.** In Brazil, child labor decreased from 2016 to 2019 but increased between 2019 and 2022, with higher levels of child labor found in the agricultural sector and in top cocoa-growing regions. Forced labor is prevalent throughout Brazil, especially in the agricultural sector and rural cocoa-growing areas, involving migrants and occurring through debt bondage schemes.

**Cocoa production and value chain.** Cocoa production decreased by half since the 1980s in large part because of crop disease and pests. Brazil has a large domestic market for cocoa, using most of the beans produced in-country but also needing to import beans to meet demands for manufacturing and domestic consumption. Across the cocoa value chain, the highest risk for child labor and forced labor is in the growing and harvesting stage, because of poverty and prevalence of small family farms for child labor and because of poverty, migration, debt bondage schemes, and informal labor agreements for forced labor. While there are lower risks in the sourcing, processing, and distribution stages of the value chain, factors such as the role of middlemen, domination of processing and manufacturing by a small number of companies, and

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<sup>6</sup> International Business Forum on Engaging Business – Addressing Child Labor Case Studies. [https://uscib.org/docs/Forced\\_Child\\_Labor\\_Forum\\_CaseStudies.pdf](https://uscib.org/docs/Forced_Child_Labor_Forum_CaseStudies.pdf)

low prices paid to farmers can affect the risk for child labor and forced labor in the growing and harvesting stage.

**Efforts and challenges.** Brazil has a comprehensive legal and policy framework to combat child labor and forced labor, though there is a need for more data and monitoring specific to the cocoa sector. Poverty and limited access to, and poor quality of, education in rural areas play a key role as drivers for child labor and forced labor. Brazil has social programs such as a conditional cash transfer program for low-income families and a program requiring parents to remove children from work and enroll them in school to receive support. Private sector efforts have focused on improving agricultural practices, increasing production, promoting access to credit, and engaging in CLMRS. However, there is a lack of data on CLMRS implementation and effects. International organizations and CSOs have created scorecards, indicators, and tools focused on identifying child labor and forced labor in the cocoa sector and in specific geographical areas to tailor interventions. While CSOs and NGOs are raising awareness on child labor and forced labor, there is less focus specifically on the cocoa sector. In the cocoa sector, most labor relations are informal, and correspondingly, there is limited union presence in rural areas and for cocoa specifically. There is a limited presence of cooperatives, with only 11 percent of cocoa farmers overall<sup>7</sup> affiliated with cooperatives, and as a result limited available training for farmers, limited organization of farmers, and less bargaining power for farmers.

### ***Conclusions and Recommendations***

There is a higher risk for forced labor and child labor at the growing and harvesting stage of the cocoa value chain. Farmers receiving lower payment, due to middlemen and farm gate prices, can result in lower income levels leading to poverty and greater potential for child labor to supplement household income, especially if it is not affordable to hire outside labor. The concentration of processing and manufacturing companies could also lead to lower prices for farmers. Brazil has a comprehensive legal and policy framework in place to address child labor and forced labor, though fewer resources for enforcement compared with larger agricultural sectors. Recent court cases have found cocoa-processing companies to be accountable for child labor and forced labor within their value chains. There is a focus on increasing cocoa production from government and industry stakeholders to meet domestic consumer demands, as well as manufacturing capacities. On the industry side, companies have started engaging in CLMRS, though there is a lack of data on implementation and effects, as well as integration of efforts with government, CSOs, and other actors. A lack of formalization for workers in the cocoa sector and the remote locations of cocoa farms has limited the ability of unions to reach and promote working conditions, creating risks for child labor and forced labor. While there were a few examples of cooperatives successfully negotiating higher prices for farmers for cocoa

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<sup>7</sup> <https://www.gov.br/agricultura/pt-br/assuntos/ceplac/publicacoes/inova-cacau-2030/inova-cacau-2030-versao-ingles>, According to data from the 2017 Agricultural Census.

beans, the overall limited presence of cooperatives and perceptions that cooperatives were weak has prevented cooperatives from having a larger role in the sector.

Recommendations are as follows:

1. **Integrate considerations for the cocoa sector into the new National Plan for the Eradication of Child Labor.** While the formulation of a new National Plan is underway, it is strongly recommended that a dedicated focus on researching and addressing child labor in the cocoa sector be integrated within this initiative.
2. **Proceed with implementing the Cacau 2030 Strategic Guidelines in Brazil and integrate child labor and forced labor efforts.** The Cacau 2030 Strategic Guidelines focus on cocoa production. Implementation of the guidelines offers cocoa supply chain actors, their partners, and other national and international stakeholders a unique opportunity to integrate addressing child and forced labor in the cocoa sector while also working to promote sustainable cocoa production.
3. **Improve data collection on child labor and forced labor, including the cocoa sector.** Gathering more data on child labor and forced labor, specifically in the cocoa sector, with a more recent national survey, and investing in data infrastructure within the National Institute of Statistics and Census (INEC) would help inform additional efforts.
4. **Enhance efforts to combat forced labor in Brazil's cocoa sector.** There is a need to increase the frequency and intensity of inspections in the cocoa sector, focusing on both large- and small-scale operations, investing in comprehensive capacity-building programs for labor inspectors, and considering a Special Mobile Inspection Group specific to the cocoa sector. Recent court cases involving Cargill and ofi have shown the potential to prosecute companies for child labor and forced labor within their cocoa supply chains.
5. **Increase industry support for CLMRS, integrate efforts with other stakeholders, and provide and data on effects.** Increased support is needed from the private sector for CLMRS along with coordination with other stakeholders and existing supports for child labor and forced labor. More data are needed on industry experiences engaging in CLMRS and integrating efforts with other stakeholders from government, CSOs, NGOs, and worker's organizations, as well as commitment to share data and expand implementation.
6. **Support greater engagement of workers' organizations and unions.** Promote greater formalization of work in the cocoa sector to improve workers' rights, especially on larger estate farms with more farm workers. Workers' organizations such as CONTAG and CONTAR unions can advocate for better conditions, collective bargaining, and support for farmers.

7. **Provide more support for cooperatives in the cocoa sector.** Increasing the number of cooperatives, along with training, organization, and capacity strengthening could support their advocacy for better prices paid to cocoa farmers. This should build on the Cacao 2030 goals to expand cooperative coverage to 30 percent of cocoa farmers. This could allow for more direct selling of cocoa beans from cocoa farmers to cooperatives and then directly to industry actors such as processors, to avoid intermediaries and improve prices paid to cocoa farmers.

## Indonesia Case Study

### *Main Findings*

**Child labor and forced labor statistics and context.** In Indonesia there has been a decrease in prevalence of child labor over the last two decades. Child labor is seen in the agriculture sector, and at higher levels in rural areas and top cocoa-producing areas. There is a lack of official statistics on forced labor in Indonesia, but higher risks exist in multiple sectors including agriculture on plantations.

**Cocoa production and value chain.** Cocoa production has decreased by half over the last two decades, attributed to aging cocoa trees, crop disease and pests, and farmers switching to other crops. Following an export tax on cocoa beans in 2010, there has been greater investment in cocoa processing, and increased exports of processed cocoa compared with cocoa beans. For the cocoa value chain, the highest risk for child labor and forced labor is in the growing and harvesting stage. For child labor, the main reasons include poverty, decreased cocoa production, informal and small-scale farming, low prices paid for cocoa and high external labor costs, cultural beliefs, and climate change. While there were no official statistics from the government of Indonesia on forced labor, reporting from the U.S. Department of State found that forced labor is prevalent in sectors such as palm oil and other plantations in the agriculture sector, as well as fishing, construction, mining, and manufacturing. There were lower risks seen for child labor and forced labor in processing and distribution stages of the value chain, but factors such as the role of middlemen and low prices paid to farmers can affect the risk for child labor and forced labor in the growing and harvesting stage.

**Efforts and challenges.** Indonesia has a comprehensive legal and policy framework to address child labor and forced labor, though there is a need for more resources for enforcement and official data on forced labor, as well as more specific data on child labor in the cocoa sector. While child labor in agriculture is a government priority, there is not necessarily a focus on the cocoa sector. Indonesia has social programs in place to promote education, such as a conditional cash transfer program for low-income families requiring parents to remove children from work and enroll them in school, as well as programs to support school-related expenses. Private sector efforts have focused on technical assistance to increase cocoa production and

improve access to credit. Companies have partnered with NGOs in implementing CLMRS and community-based integrated child protection programs, though there is a lack of data on implementation and effects. While NGOs are raising awareness of child labor and forced labor, there is less focus specifically on the cocoa sector. There is a lack of union and cooperative engagement in the cocoa sector. There were limited examples of cooperatives registered with the government, though some were able to receive higher prices paid for cocoa beans. However, there were negative perceptions regarding cooperatives because of less trust and transparency and previous cooperatives' not operating well. While there is union engagement in agriculture on worker's rights and addressing child labor, there was limited union engagement specifically in the cocoa sector because of work being mostly rural and informal, with the exception of one union participating in Partnership for Action Against Child Labour in Agriculture (PAACLA) and government activities.

### ***Conclusions and Recommendations***

There has been a decline in child labor overall in Indonesia, though there is a lack of data specific to the cocoa sector and a lack of official statistics on forced labor. There is a higher risk of child labor and forced labor in the farming and cultivation stage of the cocoa value chain, though factors in later stages, such as middlemen and prices paid for cocoa, could play a role as well. While there has been greater investment in cocoa processing in Indonesia, this has been paired with decreased cocoa production, and government and private sector stakeholders have focused on ways to increase yields. While Indonesia has a comprehensive legal and policy framework in place to address child labor and forced labor, there is no current national plan, though efforts are underway to develop a new one. There has been limited engagement of unions in the cocoa sector because of its being primarily rural and informal work, despite union initiatives in other agricultural sectors such as palm oil. There were limited examples of cooperatives and negative perceptions of them based on previous cooperatives' not being operated well.

Recommendations include the following:

1. **Need for more child labor and forced labor data, including for the cocoa sector.** There is a need for official data on forced labor, and more detailed information on the cocoa sector related to child labor.
2. **Integrate cocoa in Indonesia's new child labor roadmap.** As Indonesia has embarked on developing a new roadmap to combat child labor, it presents a unique opportunity to mainstream child labor research, prevention, and remediation efforts within the cocoa sector.
3. **Continue multistakeholder platforms such as PAACLA and build impact by including the cocoa sector.** It unites government agencies, private companies, and non-governmental organizations to combat child labor in sectors such as tobacco and palm



oil. PAACLA started a new project in 2023, which includes the cocoa sector. In continuing and building on this work, PAACLA could capitalize on its collective multistakeholder approach to tackle child labor in cocoa production.

4. **Enhance legal and awareness frameworks to combat forced labor in Indonesia’s cocoa sector.** The government should consider revising and expanding its legal framework to explicitly prohibit forced labor. This should include closing the existing legislative gaps, particularly banning forced labor and commercial sexual exploitation of children. Further efforts should be made to ratify key international labor standards related to forced labor, such as the International Labour Organization (ILO) Protocol of 2014 to the Forced Labour Convention, 1930.
5. **Scale and expand integrated efforts with CLMRS and increase industry support for CLMRS.** Private sector actors can provide more support for CLMRS. Efforts where industry has partnered with civil society, NGOs, and government entities on CLMRS can be expanded and scaled, along with integrated efforts with existing community-based child protection programs. More data are needed on CLMRS with other stakeholders, as well as commitment to share data and expand implementation.
6. **Support greater engagement of workers’ organizations in the cocoa sector.** Fully functioning and engaged workers’ organizations can advocate for better conditions and support for farmers. Greater engagement of unions in platforms such as PAACLA and government activities could provide more support for cocoa farmers and workers, as well as more information on and awareness of child labor and forced labor.
7. **Provide capacity building and support for cooperatives in the cocoa sector.** Fully functioning and engaged cooperatives can advocate for better prices. Given negative perceptions of cooperatives, providing capacity building and support for better operations and transparency could improve effectiveness and buy-in from small cocoa farmers to allow for improved bargaining power and better prices paid for cocoa beans.

## Overall Conclusions

The country cases were diverse, with Ecuador and Indonesia having primarily smallholder cocoa farmers compared with Brazil, with larger cocoa estates in the cocoa value chain. In Ecuador, cocoa production is increasing, though there is limited domestic demand and there is primarily an export market. In Indonesia, cocoa production has been decreasing, with its still being mostly an exporting market but with increasing processing of cocoa before exporting. For Brazil, cocoa production is also decreasing, but there is high in-country consumer demand and capacity for processing and manufacturing.

There have been different results from key stakeholder efforts in addressing child labor and forced labor in the cocoa sector in the three countries. In Ecuador, it appears that the issue is

not a top priority, and there are limited efforts across stakeholders, given larger context challenges with some risk that child labor will increase because of cocoa sector growth and agricultural trends. Given decreased cocoa production in Brazil, interest and efforts in child labor and forced labor seem to have waned but have been regaining momentum in the last year, especially with recent court cases on forced labor in the cocoa sector. However, there are limited efforts underway, despite a high risk for forced labor and the potential for child labor to grow in the cocoa sector. In Indonesia, while there is decreased cocoa production, there is high public and perceived commitment to addressing child labor and forced labor and many efforts across stakeholders on the issue, and specifically in cocoa, notably on economic empowerment of farmers, as well as across the spectrum of stakeholders. Overall, in Indonesia, the situation and risk factors for child labor and forced labor appear to be improving; in Brazil, there are concerns that forced labor in the cocoa sector should be prioritized, and in Ecuador, with increasing cocoa production, more data collection, systems-building, and research studies are needed to ensure accountability and effective monitoring.

# 1. Introduction

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The U.S. Department of Labor’s Bureau of International Labor Affairs (USDOL-ILAB) has contracted with the American Institutes for Research® (AIR®) to assess the current landscape of efforts to address child and forced labor in the cocoa supply chains in Ecuador, Brazil, and Indonesia. These three countries are among the top seven in world cocoa production, with Ecuador ranked third, Brazil ranked sixth, and Indonesia ranked seventh, providing 7.7 percent, 4.6 percent, and 3.7 percent of the world’s cocoa, respectively.<sup>8</sup> This report reviews the risks of child and/or forced labor in each country’s cocoa supply chain and the existing landscape of efforts to address child and/or forced labor in cocoa. The assessment’s objective is to increase the body of knowledge about whether Ecuador, Brazil, and Indonesia should be considered high-risk countries for child and forced labor in the cocoa sector.

To inform the assessment’s research, we focused on the following research questions:

1. What are the specific efforts of governments, industry, and civil society organizations, including international organizations, non-governmental organizations, and workers’ organizations, to address child and forced labor in the cocoa sectors?
2. What are the challenges these groups encounter in their efforts?
3. What situations could potentially increase child and forced labor in the cocoa supply chain?
4. What, if any, indications are there that these situations exist in these countries?

This report begins with a discussion of the methodology used for the assessment and proceeds to present findings as separate country case studies for Ecuador, Brazil, and Indonesia in Sections 3, 4, and 5. The answers to the research questions are integrated throughout each case study analysis. The case studies start with a discussion on the current context of child labor and forced labor (child labor and forced labor), follow with an examination of risks of child labor and forced labor across each stage of the country’s cocoa supply chain, and analyze efforts conducted by key stakeholders across the country’s system of actors with roles to play in preventing and addressing child and forced labor in the cocoa sector. To close each case study, we provide country-specific conclusions and recommendations and finalize the report with a summary of cross-country conclusions.

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<sup>8</sup> Source: O cacau de Brasil. Dados e informações sobre a cacauicultura Brasileira. National Association of the Cocoa Processing Industry (AIPC), 2022.

## 2. Methodology

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The assessment used a case study approach and employed a qualitative research methodology involving desk research and stakeholder interviews with triangulation. A case study approach allows for the in-depth and nuanced understanding of the complex issues of child labor and forced labor within each country case. This section describes our study's methodology, including data collection methods, analysis, and limitations.

### 2.1 Data Collection

#### *Mapping of Key Documents and Informants*

The research team undertook a process of mapping key documents and informants to build a foundational understanding of the research context and available data. Each national expert compiled an extensive list of sources, including documents and potential informants, from personal knowledge and connections, internet research, and network referrals. Documents were organized and categorized in preparation for the document review and subsequent triangulation with interviews. The research team analyzed the potential informant list of stakeholders to prioritize those with the most relevant knowledge and expertise and who could offer a holistic and nuanced understanding of child labor and forced labor dynamics within the cocoa sector in each country.

#### *Document Review*

The research team conducted a thorough review of more than 70 documents and websites, encompassing a wide range of sources. These included sectorial, national, and international studies related to child labor, forced labor, and the cocoa sector within Brazil, Ecuador, and Indonesia. The review also included grey literature, news articles, government websites and public reports, international and national civil society organization (CSO) websites and reports, and industry websites and corporate social responsibility reports. The list of documents reviewed is provided in Appendix A.

The research team gathered for each country key figures on child and forced labor in cocoa and in general, mapped the cocoa supply chains, identified efforts led by stakeholders affecting cocoa and their relevant challenges, and identified key policies and agreements governing child and forced labor in each country. These were organized into the conceptual frameworks, described in Section 2.2, and prepared for triangulation with responses from key informant interviews for each country case.

## Interviews

The research team conducted interviews with 46 stakeholders, representing a total of 35 institutions and companies across the three countries. These informants provided a broad spectrum of stakeholder perspectives, including government agencies, workers' and employers' organizations, international agencies, CSOs, farmers' organizations, and representatives of the international cocoa and chocolate industry, as shown below in Exhibit 1.

### Exhibit 1. Stakeholder Interviews

Type of Organization	Brazil	Ecuador	Indonesia	International
International organization	1	1	4	
Civil society/ union/farmers organizations	2	5	2	
Industry	2	1	3	10
Multi-stakeholder platform	1		1	
Government official	4	5	4	
<b>Total Number of Interviews</b>	<b>10</b>	<b>12</b>	<b>14</b>	<b>10</b>

The research team carried out the interviews in each country using a semi-structured interview guide. A complete list of consulted informants is provided in Appendix B, and interview protocols are in Appendix C.

## 2.2 Data Analysis and Conceptual Frameworks

The research team adopted two conceptual frameworks to guide each country case's analysis and triangulation between secondary data from document review and information gathered from key informants. The use of conceptual frameworks allows for comparability across the case studies, while recognizing and capturing the unique contexts and challenges of child and/or forced labor in cocoa in each country landscape. This study adopts the (1) Cocoa Production Value Chain, in Exhibit 2,<sup>9</sup> to present and analyze the cocoa supply chain in each country for relevant child labor and forced labor risks, as well as the (2) Systems Framework of

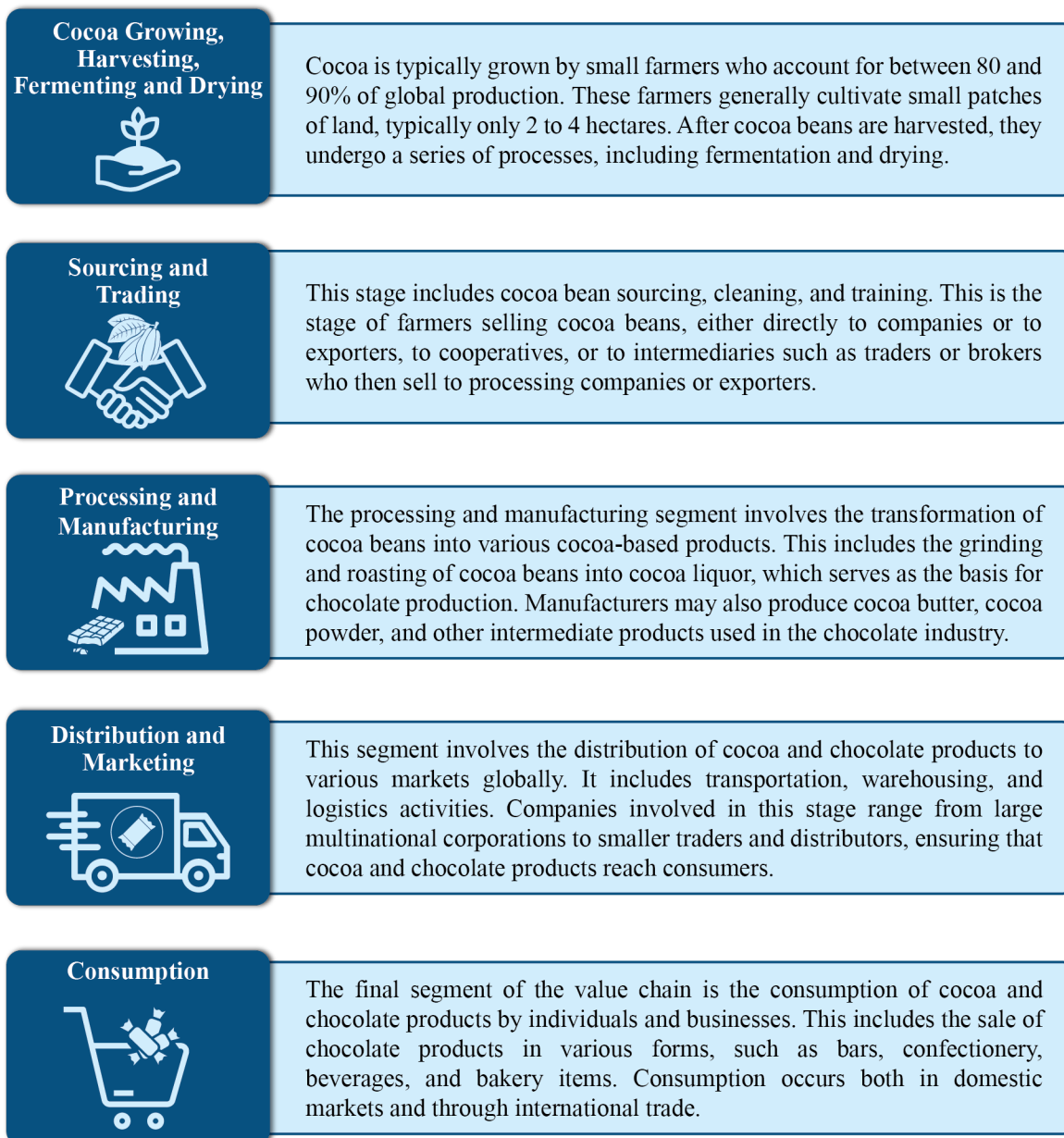
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<sup>9</sup> Main source: Cocoa industry: Integrating small farmers into the global value chain. United Nations Conference on Trade and Development (UNCTAD), 2016.

Key Dimensions to Reduce Child and/or Forced Labor, shown in Exhibit 3, to assess the current efforts by actors in that country to make progress on child labor and forced labor reduction in cocoa. Qualitative data from interviews and the desk research were systemically analyzed to respond to the research questions and identify patterns, themes, and variations within these frameworks.

The Cocoa Production Value Chain, in Exhibit 2, presents the globally recognized stages of cocoa bean production, from cocoa trees to cocoa bean buyers. We open our case studies using this general value chain as a framework to analyze where in each country's supply chain there are indications of child labor and forced labor, and what situations could create risk of increasing child labor and forced labor. We present the country's cocoa supply chain and through this analysis answer research Questions 3 and 4.

## Exhibit 2. Cocoa Production Stages Framework



The case study follows with an examination of efforts, from policies to programs, led by stakeholders relevant to protecting, preventing, or addressing child labor and forced labor in each country, assessed through the Systems Framework of Key Dimensions to Reduce Child and/or Forced Labor, shown in Exhibit 3. This framework, adopted and adapted from a European Commission-funded study<sup>10</sup> and applied in AIR’s other USDOL-ILAB-funded studies

<sup>10</sup> Based on a study that reviewed relevant documentation and included 137 interviews with key stakeholders. Zegers, M. C. R., & Ayenor, G. K. (2021, June). *Ending child labour and promoting sustainable cocoa production in Côte d’Ivoire and Ghana*. European Commission. [Studies conducted by the International Cocoa Initiative, International Labour Organization, UNICEF, and others.]

related to child labor and forced labor,<sup>11,12</sup> reflects a systems perspective<sup>13</sup> to making progress on reducing child labor and forced labor. The framework envisions a collective and coordinated approach of actions across stakeholders and sectors to enact policies, programs, and initiatives that reflect international laws on child labor and forced labor, and set up the conditions theorized to be necessary to make sustainable progress on child labor and forced labor in cocoa informed by research and experiences in cocoa in West Africa.<sup>14</sup> In analyzing our country cases' efforts and challenges through this framework's dimensions, we apply a systems perspective in our assessment while adapting to each country's context to further provide a nuanced view to the assessment's conclusions and recommendations related to the country's risk of child labor and forced labor in cocoa.

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<sup>11</sup> Zegers, M. et al. (2024). *Repository of Progress Indicators and Supporting Narrative*. Report in preparation.

<sup>12</sup> Zegers, M. (2024). *Assess Efforts of Governments, Industry, and Workers' Organizations to Address Child Labor and Forced Labor in Cocoa Sectors in Ghana and Côte d'Ivoire*. Report in preparation.

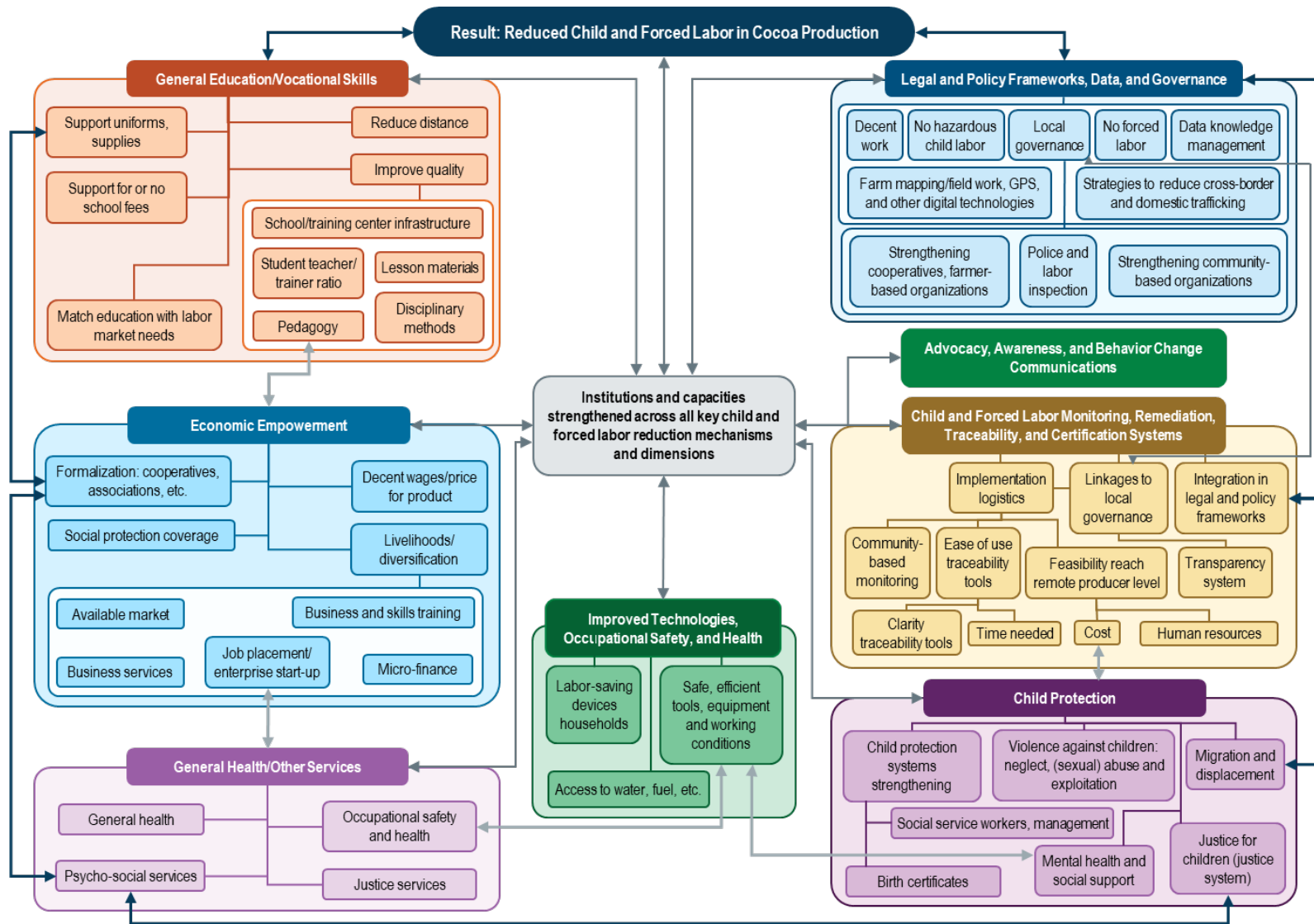
<sup>13</sup> EvalCommunity for a Better World. (2023). *Systems theory in evaluation: Understanding complex social systems*.

<https://www.evalcommunity.com/career-center/systems-theory/#:~:text=Systems%20Theory%20is%20an%20approach%20to%20evaluation%20that%20emphasizes%20the,rather%20than%20just%20individual%20components>

<sup>14</sup> NORC (October 2020). *Assessing Progress in Reducing Child Labor in Cocoa Production in Cocoa Growing Areas of Côte d'Ivoire and Ghana* Final Report, Chicago: NORC.



**Exhibit 3. Systems Framework of Key Dimensions to Reduce Child and/or Forced Labor**



Source: Zegers, M. et al. (2024). Repository of Progress Indicators and Supporting Narrative. Report in preparation.

## 2.3 Limitations

The study had three broad limitations that are relevant to understanding the report's findings.

- 1. Industry representation.** Several international cocoa companies were invited to participate in this research. Regrettably, despite our persistent efforts, representatives from only 3 of 10 chocolate companies accepted our invitation or were available to participate.<sup>15</sup> Although the insights from the three participating companies are valuable, caution must be exercised when generalizing these findings to other companies. Therefore, the research team supplemented the evidence gap from primary interviews with chocolate industry representatives with more document review on efforts and challenges led by the private sector.
- 2. Forced labor.** There is a significant evidence and information gap regarding forced labor in the cocoa sector among the three country cases. Few desk review documents produced information related to forced labor generally, let alone within the cocoa sector. Informants interviewed demonstrated more knowledge and awareness of child labor than of forced labor issues, policies, and programs. As a result, the report at times presents more information related to child labor than forced labor.
- 3. Snapshot review of efforts.** This research is not meant to be a complete review of all the stakeholders, efforts, and challenges in the current landscape of efforts to address child and forced labor in the cocoa supply chains in Ecuador, Brazil, and Indonesia. While we are not able to cover all efforts being undertaken, we instead highlight important examples.

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<sup>15</sup> A total of ten informants were interviewed from these three companies, per Exhibit 1.

## 3. Ecuador Case Study

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Ecuador ranks third in world cocoa production. The Ecuador case study showcases a context in which cocoa production is primarily on small family farms. Overall, child and forced labor appear to be on the rise, particularly in the agriculture sector, while cocoa production also appears to be growing. Ecuador's national legal and regulatory environment reflects international laws but has suffered from political changes and instability, with most policy implementation efforts related to child and forced labor stalled for years, including systematic data collection to document the issue. The Ecuador context and challenges reveal key risks of child and forced labor in the cocoa supply chain, but there appear to be limited or isolated efforts regarding them by public, private, or civil society actors.

### 3.1 Child Labor National Statistics and Context

**In Ecuador, child labor decreased from 2001 to 2012 and then began increasing starting in 2014.** Child labor decreased from 20 percent in 2001<sup>16</sup> to 17 percent in 2006 and then 9 percent in 2012,<sup>17</sup> according to national child labor surveys. This reduction in child labor occurred during relatively stable economic conditions and poverty reduction policies.<sup>18</sup> However, in 2014, falling oil prices led to reduced state revenue, and measures to reduce the size of government since 2017 have diminished investment in social programs including education, health, and housing, along with layoffs of public sector workers.<sup>19,20,21,22,23,24</sup> While in Latin America overall, the percentage of girls, boys, and adolescents engaged in child labor has decreased, Ecuador has experienced an opposite trend. Since 2014, child labor has begun to increase.<sup>25</sup> Looking only at children ages 5 to 14, the child labor rate doubled from 99,500 children in 2014 to 201,634 children in 2018, according to Ministry of Economic and Social Inclusion (MIES) estimates.<sup>26</sup> This and subsequent data on child labor are “estimations” based

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<sup>16</sup> Organización Internacional del Trabajo. (2009). Trabajo infantil en el Ecuador: Informe nacional de 2006. OIT.

<sup>17</sup> Instituto Nacional de Estadística y Censos (INEC). (2012). Primera encuesta nacional de trabajo infantil. INEC.

<sup>18</sup> Government spending on social programs such as education, health, and urban development and housing, doubled from 4.3 percent of GDP in 2006 to 8.6 percent in 2016 (Weisbrot, M., Johnston, J., Merling, L. (2017). Decades of Reform: Ecuador's Macroeconomic Policies, Institutional Changes, and Results. Washington, DC: Center for Economic and Policy Research).

<sup>19</sup> Following the International Monetary Fund Extended Fund Facility arrangement, signed in 2019 by the Government of Ecuador, there were austerity and structural reforms including cutting programs and laying off government workers.

<sup>20</sup> <https://nacla.org/news/2019/10/14/ecuador-societys-reaction-imf-austerity-package-indigenous>

<sup>21</sup> <https://cepr.net/report/ecuador-a-decade-of-progress-undone-full-html/>

<sup>22</sup> <https://www.telesurenglish.net/news/More-Than-11000-Workers-Fired-in-3-Months-in-Ecuador-20190317-0021.html>

<sup>23</sup> International Monetary Fund. (2019). Ecuador. First Review Under the Extended Fund Facility Arrangement, July 2019.

<https://www.imf.org/en/Publications/CR/Issues/2019/07/03/Ecuador-First-Review-under-the-Extended-Fund-Facility-Arrangement-Requests-for-Waiver-of-47087>

<sup>24</sup> UNICEF (2019) Country Office Annual Report 2019. Ecuador. Accessed at <https://www.unicef.org/media/90506/file/Ecuador-2019-COAR.pdf>

<sup>25</sup> Diagnóstico sobre la situación de los derechos de las niñas, niños y adolescentes en el Ecuador, antes y después de la declaratoria de emergencia por covid-19. World Vision Ecuador 2021.

<sup>26</sup> El Comercio. (2019). Entre 2014 y 2018, el trabajo infantil se duplicó en Ecuador. <https://www.elcomercio.com/actualidad/infantil-ecuador-cifras-aumento.html>

on the National Survey of Employment, Unemployment, and Underemployment (ENEMDU), according to representatives from the Ministry of Labor (MOL) and MIES, since Ecuador has not conducted a comprehensive nationwide survey on child labor since 2012.<sup>27</sup>

**Child labor is seen in rural areas, in the agricultural sector, among older children, and among the Indigenous population.** The majority (85.9 percent) of children aged 5 to 14 engaged in child labor were in the agricultural sector in 2022, an increase from 71 percent in 2015, and engaged in work with bananas, rice, coffee, cocoa, palm oil, sugarcane, vegetables, citrus, and flowers.<sup>28</sup> However, the Rainforest Alliance designates Ecuador as having a medium risk for child labor in the cocoa sector, with a total risk score of 4.9 of 10, based on a combination of structural regulatory and socioeconomic environment risk and perceived risk in practice from Rainforest Alliance teams.<sup>29</sup> A study conducted by World Vision Ecuador also found that child and adolescent labor was more prevalent in rural areas, among the Indigenous population, and among older adolescents.<sup>30</sup> According to this study, in 2020, 5.7 percent of children ages 5 to 14 were engaged in child labor compared with 19.8 percent of adolescents ages 15 to 17. While the minimum age of work is 15 years in Ecuador, and 18 years for hazardous work, this is especially of concern if adolescents in rural areas are engaging in hazardous work.

### 3.2 Forced Labor National Statistics

**There is a lack of official statistics or studies addressing the issue of forced labor, in general, in Ecuador.** Both the Ministry of Labor's (MOL's) administrative records and academic institutions lack information or estimates about this phenomenon across all sectors in Ecuador. Moreover, according to several interviewees, labor inspections have not documented enough cases of forced labor to consider it a widespread issue. Several stakeholders said that forced labor in Ecuador is not currently prioritized on the public agenda.

**According to U.S. government reports, there is forced labor in the agriculture sector, and higher risks for women, children, Indigenous, Afro-Ecuadorian, migrant, and refugee**

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<sup>27</sup> According to the ENEMDU estimates, the child labor rate for children ages 5 to 17 years was 17.8 percent in 2019, then increased to 23.0 percent in 2022, (Encuesta Nacional de Empleo, Desempleo y Subempleo 2022 (ENEMDU) Indicadores de Pobreza y Desigualdad. [https://www.ecuadorencifras.gob.ec/documentos/web-inec/POBREZA/2022/Diciembre\\_2022/202212\\_PobrezayDesigualdad.pdf](https://www.ecuadorencifras.gob.ec/documentos/web-inec/POBREZA/2022/Diciembre_2022/202212_PobrezayDesigualdad.pdf)) exacerbated by the COVID-19 pandemic according to respondents interviewed, and then decreased to 19.2 percent in 2023. (Encuesta Nacional de Empleo, Desempleo y Subempleo 2023 (ENEMDU) Indicadores de Pobreza y Desigualdad. [https://www.ecuadorencifras.gob.ec/documentos/web-inec/POBREZA/2023/Junio/202306\\_PobrezayDesigualdad.pdf](https://www.ecuadorencifras.gob.ec/documentos/web-inec/POBREZA/2023/Junio/202306_PobrezayDesigualdad.pdf) . The number of working children aged 5 to 14 has steadily increased from 2.7 percent in 2015, then 5.7 percent in 2020 (Diagnóstico sobre la situación de los derechos de las niñas, niños y adolescentes en el Ecuador, antes y después de la declaratoria de emergencia por covid-19. World Vision Ecuador 2021.), and up to 7 percent in 2022. (<https://www.dol.gov/agencies/ilab/resources/reports/child-labor/ecuador>)

<sup>28</sup> Bureau of International Labor Affairs. 2022 Findings on the Worst Forms of Child Labor Ecuador.

<sup>29</sup> Child Labor and Forced Labor Sector Risk Maps. December 2022. Rainforest Alliance. The Rainforest Alliance categorizes the risk of child labor or forced labor in countries into three risk levels: low, medium, and high. These levels are based on a numeric score from 0 to 10. Risk-level thresholds are based on total risk score: Low risk: < 3.3; Medium risk: between 3.3 and 6.7; High risk: > 6.7. Accessed at <https://www.rainforest-alliance.org/resource-item/data-sheet-for-child-labor-and-forced-labor-risk-maps/> and methodology detailed at: <https://www.rainforest-alliance.org/resource-item/guidance-and-methods-for-child-labor-and-forced-labor-sectoral-risk-maps/>

<sup>30</sup> Diagnóstico sobre la situación de los derechos de las niñas, niños y adolescentes en el Ecuador, antes y después de la declaratoria de emergencia por covid-19. World Vision Ecuador 2021.

**populations.** While there were no official statistics from the government of Ecuador on forced labor, the U.S. Department of State monitors trafficking in persons in Ecuador.<sup>31</sup> The 2022 U.S. Department of State Trafficking in Persons Report on Ecuador<sup>32</sup> highlights the fact that human traffickers exploit Ecuadorian adults and children in sex trafficking, as well as in forced labor, which includes in domestic service, agriculture (banana, abaca hemp, and palm plantations; flowers), shrimp farming, fishing, sweatshops, street vending, mining, and other areas of the informal economy. The report also indicates that women, children, Indigenous and Afro-Ecuadorians, Colombian refugees, and Venezuelan migrants are particularly vulnerable to trafficking, as well as to forced labor. For the cocoa sector, the Rainforest Alliance assessed Ecuador as having a medium risk for forced labor, with a total risk score of 4.2 of 10, based on a combination of structural and policy risks and practice risks from staff inputs.<sup>33</sup>

### 3.3 Cocoa Production

**Cocoa is a growing industry that plays an important role in the economy.** Ecuador has

experienced significant growth in its cocoa harvest, increasing from 235,000 tons in 2014 to 365,000 tons in the 2020–2021 period.<sup>34</sup>

Coordinated support measures implemented by Ecuador’s government have facilitated farmers’ investments in higher productivity and the cultivation of

high-quality cocoa. Ecuador relies on cocoa as one of its key export commodities. The cocoa industry plays an important role in the country’s economy, with this single crop employing around 5 percent of the economically active rural population. The cocoa sector serves as a crucial foundation for the livelihoods of families residing in the coastal regions, Andes foothills, and the Amazon area.<sup>35</sup> Most cocoa in Ecuador is grown in the provinces of Guayas, Los Ríos,

**Exhibit 4. Top Cocoa-Producing Regions in Ecuador**



Source: AIR.

<sup>31</sup> Human trafficking frequently involves the trafficking of individuals for forced labor. Victims of human trafficking may be coerced, deceived, or abducted and subsequently subjected to forced labor. Forced labor is a significant component of human trafficking.

<sup>32</sup> <https://www.state.gov/reports/2022-trafficking-in-persons-report/ecuador/>

<sup>33</sup> Child Labor and Forced Labor Sector Risk Maps. December 2022. Rainforest Alliance. The Rainforest Alliance categorizes the risk of child labor or forced labor in countries into three risk levels: low, medium, and high. These levels are based on a numeric score from 0 to 10. Risk-level thresholds are based on total risk score: Low risk: < 3.3; Medium risk: between 3.3 and 6.7; High risk: > 6.7. Accessed at <https://www.rainforest-alliance.org/resource-item/data-sheet-for-child-labor-and-forced-labor-risk-maps/>

<sup>34</sup> Production of cocoa beans in Ecuador from 2012–2013 to 2021–2022. <https://www.statista.com/statistics/497880/production-of-cocoa-beans-in-ecuador/>

<sup>35</sup> Source: Rikolto. <https://international-rikolto.wieni.work/en/project/strengthening-cocoa-sector-ecuador>

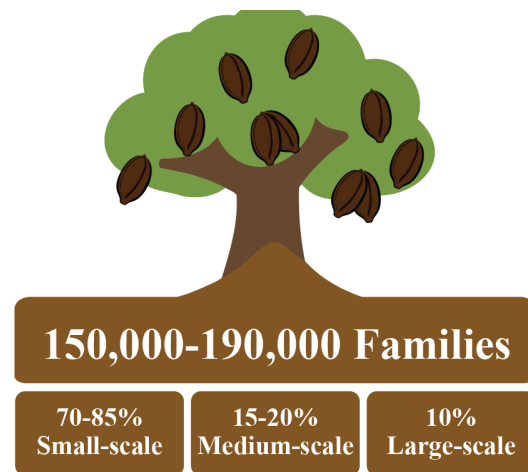
Manabí, and Esmeraldas (see Exhibit 4), where there are large numbers of Afro-Ecuadorian and Indigenous individuals, found to be at higher risk for child labor and forced labor.<sup>36,37,38</sup>

**Cocoa production is primarily on small-scale farms.** The sector supports approximately 150,000 and 190,000 families, with the majority, approximately 70 to 85 percent, being small-scale farms under 4 or 5 hectares. Medium-scale farms make up about 15 to 20 percent, while large-scale farms account for 10 percent, as shown in Exhibit 5.<sup>39</sup>

**Cocoa beans are primarily for the export market.**

Most of the cocoa production in Ecuador is aimed at the export market. Approximately 90 percent of the cocoa in Ecuador is exported as cocoa beans, while 5 percent undergoes processing mainly for export and also for domestic markets. An additional 5 percent is utilized for artisanal processing directed to the domestic market.<sup>40</sup> The United States traditionally serves as a key market, comprising of approximately 22 percent of Ecuadorian cocoa exports, followed by Indonesia (19 percent), Malaysia (11 percent), Netherlands (11 percent), and Mexico (9 percent), according to trends in 2021.<sup>41</sup> Exports of cocoa beans increased from US\$143.2 million in 2006 to US\$915.4 million in 2022, as shown in Exhibit 6.<sup>42</sup>

**Exhibit 5. Cocoa Farm Sizes in Ecuador**



Source: AIR. Data from Gracia-Briones et al., 2021.

<sup>36</sup> Sources: Avadí A., Temple L., Blockeel J., Salgado V., Molina G., Andrade, D., 2021. Análisis de la cadena de valor del cacao en Ecuador. Reporte para la Unión Europea, DG-INTPA. Value Chain Analysis for Development Project (VCA4D CTR).

Rikolto. <https://internacional-rikolto.wieni.work/en/project/strengthening-cocoa-sector-ecuador>

<sup>37</sup> <https://www.state.gov/reports/2022-trafficking-in-persons-report/ecuador/>

<sup>38</sup> Diagnóstico sobre la situación de los derechos de las niñas, niños y adolescentes en el Ecuador, antes y después de la declaratoria de emergencia por covid-19. World Vision Ecuador 2021.

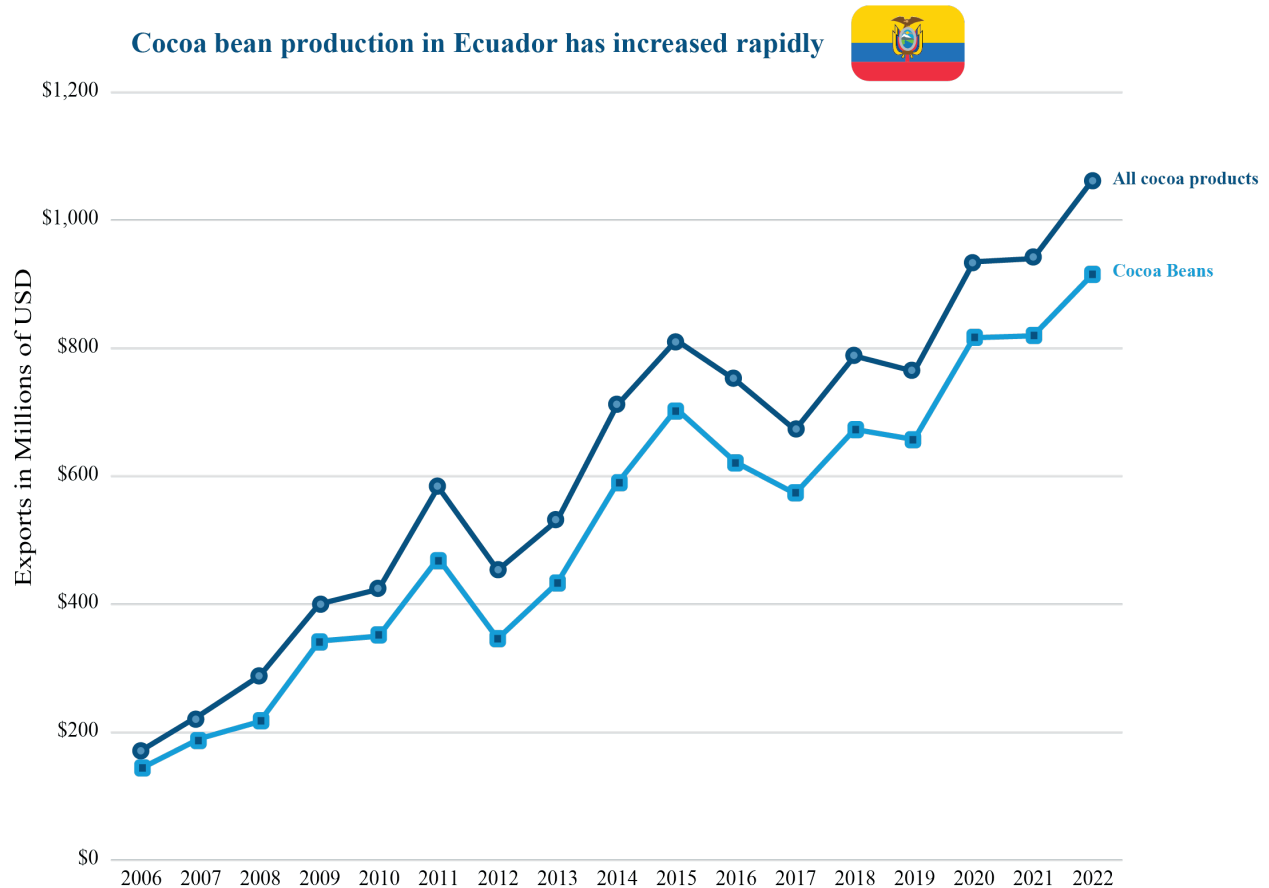
<sup>39</sup> Gracia-Briones, Ana, Bryan Pico, and Ramón Jaimez. 2021. "The Cocoa Production Chain in Ecuador: Resilience in the Different Production Actors." *Novasineria Digital Journal of Science, Engineering, and Technology* 4(2): 152–72. <https://doi.org/10.37135/ns.01.08.10>

<sup>40</sup> Avadí A., Temple L., Blockeel J., Salgado V., Molina G., Andrade, D., 2021. Análisis de la cadena de valor del cacao en Ecuador. Reporte para la Unión Europea, DG-INTPA. Value Chain Analysis for Development Project (VCA4D CTR).

<sup>41</sup> <https://oec.world/en/profile/bilateral-product/cocoa-beans/reporter/ecu>

<sup>42</sup> UN Comtrade. Accessed at <https://comtradeplus.un.org/>. Commodity code: 18: cocoa and cocoa preparations, and 1801: cocoa beans, whole or broken, raw or roasted.

## Exhibit 6. Cocoa Beans and All Cocoa Products Exported From Ecuador



Source: AIR. Data: UN Comtrade. Accessed at <https://comtradeplus.un.org/>. Commodity code: 18: cocoa and cocoa preparations, and 1801: cocoa beans, whole or broken, raw or roasted.

### 3.4 Cocoa Value Chain Stages

AIR has reviewed stages of cocoa production in the supply chain in Ecuador for apparent risks that could create conditions for child labor and forced labor. Most key informants interviewed concurred that cases of child labor reported in Ecuador are almost exclusively during the cocoa-growing, harvesting, fermenting, and drying stage of the cocoa production value chain, given informal and small-scale farming, with lower risks for child labor further along the value chain. However, union representatives interviewed highlighted the risk of labor among older adolescents, ages 15 to 17 years, in the sourcing and trading stage of the value chain, including in cocoa collection centers, transporting products, and selling cocoa beans.



## *Cocoa Growing, Harvesting, Fermenting, and Drying*

Risks of child and forced labor appear to be highest in the growing and harvesting stage of the cocoa value chain in Ecuador. The main risks noted for child labor include the prevalence of small-scale family farms producing cocoa, with these families typically engaged in informal labor and bound by poverty conditions, an inaccurate understanding of child labor driven by cultural beliefs, and child labor trends in other agricultural sectors. Forced labor risks appear to be because of migrant vulnerability and economic and social pressures. Both child labor and forced labor face added risks due to climate change.

**Small-scale subsistence farms.** In Ecuador, small farmers in marginal situations represent more than 70–85 percent of the farmers in the cocoa sector.<sup>43</sup> Small, subsistence farmers receive a very low income, on average US\$494 in annual profit per farmer (US\$1.35 per day). As a result, many farmers earn incomes that keep them well below the poverty line. Poverty levels in rural areas (46.4 percent) are almost double overall levels (27 percent).<sup>44</sup> In addition, these communities frequently lack basic infrastructure, such as roads, schools, and hospitals. These small-scale farmers remain a vulnerable population, with little autonomy and high dependence on the purchasing conditions offered by middlemen or other cocoa buyers. Small farmers are often unable to cover the costs of improving their farms because of the low prices they receive for selling their cocoa beans or lack of access to financing. The existing poverty landscape could potentially drive families to consider resorting to child labor as a coping mechanism and survival strategy in the face of recurring financial struggles. Families in rural areas, often struggling to meet basic needs, may resort to child labor as a means of supplementing household income, especially if they cannot afford to hire outside labor. Children tend to contribute to certain activities (e.g., harvesting, opening pods), involving sharp tools and pesticides, although, according to stakeholders, these tasks do not prevent their attendance at school, making their engagement in child labor in cocoa less visible.<sup>45</sup>

**Cultural beliefs about children.** Among these subsistence farming communities, there is a distinction made between children (considered ages 5–14) and adolescents (considered 15–17) among stakeholders, with most informants affirming there is limited child labor in the cocoa value chain because the activities require a physical strength and size that young children do

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<sup>43</sup> Gracia-Briones, Ana, Bryan Pico, and Ramón Jaimez. 2021. "The Cocoa Production Chain in Ecuador: Resilience in the Different Production Actors." *NOVASINERGIA DIGITAL JOURNAL OF SCIENCE, ENGINEERING, AND TECHNOLOGY* 4(2): 152–72. <https://doi.org/10.37135/ns.01.08.10>

<sup>44</sup> INEC 2023b. "National Survey of Employment, Unemployment and Underemployment 2023 (ENEMDU) Poverty and Inequality Indicators." Quito. [https://www.ecuadorencifras.gob.ec/documentos/web-inec/POBREZA/2023/Junio/202306\\_PobrezayDesigualdad.pdf](https://www.ecuadorencifras.gob.ec/documentos/web-inec/POBREZA/2023/Junio/202306_PobrezayDesigualdad.pdf)

<sup>45</sup> Avadí A., Temple L., Blockeel J., Salgado V., Molina G., Andrade, D., 2021. Análisis de la cadena de valor del cacao en Ecuador. Reporte para la Unión Europea, DG-INTPA. Value Chain Analysis for Development Project (VCA4D CTR).



not have. However, stakeholders interviewed felt that adolescents' work on cocoa farms was not child labor. This may be because of the fact that, according to stakeholders, in rural settings, adolescence can be seen as a form of early adulthood and that, therefore, the category of "child" would not apply to these cases.<sup>46</sup> It is also possible that this idea is being reinforced by the government itself, since, although the minimum age for work is 15 years and minimum age for hazardous work is 18 years,<sup>47</sup> the government's goals for the eradication of child labor refer exclusively to the population between 5 and 14 years of age, not including ages 15–17.

**Child labor trends in other agricultural value chains.** Child labor has been confirmed in other sectors in Ecuador, including in the farming and cultivation stage in the banana, coffee, and flower sectors.<sup>48</sup> Given this trend among the largest agricultural producers, while we do not have conclusive figures around child labor in cocoa, it is most likely that child labor in cocoa would similarly be more prevalent in farming and cultivation stage than other stages of the agricultural value chain. Owing to the significant size and export value of the banana, coffee, and flower sectors, efforts to combat child labor are largely focused on these sectors rather than on cocoa, despite its growth on the world market.

**Migrant vulnerability.** In recent years, Ecuador has experienced an influx of migrants, who are exceptionally susceptible to forced labor, particularly those who are undocumented. The majority of these migrants have originated from Venezuela, Colombia, and Peru.<sup>49</sup> They lack legal protections and can be isolated from support networks, making them susceptible to forced labor by employers or labor brokers. For example, there have been increased cases of trafficking in persons from Venezuela to the Andean region of Ecuador for agricultural work.<sup>50</sup> Migrants from within Ecuador have been trapped in forced labor in banana, abaca hemp, palm, and flower agriculture sectors in the farming and cultivation stage.<sup>51</sup> Given the recent migration trends in Ecuador and experience in other sectors, this risk is likely also present in cocoa in the farming and cultivation stage, even if to a smaller extent.

**Climate change.** Several informants believe that climate change could have a significant impact on child labor and forced labor risks in cocoa communities. Climate-related events such as droughts and floods can easily disrupt cocoa yields, which may lead farmers to use child labor and exploitative practices to cut costs, replace damaged or lost crops, and make up for

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<sup>46</sup> García, Fernando. 2009. "Indigenous Child Labor: Some Reflections." *Acting in Plural Worlds* 4 (April): 8–12.

<sup>47</sup> Article 46 of the Constitution; Article 82 of the Childhood and Adolescence Code. Government of Ecuador. Constitución del Ecuador. Enacted: 2008. [https://www.oas.org/juridico/pdfs/mesicic4\\_ecu\\_const.pdf](https://www.oas.org/juridico/pdfs/mesicic4_ecu_const.pdf); Government of Ecuador. Código de la Niñez y Adolescencia with modifications until 2009. Enacted: 2003.

<sup>48</sup> U.S. Department of Labor's 2021 Findings on the Worst Forms of Child Labor, Ecuador.

<sup>49</sup> <https://datosmacro.expansion.com/demografia/migracion/inmigracion/ecuador>

<sup>50</sup> <https://www.unodc.org/unodc/en/frontpage/2023/December/cross-border-support-for-victims-of-human-trafficking-in-peru-and-ecuador.html>

<sup>51</sup> U.S. Department of State. 2023 Trafficking in Persons Report: Ecuador

economic losses suffered as a result. In addition, crop failures caused by climate change can further exacerbate poverty in cocoa-farming communities, forcing families to rely on child labor or to accept harsher working conditions themselves. Moreover, migration driven by climate-related factors such as floods, storms, and droughts may make migrant workers more vulnerable and expose them to a higher risk of forced labor.



### *Sourcing and Trading*

While most respondents interviewed perceived risks for child labor and forced labor as higher in the growing, harvesting, fermenting, and drying stage, union representatives shared a risk for child labor in this segment of the cocoa value chain with the presence of adolescents, ages 15 to 17, in collection centers and transporting cocoa beans. This would involve carrying heavy bags of cocoa. In this part of the value chain, risks for child labor and forced labor include a reliance on middlemen and lack of cooperatives. Payment farmers receive from middlemen for cocoa beans could affect the risk of child labor and forced labor in the growing, harvesting, fermenting, and drying stage value chain. If farmers receive low prices, they may not be able to afford to hire external workers instead relying on family members.

**Lack of cooperatives.** Cooperatives are able to support farmers in many ways, including price negotiation with buyers such as collection centers, exporters, and processing companies. According to estimates, only 20 percent of cocoa farmers in Ecuador are organized in cooperatives.<sup>52</sup> Some cooperatives ferment the cocoa for farmers, further increasing value of cocoa bean sales.<sup>53</sup> Cooperatives increase bargaining power of cocoa farmers, which leads to greater profitability. Cooperatives also typically have to uphold a set of standards in their product sourcing (organic, sustainably sourced, fair trade, etc.). The limited presence of cooperatives in the cocoa value chain means that small cocoa farmers are less likely to get good prices for their cocoa beans. Of all cocoa exports, it is estimated that 7 percent are conducted through formal cooperatives of small farmers, of which 80 percent are classified as organic and certified, meaning the farmers in the cooperatives have met the certification requirements, which aim to ensure cocoa production promoting human rights and environmental sustainability. According to the 2022 Rainforest Alliance Cocoa Annual Certification Data Report, there were 129,007 tons of certified cocoa produced in Ecuador, accounting for approximately 35 percent of the cocoa produced.<sup>54</sup> Farmers in cooperatives are more likely to get better prices for their cocoa beans and would therefore be at lower risk of relying on family

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<sup>52</sup> Source: Cocoa Barometer Latin America. [Cocoabarometer.org](https://www.cocoabarometer.org)

<sup>53</sup> Source: Cocoa Barometer Latin America. [Cocoabarometer.org](https://www.cocoabarometer.org)

<sup>54</sup> <https://www.rainforest-alliance.org/business/certification/cocoa-certification-data-report-2022/>

and child labor support. Workers' organizations and unions are also critical for supporting farmers and are discussed more in Section 3.6.5.

**Reliance on middlemen.** The cocoa industry in Ecuador is mostly made up of small farmers who supply middlemen and collection centers, which in turn supply the exporters. Farmers sell their harvest to middlemen, work with a cooperative, or sell directly to collection centers. The middleman could come to the farmer to purchase cocoa beans directly at prices below market value. In other cases, farmers travel to a middleman to sell the cocoa beans at a better price than they get with a middleman who comes to them. Alternatively, farmers sell directly to, or work with, a cooperative that sells to a collection center, exporter, or multinational company,<sup>55</sup> negotiating collectively to obtain the highest price. In remote areas where there is poor infrastructure, farmers are highly dependent on middlemen who travel to them or who are not located far away, leading to less profitable cocoa bean sales and little power to bargain for better prices. In this context, middlemen, who collect cocoa from the small producers and negotiate prices and quality directly, are powerful actors in the chain. These middlemen sometimes exploit their power, and the lack of any oversight over them, could increase risk of labor violations generally, including child labor and forced labor.



### *Processing and Manufacturing*

Stakeholders interviewed did not believe there was child labor and forced labor in the manufacturing stages of the cocoa supply chain, and documentation did not reveal significant risks. However, the cocoa industry in Ecuador is fundamentally an industry that produces and exports raw material such as cocoa beans and therefore is subject to the ups and downs of an international market, including changes in prices. Lower prices paid for cocoa beans can have implications for risk of child labor and forced labor in earlier stages of the value chain. While 90 percent of cocoa in Ecuador is exported as cocoa beans, 5 percent undergoes processing for domestic and export markets and an additional 5 percent is used for artisanal processing.<sup>56</sup> Cocoa exporters comprise approximately 40 major companies engaged in the export of cocoa beans, as well as 16 companies involved in the export of cocoa derivatives, including both semifinished and finished products.<sup>57</sup>

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<sup>55</sup> Barry Callebaut multinational company cocoa bean buying, cleaning, drying and export facility in Ecuador. <https://www.barry-callebaut.com/en/group/media/news-stories/bienvenidos-taycan-barry-callebauts-new-home-ecuador>

<sup>56</sup> Avadí A., Temple L., Blockeel J., Salgado V., Molina G., Andrade, D., 2021. Análisis de la cadena de valor del cacao en Ecuador. Reporte para la Unión Europea, DG-INTPA. Value Chain Analysis for Development Project (VCA4D CTR).

<sup>57</sup> Non-exhaustive lists provided in Appendix 2 and Appendix 3. Avadí A., Temple L., Blockeel J., Salgado V., Molina G., Andrade, D., 2021. Análisis de la cadena de valor del cacao en Ecuador. Reporte para la Unión Europea, DG-INTPA. Value Chain Analysis for Development Project (VCA4D CTR).



## *Distribution and Marketing, Consumption*

Respondents interviewed did not see risks for child labor and forced labor during the distribution and marketing, as well as the consumption, stages of the cocoa supply chain, and documentation review did not reveal significant risks. However, prices paid for cocoa can impact risks for child labor and forced labor in earlier parts of the value chain. Large chocolate companies sourcing cocoa from Ecuador include Nestlé, Mars, Hershey, and Ferrero.<sup>58</sup>

While most of Ecuador's cocoa is exported, there is a small domestic market that includes both processed and artisanal cocoa products. Ecuador is renowned for its artisanal and sustainably produced chocolates, with several major brands contributing to its global reputation. Notable among these are WAO Chocolate, produced by Indigenous communities in the Amazon Basin; Pacari Chocolate, recognized for its unique range of flavors and international awards; and Kallari Chocolates, sourced from over 850 Kichwa families. To'ak Chocolate stands out for its luxury offerings, aging chocolate in oak barrels, while older brands like Bios have been producing traditional chocolate since 1912. Other significant brands include Hoja Verde, Yanakuri, Nestlé Ecuador Chocolate, Minka, Valdivian, and RIGHTS, each contributing to Ecuador's reputation as a producer of high-quality, unique chocolates.<sup>59,60</sup>

### **3.5 Key Stakeholders Engaged in Addressing Child Labor and Forced Labor in Cocoa Supply Chains**

The landscape of actors in Ecuador working on child labor and forced labor, generally and in the cocoa value chain specifically, is made up of government, private sector, worker organizations,<sup>61</sup> unions,<sup>62</sup> cooperatives,<sup>63</sup> and national and international civil society organizations. In Exhibit 7, below, we detail each stakeholder and its role in preventing, protecting, or addressing child labor and forced labor, before presenting the efforts and challenges to address child labor and forced labor in the following sections.

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<sup>58</sup> <https://www.ferrero.com/int/en/people-planet/source-our-ingredients-sustainably/cocoa>

<sup>59</sup> <https://happygringo.com/blog/travel-blog-ecuadorian-chocolate>

<sup>60</sup> <https://www.itchyfeetonthecheap.com/2021/02/13/chocolate-in-ecuador-taste-test/>

<sup>61</sup> Workers' organizations represent the interests of workers and their role in advancing decent work and may include other groups beyond unions, such as centers for workers' rights. <https://idwfed.org/>

<sup>62</sup> The ILO defines unions as independent workers' organizations that work to defend and advance the interests of their members. (ILO. Statistics on Social Dialogue. <https://ilostat.ilo.org/topics/industrial-relations/>)

<sup>63</sup> Cooperatives are autonomous associations of individuals uniting voluntarily to meet their common economic, social, and cultural needs through a jointly owned and democratically controlled enterprise. <https://www.ilo.org/topics/cooperatives>

## Exhibit 7. Relevant Stakeholders in the Cocoa Sector and Labor Issues in Ecuador

Stakeholder Type	Stakeholder Name	Role
Government	Ministry of Labor (MOL)	Responsible for formulating and implementing labor policies, including those related to child labor and forced labor. The MOL conducts inspections, enforces labor laws, and promotes compliance with child labor regulations.
Government	Ministry of Economic and Social Inclusion (MIES)	Focuses on social inclusion and poverty reduction, including addressing child labor issues. The MIES implements programs and initiatives to prevent child labor, support vulnerable families, and provide social assistance.
Government	Ministry of Education (MoE)	Responsible for promoting and ensuring access to quality education for all children. The MoE works to prevent child labor by emphasizing the importance of education and implementing educational programs.
Government	State/local agencies	Several local-level government institutions were identified that collaborated to enforce laws, implement policies, provide social support, and ensure the protection of children from child labor: Provincial and Local Labor Inspectorates, Provincial and Local Departments of Social Welfare, Provincial and Local Departments of Education, and Provincial and Local Councils for Childhood and Adolescence.
Industry	Barry Callebaut	International chocolate and cocoa trader, processor, and manufacturer with a cocoa bean buying, cleaning, drying, and export facility in Durán, Guayas.
Industry	ofi	International trader and processor food and agriculture company that sources, buys, and exports cocoa from Ecuador, with an office in Guayaquil.
Industry	Cargill	International trader, processor, and manufacturer food company that sources cocoa from Ecuador. <sup>64</sup>
Industry	Nestlé	Multinational food and beverage company that sources cocoa from Ecuador (7 percent), <sup>65</sup> and has an office in Quito and four factories, including a cocoa collection center and factory in Guayaquil producing chocolate products.
Industry	Ferrero	Multinational chocolate manufacturer company that has a production plant in Quito and sources cocoa from Ecuador, including from larger suppliers and farmer groups based in in Guayas, Los Ríos, Esmeraldas, Santo Domingo de los Tsáchilas, and Cañar provinces.

<sup>64</sup> The researchers did not find documentation on specific areas of Ecuador for sourcing cocoa for Cargill.

<sup>65</sup> [https://www.nestlecocoaplan.com/sites/default/files/2023-11/NCP-Progress-Report-2022\\_231120.pdf](https://www.nestlecocoaplan.com/sites/default/files/2023-11/NCP-Progress-Report-2022_231120.pdf)

Stakeholder Type	Stakeholder Name	Role
Industry	Hershey	International chocolate and cocoa company and manufacturer that sources cocoa from Ecuador. <sup>66</sup>
Industry	Mars	Multinational food company that sources cocoa from Ecuador and has a cocoa research farm in Guayaquil for cocoa yields and farm management practices.
Industry	National Association of Cocoa Exporters	Nonprofit association representing exporters of cocoa in Ecuador.
Workers' organization, unions, and cooperatives	Ecuadorian Confederation of Class Organizations for the Unity of Workers (CEDOCUT—Confederación Ecuatoriana de Organizaciones Clasistas para la Unidad de los Trabajadores)	Founded in 1976, its primary base are unions in small and medium-sized companies, farmers, and neighborhood associations. CEDOCUT is a member of the Frente Unitario de los Trabajadores.
Workers' organization, unions, and cooperatives	Ecuadorian Confederation of Free Trade Union Organizations (CEOSL—Confederación Ecuatoriana de Organizaciones Sindicales Libres)	Founded in 1962, the CEOSL is one of the most important union organizations in Ecuador because of both the number of affiliated organizations and its significant history and political influence. CEOSL plays a crucial role in Ecuador's labor landscape and is a member of the Frente Unitario de los Trabajadores (FUT), an umbrella organization for Ecuadorian trade unions.
Workers' organization, unions, and cooperatives	Ecuadorian Workers' Confederation (CTE—Confederación de Trabajadores del Ecuador)	The CTE was founded on 1944 and has historically played a significant role in advocating for the rights and interests of workers in Ecuador, including promoting labor rights, fair wages, and better working conditions. Over the years, the CTE has engaged in numerous struggles for social and economic justice in Ecuador, often collaborating with other trade unions and social movements. The CTE is important in the context of Ecuador's labor history, representing a significant part of the labor movement in the country.
Workers' organization, unions, and cooperatives	General Union of Workers of Ecuador (UGTE—Unión General de Trabajadores de Ecuador)	UGTE is a union that emerged following a split within the CTE. Founded in 1982, the UGTE gained legal recognition in 1994 upon its registration with the registry of labor organizations. The UGTE represents a wide range of economic sectors, including industry, agriculture, services, and the public sector.

<sup>66</sup> The researchers did not find information on specific areas of Ecuador where cocoa is sourced for Hershey.

Stakeholder Type	Stakeholder Name	Role
Workers' organization, unions, and cooperatives	United Workers Front (FUT—Frente Unitario de los Trabajadores)	FUT is a coalition that brings together various affiliated labor organizations, for example, CEDOCUT, CEOSL, and UGTE. Unlike a traditional labor union, the FUT functions as a political representation body for labor organizations in the country. While it is not formally registered as an independent entity in the MOL's registry of organizations, it plays a critical role in representing and coordinating the activities of its member organizations, which are legally recognized. Its influence in Ecuador's labor and social politics is substantial, especially in organizing protests and mobilizations in defense of workers' rights.
Workers' organization, unions, and cooperatives	Union of Cocoa Farmers' Organizations (UNOCACE)	UNOCACE is an organization that groups about 2,200 small cocoa producers and follows certified organic production criteria. <sup>67</sup> From its inception, it has been linked to the European fair-trade markets and is currently working to comply with the European Union Directive on corporate sustainability due diligence. <sup>68</sup>
International organizations and cooperation agencies	U.S. Department of Labor's International Labor Affairs, Bureau of International Labor Affairs (USDOL-ILAB)	USDOL-ILAB maintains a list of goods produced by child labor or forced labor and annually prepares its findings on the Worst Forms of Child Labor report, provides funding for technical assistance projects such as PalmaFuturo in the palm oil industry. <sup>69</sup>
International organizations and cooperation agencies	International Labour Organization (ILO)	A tripartite United Nations agency bringing together governments, workers, and employers to promote rights at work, decent employment, and social protection. The ILO reviews how standards are applied in member states and provides assistance in working with governments. For example, the International Programme on the Elimination of Child Labour and Forced Labour (IPEC+) provides ILO leadership on global efforts to eradicate child labor.
International organizations and cooperation agencies	Verité	An independent, non-profit, civil society organization (CSO) focused on labor rights, producing a Forced Labor Commodity Atlas and, in collaboration with the U.S. Department of State, creating a Responsible Sourcing Tool.
International organizations and cooperation agencies	United National Children's Fund (UNICEF) Ecuador	UNICEF promotes the rights of children including the right to education and protection from abuse and exploitation.

<sup>67</sup> <https://new.unocace.com/>

<sup>68</sup> [https://commission.europa.eu/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence\\_en](https://commission.europa.eu/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence_en)

<sup>69</sup> <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/findings>

Stakeholder Type	Stakeholder Name	Role
International organizations and cooperation agencies	European Union	The European Union EUROsocial+ programme has been supporting Latin American countries to improve their public policies, including the eradication of child labor in Ecuador. <sup>70</sup>
International organizations and cooperation agencies	Rainforest Alliance	An international NGO that aims to protect forests, improve farmer livelihoods, promote human rights, and address climate change. The alliance provides annual data on its certification program at the country level for the cocoa sector, as well as child labor and forced labor sector risk maps, including for the cocoa sector. The Rainforest Alliance implemented a project to improve working conditions in Latin America, focusing on the banana supply chain in Ecuador.
International organizations and cooperation agencies	Partners of the Americas	A non-profit organization focused on government-to-government economic cooperation across the Western Hemisphere, implementing an anti-child labor program focusing on education to eliminate child labor in Ecuador.
International organizations and cooperation agencies	Stand for Girls	A non-profit organization providing resources and programming to combat child labor in Ecuador.
International organizations and cooperation agencies	World Vision Ecuador	A non-governmental organization in Ecuador, implementing a corporate social responsibility program on children's and adolescent's rights.
National civil society organization	<i>Desarrollo y Autogestión</i>	A non-profit organization, implementing a Responsible Agricultural Project promoting recommended agricultural practices free of child labor.
National civil society organization	Working Boys' Center (CMT—Centro del Muchacho Trabajador)	A facility in Quito offering social programs for working children and their families.

### 3.6 Efforts to Address Child Labor and Forced Labor in Cocoa Supply Chains

This section examines the current efforts by the government, industry, international and national cooperation agencies, and workers' organizations presented in Exhibit 7, above, to address child labor and forced labor in cocoa supply chains in Ecuador, including related challenges. We map these efforts across the Systems Framework to Reducing Child and Forced

<sup>70</sup> <https://eurosocial.eu/en/bitacora/2021-ano-internacional-por-la-eliminacion-del-trabajo-infantil>



Labor (Exhibit 3), to analyze whether the country case is employing efforts comprehensively and sufficiently to prevent and reduce child labor and forced labor, and assess any be gaps.

### 3.6.1 Legal and Policy Frameworks, Data, and Governance

To address child labor and forced labor in the cocoa sector, countries need to have legal and policy frameworks that reflect international laws on child labor and forced labor, and support coordinated cross-stakeholder actions preventing, protecting and addressing child labor and forced labor generally and in the cocoa sector specifically. There is also a need for data collection mechanisms that allow for consistent and accurate child labor and forced labor statistics, to allow for prevalence monitoring.

Exhibit 8, below, demonstrates that Ecuador has implemented a wide range of efforts over the years to establish the legal and regulatory environment, policy and governance environment, and data collection and management structures to prevent and address child labor and forced labor in the country. However, as highlighted in their challenges, the legal and regulatory environment reflects international laws, national policies, and institutional structures that are meant to support addressing and monitoring child labor and forced labor, including coordination mechanisms across government and non-state actors, but have largely been paused, left in name only, or not given priority in many years by the national government.

#### Exhibit 8. Efforts in Establishing the Enabling Environment in Ecuador

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
<b>Legal and Regulatory Frameworks</b>		
International Labour Organization (ILO), Government of Ecuador	International labor standards ratified by Ecuador: <ul style="list-style-type: none"> <li>• ILO Convention No. 138 on the Minimum Age for Employment and Convention No. 182 on the Worst Forms of Child Labour</li> <li>• ILO Convention No. 29 on Forced Labor</li> <li>• ILO Convention No. 105 on the Abolition of Forced Labor</li> <li>• ILO Convention No. 141 on Rural Workers’ Organization</li> </ul>	<ul style="list-style-type: none"> <li>• The country's laws align with international standards, setting the minimum age for work at 15 and for hazardous work at 18. However, enforcement agencies face challenges such as insufficient human resources, which may hinder adequate law enforcement.<sup>71</sup></li> <li>• Child labor hazardous work laws and regulations are “not enforced equally in rural areas and family-run businesses.”<sup>72</sup></li> </ul>

<sup>71</sup> <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/ecuador>

<sup>72</sup> 2022 Findings on the Worst Forms of Child Labor: Ecuador. [https://www.dol.gov/sites/dolgov/files/ILAB/child\\_labor\\_reports/tda2022/Ecuador.pdf](https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2022/Ecuador.pdf)

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Government of Ecuador	<p>Provisions on child and forced labor:</p> <ul style="list-style-type: none"> <li>• Children and Adolescents Code (CNA), which changed the legal status of children from “subjects of protection” to “subjects of rights.” The CNA established the National Decentralized System for the Comprehensive Protection of Children and Adolescents with bodies responsible for policy, enforcement, and implementation.</li> <li>• 2008 Constitution, which prohibits child labor and forced labor and establishes that the state has the obligation to implement policies to eradicate both child and forced labor</li> </ul>	<ul style="list-style-type: none"> <li>• Numerous testimonies collected by the researchers revealed that forced labor is not a major priority on Ecuador’s national agenda.</li> <li>• Insufficient resources allocated by the Ministry of Labor (MOL) for conducting labor inspections in the informal sector.<sup>73</sup></li> </ul>
Workers, Government of Ecuador	<p><b>Furukawa Plantaciones lawsuits.</b> In 2021, a judge in a court in the province of Santo Domingo de los Tsáchilas ordered the Furukawa company to compensate over 100 former employees in abaca fiber plantations who experienced labor rights violations, forced labor and/or human trafficking.<sup>74</sup> This ruling was the first time that a company had been convicted of slave labor in Ecuador.<sup>75</sup> The company contested the ruling in 2022, and a court upheld the decision in 2023.</p>	<ul style="list-style-type: none"> <li>• Unclear if this will result in further cases or improved labor rights in the cocoa sector.</li> </ul>
<b>Policy Frameworks and Governance</b>		
Government of Ecuador, workers’ and employers’ organizations	<p><b>National Committee for the Eradication of Child Labor (CONEPTI)</b>, established in 1997 to create a national policy to eradicate child labor, comply with national and international standards, and promote responsibility of the national community.</p>	<p>CONEPTI remains in force, though it has ceased to meet since 2007.</p>

<sup>73</sup> 2022 Findings on the Worst Forms of Child Labor: Ecuador.

[https://www.dol.gov/sites/dolgov/files/ILAB/child\\_labor\\_reports/tda2022/Ecuador.pdf](https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2022/Ecuador.pdf)

<sup>74</sup> <https://www.aljazeera.com/news/2023/3/24/ecuador-modern-day-slaves-seek-justice-in-landmark-trial>

<sup>75</sup> <https://www.bbc.com/mundo/noticias-america-latina-57003652>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Government of Ecuador	<ul style="list-style-type: none"> <li>• <b>National Plan for the Progressive Prevention and Eradication of Child Labor (PETI) in Ecuador.</b><sup>76</sup> PETI outlined Ecuador’s initial guidelines for tackling child labor. The plan was approved in 2005 and implemented by CONEPTI until 2007.</li> <li>• <b>National Project to Eradicate Child Labor (PETI; 2018–2021),</b> the next phase of PETI, established a strategy that aimed to eradicate child labor in Ecuador by 2021 and to prevent hazardous child labor in agriculture, manufacturing, construction, and mining. This project was led by the MOL and operated under the National Development Plan (2017–2021: Toda una Vida).</li> <li>• <b>Prevent and Eradicate Child Labor (2021-2025).</b> According to the Findings on the Worst Forms of Child Labor, Ecuador, 2022, this policy was adopted to promote employment for parents and prevention of child labor through inspections but has not yet been implemented.<sup>77</sup></li> </ul>	The PETI program was implemented as a pilot initiative and operated without a long-term budget or guaranteeing a permanent dedicated directorate within the MOL, in charge of efforts to combat child labor, and it formally ended in December 2021.
Government of Ecuador— Ministry of Economic and Social Inclusion (MIES)	<b>National Platform to Prevent Begging and Child Labor.</b> This platform comprises multiple state institutions such as MOL and MIES, NGOs, and CSOs. Its main objective is to strengthen the prevention, support, and protection measures for individuals facing the challenges of begging and child labor.	According to several informants, this platform is not very active and meets mainly before the Christmas holidays, when the occurrence of begging usually increases because of the higher financial demands and needs related to the holiday celebrations.

<sup>76</sup> [https://www.ilo.org/ipec/Informationresources/WCMS\\_IPEC\\_PUB\\_11166/lang--es/index.htm](https://www.ilo.org/ipec/Informationresources/WCMS_IPEC_PUB_11166/lang--es/index.htm)

<sup>77</sup> ILAB Findings on the Worst Forms of Child Labor, Ecuador, 2022. [https://www.dol.gov/sites/dolgov/files/ILAB/child\\_labor\\_reports/tda2022/Ecuador.pdf](https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2022/Ecuador.pdf)

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Government of Ecuador	<p><b>National Action Plan to Combat Trafficking in Persons (2019–2030).</b> This aims to prevent, investigate, and impose legal sanctions against human trafficking, with a focus on human rights, mobility, and gender. This includes U.S.-funded support through the International Organization for Migration and is the government’s first multisectoral plan on trafficking that establishes goals for every public sector institution to address human trafficking.<sup>78</sup></p>	No known challenges to these efforts
Government of Ecuador— Ministry of Labor (MOL), businesses	<p><b>Business Network for a Child Labor Free Ecuador.</b> This is a public–private partnership including the Ministry of Labor and 73 businesses working on child labor issues. The program focuses on Guayas province, a top cocoa-producing area, as well as Azuay and Pichincha provinces.<sup>79</sup></p>	<ul style="list-style-type: none"> <li>• Unclear if any specific focus on the cocoa sector, although Guayas is one of the top cocoa-producing provinces.</li> <li>• According to one informant in the private sector, the MOL has stopped supporting this work, leaving it to be carried out by businesses.</li> </ul>
State and local agencies	<p><b>Child Labor Eradication Committees.</b> These committees have been set up in coordination with the Cantonal Councils for the Protection of Rights, including the Inter-Institutional Roundtable for the Eradication of Child Labor in the Agricultural Sector, which has carried out activities and coordination in provinces of Los Ríos and Guayas, which are top cocoa-producing areas.</p>	<ul style="list-style-type: none"> <li>• Unclear if any activities have been carried out specifically focusing on the cocoa sector.</li> </ul>
EUROsociAL+ programme	<p><b>European Union EUROsociAL+ programme</b> has been supporting Latin American countries to improve their public and social policies, including a focus on the eradication of child labor in Ecuador.<sup>80</sup></p>	Unclear if any specific focus on the cocoa sector.

<sup>78</sup> Source: ILAB Findings on the Worst Forms of Child Labor, Ecuador. 2021.

<sup>79</sup> [https://www.dol.gov/sites/dolgov/files/ILAB/child\\_labor\\_reports/tda2021/Ecuador.pdf](https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2021/Ecuador.pdf)

<sup>80</sup> <https://eurosociAL.eu/en/bitacora/2021-ano-internacional-por-la-eliminacion-del-trabajo-infantil/>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
<b>Data Collection and Management</b>		
Ecuador National Institute of Statistics and Censuses (INEC —Instituto Nacional de Estadística y Censos) Government of Ecuador	<ul style="list-style-type: none"> <li>National Child Labor Survey, Ecuador, 2001, 2006, 2012<sup>81</sup></li> <li>National Survey of Employment, Unemployment, and Underemployment (ENEMDU), 2022<sup>82</sup></li> </ul>	<ul style="list-style-type: none"> <li>Lack of comprehensive nationwide survey on child labor since 2012, confirmed by MOL and MIES representatives.</li> <li>Lack of data specific to cocoa sector for child labor and forced labor in Ecuador.</li> <li>Use of ENEMDU to estimate child labor data.</li> <li>Challenges with data collection due to the COVID-19 pandemic.</li> </ul>
United States Department of State	U.S. Department of State Trafficking in Persons Report on Ecuador, 2023, found increased number of suspects investigated for trafficking crimes, more police officers working on trafficking crimes, continuing prosecution in a high-profile forced labor case. <sup>83</sup>	<ul style="list-style-type: none"> <li>Lack of statistics or estimates on forced labor in Ecuador from Ministry of Labor or other state entities.</li> </ul>

<sup>81</sup> <https://anda.inec.gob.ec/anda/index.php/catalog/657>

<sup>82</sup> [https://www.ecuadorencifras.gob.ec/documentos/web-inec/POBREZA/2022/Diciembre\\_2022/202212\\_PobrezayDesigualdad.pdf](https://www.ecuadorencifras.gob.ec/documentos/web-inec/POBREZA/2022/Diciembre_2022/202212_PobrezayDesigualdad.pdf)

<sup>83</sup> 2023 Trafficking in Persons Report: Ecuador. <https://www.state.gov/reports/2023-trafficking-in-persons-report/ecuador/>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
<p>U.S. Department of Labor’s Bureau of International Labor Affairs (USDOL-ILAB)</p>	<ul style="list-style-type: none"> <li>• <b>Findings on the Worst Forms of Child Labor Ecuador.</b> The Findings on the Worst Forms of Child Labor is an annual USDOL-ILAB report that documents and analyzes the efforts of certain countries to eliminate the worst forms of child labor through legislation, enforcement mechanisms, policies and social programs.<sup>84</sup> For 2022, the report found moderate advancement in Ecuador in efforts to eliminate the worst forms of child labor.</li> <li>• <b>List of Goods Produced by Child Labor or Forced Labor.</b> USDOL-ILAB “maintains a list of goods and their source countries which it has reason to believe are produced by child labor or forced labor, in violation of international standards.” As of September 2022, the list comprises 159 goods.<sup>85, 86</sup></li> </ul>	<p>Findings:</p> <ul style="list-style-type: none"> <li>• Insufficient resources allocated by the MOL for conducting labor inspections in the informal sector.</li> <li>• Lack of a nationwide child labor survey since 2012. Child labor hazardous work laws and regulations are “not enforced equally in rural areas and family-run businesses.”<sup>87</sup></li> </ul> <p>Findings:</p> <ul style="list-style-type: none"> <li>• Cocoa was not on the list for Ecuador.</li> </ul>
<p>Verité</p>	<p><b>Forced Labor Commodity Atlas.</b> Verité, which is an independent, non-profit civil society organization, documents the relationship between 43 commodities and their respective forms of forced labor and other exploitation “at the base of global supply chains” in an interactive map.<sup>88</sup></p>	<p>Ecuador is not listed as one of the countries where cocoa is reportedly produced with child labor and forced labor.</p>

<sup>84</sup> <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/ecuador>

<sup>85</sup> [https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods?tid=5708&field\\_exp\\_good\\_target\\_id=All&field\\_exp\\_exploitation\\_type\\_target\\_id=1=All&items\\_per\\_page=10](https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods?tid=5708&field_exp_good_target_id=All&field_exp_exploitation_type_target_id=1=All&items_per_page=10)

<sup>86</sup> <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/ecuador>

<sup>87</sup> 2022 Findings on the Worst Forms of Child Labor: Ecuador. [https://www.dol.gov/sites/dolgov/files/LAB/child\\_labor\\_reports/tda2022/Ecuador.pdf](https://www.dol.gov/sites/dolgov/files/LAB/child_labor_reports/tda2022/Ecuador.pdf)

<sup>88</sup> <https://verite.org/commodity-atlas/>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Verité, United States Department of State	<b>Responsible Sourcing Tool (RST):</b> Created through collaboration between Verité and the U.S. Department of State’s Office to Monitor and Combat Trafficking in Persons, RST “aims to provide useful, downloadable due diligence and risk-management tools” to prevent and combat forced labor in global supply chains. <sup>89</sup>	Ecuador is not listed as one of the countries where cocoa is reportedly produced with child labor and forced labor.
Green America	<b>Scorecard on labor standards for chocolate-producing companies.</b> Green America, a non-profit membership organization, produces a scorecard that ranks the labor standards of chocolate-producing companies.  Large cocoa and chocolate processors and retailers in Ecuador had the following scores for child labor and forced labor: Barry Callebaut, Ofi, Nestlé, and Hershey were scored green as leading the industry on policy; Cargill, Mars, and Ferrero were scored yellow as making progress on implementing policies. <sup>90</sup>	The scorecard is not exhaustive and does not distinguish efforts at country-specific level. For example, private sector efforts are presented overall, and it is not possible to identify efforts specifically in Ecuador.

Beyond the specific efforts and challenges described in the table above, there are general challenges and factors related to legal and policy frameworks, data, and governance. These overall challenges and factors include lack of implementation of its national plan, political instability, government priorities, action at the local level, resource constraints, and data availability.

**Lack of implementation of national plan.** While Ecuador adopted its national plan, Prevent and Eradicate Child Labor (2021-2025), it has not been implemented and is not well known to local civil society experts in child labor.<sup>91</sup> As a result, national and local government stakeholders are not coordinated to implement or enforce policies regarding child labor and forced labor. The goals set out in national initiatives, which are limited to the population aged 5 to 14 years (not

<sup>89</sup> <https://www.responsiblesourcingtool.org/about-rst/>

<sup>90</sup> For the Green America Chocolate Scorecard, the child labor and forced labor category score is based on three areas: 1) Any child labor policy, monitoring and remediation system or equivalent (Child Labor Monitoring and Remediation Systems—CLMRS); 2) Percentage of farms covered by the scheme; and 3) Presence of a plan to scale up programs and processes to address child labor. Accessed at <https://www.greenamerica.org/chocolate-scorecard>

<sup>91</sup> ILAB Findings on the Worst Forms of Child Labor, Ecuador, 2022. [https://www.dol.gov/sites/dolgov/files/ILAB/child\\_labor\\_reports/tda2022/Ecuador.pdf](https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2022/Ecuador.pdf)

including 15- to 17-year-olds), do not help to guide the work of public and private organizations. However, since the formal closure of PETI, child labor eradication efforts by the government in Ecuador have continued, with main coordination from the Directorate for the Attention to Priority Groups. Efforts have also continued through the MOL's technical teams, the MIES officials in the Undersecretariat for Special Protection, and officials with jurisdiction over territories where cocoa is produced.<sup>92</sup> According to some interviewees, the absence of a national strategy in addition to political instability have resulted in decreased international cooperation, which in turn, further affects the indispensable flow of financial and technical support and resources from international organizations and foreign governments.

Beyond the vision and actions of the government, it is necessary to highlight that all the actors interviewed—including the private sector, farmers, and workers' organizations—shared the opinion that the national government had not done enough in the cocoa sector to address child labor. One official interviewed said that the causes of child labor were poverty, lack of access to education, and poor employment conditions. The official indicated that the government intended to eliminate child labor but without addressing these causes, so it had not been possible to maintain and increase results achieved.

**Changes in government and recent political instability.** In the late 1990s and early 2000s, the Ecuadorian government started to systematically address child labor. From around 2000 to 2016, the role of the state gained prominence, and policies and actions against child labor were strengthened, becoming a significant part of the national government's agenda. Interviews conducted for this research and the analysis of secondary sources revealed that, after a period during which poverty reduction and social protection policies were central to government action, in recent years, governments have sought to downsize the public sector,<sup>93</sup> improve macroeconomic indicators, and prioritize the requirements of multilateral financial organizations<sup>94</sup> over poverty reduction.

Ecuador has experienced a period of political instability in recent years, with four successive presidents in office since 2017. The most recent general election in Ecuador was held on October 15, 2023. The next general election is scheduled for May 2025. This political instability, marked by frequent changes in leadership and government, has significantly impacted the country's overall economy and society. Additionally, it has disrupted the continuity of policies aimed at eradicating child labor and forced labor. In such a context, it is difficult to address child and forced labor in general, and in the cocoa sector in particular. During the drafting of this report, Ecuador has been experiencing severe social unrest and violence, primarily driven by organized crime and gang activities. President Daniel Noboa declared a 60-day state of

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<sup>92</sup> Source: ILAB Findings on the Worst Forms of Child Labor, 2021.

<sup>93</sup> For example, reduce government employee salaries, shut down some embassies, and sell several state-owned enterprises.

<sup>94</sup> Center for Economic and Policy Research <https://www.cepr.net/report/ecuador-a-decade-of-progress-undone-full-html/>



emergency and an “internal armed conflict,” authorizing military operations against designated terrorist gangs.<sup>95</sup>

**Action at the local level.** Respondents interviewed discussed the importance of promoting better coordination between the central government and local actors such as farmers, workers’ organizations, and the private sector, regarding a national plan. Officials interviewed at local levels said that they were willing to work in a coordinated manner to incorporate eradication of child labor in the cocoa sector into their agenda but noted that there had been no initiatives carried out yet at the local level. As part of the Children and Adolescents Code (CNA), the Cantonal Councils for the Protection of Rights could draw up municipal ordinances to promote action and budgeting for priority attention groups which could be directed toward efforts to address child labor and forced labor in the cocoa sector. In some areas, there have been Child Labor Eradication Committees set up in coordination with Cantonal Councils for the Protection of Rights such as the Inter-Institutional Roundtable for the Eradication of Child Labor in the Agricultural Sector, which has coordinated activities in the cocoa-producing provinces of Los Ríos and Guayas, though there has not been a specific focus on the cocoa sector.

**Resource constraints in government agencies for initiatives and enforcement.** Ecuadorian government agencies, including MOL and MIES, face challenges because of limited budgets and resources. This negatively impacts their effectiveness in addressing issues related to child and forced labor. These resource and budget constraints are also evident at the provincial and local government levels, particularly in cocoa-producing areas. Regions like the provinces of Guayas, Los Ríos, Manabí, and Esmeraldas are notably affected by these challenges. Additionally, the widespread distribution of cocoa farms across various provinces in Ecuador makes it difficult for government agencies to effectively monitor and enforce labor standards. The complexity of the supply chain, characterized by numerous stakeholders and a lack of transparency, also complicates the task of effectively monitoring labor practices and ensuring compliance with labor laws.

**Government priorities on child labor in agriculture and forced labor overall.** Research shows that agriculture, fishing, and mining are priority sectors for efforts to address child labor. Within the agriculture sector, government officials are collecting data and analyzing information to determine which crops to focus on for interventions. The current areas of focus for urgent attention include bananas, flowers, and palm oil, in which child labor has been confirmed.<sup>96</sup> The cocoa sector has not been prioritized for interventions on child labor, to some extent because of focusing on crops covering more land area and exports, such as sugarcane, bananas, plantains, palm, rice, and corn, as well as perceptions from some actors that there is minimal

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<sup>95</sup> <https://www.ohchr.org/en/press-briefing-notes/2024/01/ecuador-emergency-situation>

<sup>96</sup> U.S. Department of Labor’s 2021 Findings on the Worst Forms of Child Labor, Ecuador.

child labor in the cocoa sector, especially compared with other sectors, such as bananas, flowers, and palm oil.<sup>97</sup>

According to respondents, forced labor is an issue that public institutions do not find comfortable addressing, and it has not been a priority on the government's national agenda. Ecuador has a regulatory framework and plan to combat trafficking in persons. While the MOL is responsible for combating forced labor, there is no specialized department within the MOL that is mandated to deal with the issue. The labor inspectorate is responsible for investigating potential cases of forced labor, and the Directorate of Attention to Priority Groups handles follow-up care for victims. In addition, the lack of training for labor inspectors to identify and address forced labor cases was shared by officials interviewed as a critical problem to be solved. However, recent court cases have brought more attention to forced labor in the agriculture sector. The Furukawa Plantaciones lawsuit in 2021 was the first time that a company was convicted of slave labor in Ecuador.<sup>98</sup>

**Data collection and monitoring.** As Exhibit 8, above, showed, there has not been a nationwide survey on child labor since 2012, and there is a lack of official statistics on forced labor. Estimates on child labor have been made using the ENEMDU, which is the only official statistical source of data on child labor but does not provide disaggregated information beyond the broad economic sector, making it difficult to identify specific sectors.<sup>99</sup> There are no mechanisms for monitoring and evaluating the results and impacts of institutional interventions, and therefore it is not possible to move forward with improvement processes. In such a context, it is difficult to achieve targets to eradicate child labor in sectors as specific as cocoa.

### ***3.6.2 Child Protection and Child and Forced Labor Monitoring, Remediation, and Traceability Systems***

Child Labor Monitoring<sup>100</sup> and Remediation Systems (CLMRS)<sup>101</sup> are important systems to identify, remediate, and prevent child and forced labor in cocoa supply chains. Private sector company-led efforts are integrated part of a multistakeholder approach with government, CSOs, and other actors to address child labor in cocoa.

Exhibit 9, below, demonstrates that private sector efforts in Ecuador with CLMRS in cocoa supply chains appears nascent. Cocoa companies seem to be interested in traceability and have made progress in developing methodologies to assess their supply chains to identify cases of

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<sup>97</sup> Sánchez, A. M., Vayas, T., Mayorga, F., & Freire, C. (2021). *Agricultural Sector Ecuador*. <https://obest.uta.edu.ec/wp-content/uploads/2020/06/Diagnostico-sector-agricola-Ecuador.pdf>

<sup>98</sup> <https://www.bbc.com/mundo/noticias-america-latina-57003652>

<sup>99</sup> INEC 2023a. "National Survey of Employment, Unemployment and Underemployment - ENEMDU Labor Indicators First Quarter of 2023." Quito. [https://www.ecuadorencifras.gob.ec/documentos/web-inec/EMPLEO/2023/Trimestre\\_1/2023\\_I\\_Trimestre\\_Mercado\\_Laboral.pdf](https://www.ecuadorencifras.gob.ec/documentos/web-inec/EMPLEO/2023/Trimestre_1/2023_I_Trimestre_Mercado_Laboral.pdf)

<sup>100</sup> <https://www.ilo.org/international-programme-elimination-child-labour-ipec/action-against-child-labour/child-labour-monitoring-clm>

<sup>101</sup> <https://www.cocoinitiative.org/our-work/operational-support/child-labour-monitoring-and-remediation-systems>

and risks for child labor and forced labor, with some also implementing studies. Few companies appear to have implemented a full CLMRS with strong ties to the public sector for remediation.

### Exhibit 9. Efforts on CLMRS in Ecuador

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Cargill	<p><b>Child Labor Monitoring and Remediation Systems (CLMRS), human rights assessment.</b> According to interviewed Cargill representatives, the company is currently designing the methodology for conducting a human rights assessment to identify and assess the risks of child labor and other human rights abuses in its cocoa supply chain. On the basis of the findings of this assessment, the company intends to design and implement a CLMRS approximately by 2025.</p>	<ul style="list-style-type: none"> <li>• The scale or geographical scope of CLMRS wasn't disclosed to the researchers by the companies' representatives.</li> <li>• Findings from the human rights assessment were not available.</li> </ul>
ofi	<p><b>CLMRS human rights assessment.</b> The company has implemented a CLMRS in Ecuador currently covering 15,000 farmers across six provinces: Esmeraldas, Manabí, Santo Domingo, Los Ríos, Guayas, and El Oro. There are plans to expand this system to the provinces of Cotopaxi, Bolívar, and Azuay. According to company representatives, when instances of child labor are identified within their supply chain, ofi provides remediation services to children and families, such as health care, psychological services, and family mediation. ofi conducted a human rights assessment in Ecuador.</p>	<ul style="list-style-type: none"> <li>• Company representatives stated that implementing CLMRS presented significant technical complexities, particularly because of the need for detailed and accurate data analysis.</li> <li>• Lack of public services in cocoa-growing regions complicates the execution of remedial strategies, according to company representatives interviewed.</li> <li>• The human rights assessments results are not publicly available and were not shared by company representatives.</li> </ul>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Barry Callebaut	<b>Human rights assessment.</b> The company conducted a human rights impact assessment in Ecuador <sup>102</sup> to determine the most effective actions for addressing human rights and child rights risks associated with ingredients sourced from this country.	The researchers are unaware of the results of this study, particularly concerning the cocoa sector or the utilization of the assessment results.
Nestlé	<b>Promoting traceability.</b> The Nestlé Cocoa Plan includes a pillar to promote supply chain traceability. <sup>103</sup> The initiative was launched in 2010 worldwide, including in Ecuador in 11 provinces including Guayas.	It was not clear what the results were of this plan and whether it is still being implemented in Ecuador.
Union of Cocoa Farmers' Organizations (UNOCACE)	<b>Promoting traceability.</b> According to interviews, a consultancy is being carried out to determine the mechanisms and criteria to establish the origin and characteristics of cocoa production for traceability, in an alliance with the National Association of Cocoa Exporters.	Unclear what will result from this effort.
Government of Ecuador—MOL, ILO, UN Economic Commission for Latin America and the Caribbean, Regional Initiative Latin America and the Caribbean Free of Child Labour	<b>Child Labor Risk Identification Model and Vulnerability Index.</b> Tools designed to identify geographic areas that are at higher risk for child labor on the basis of statistical information. According to an informant, once implemented, this will eventually enable coordinated activities between national-level ministries and agencies and local institutions and organizations in regions where cocoa cultivation is significant.	Not yet being implemented.

There were several common challenges to efforts to strengthen child protection systems and engage with a CLMRS and address child labor and forced labor in the cocoa sector in Ecuador.

- Fragmentation challenges.** The cocoa sector in Ecuador is complex and fragmented, with an estimated 150,000 to 190,000 small-scale farmers spread across multiple provinces, along with intermediaries such as middlemen and collectors. Companies

<sup>102</sup> Barry Callebaut. Forever Chocolate Progress Report 2021/22.

<sup>103</sup> <https://www.eluniverso.com/noticias/economia/plan-cacao-la-iniciativa-de-nestle-que-crecio-de-50-a-5000-agricultores-y-que-va-por-la-regeneracion-de-suelo-nota/>

argue that the high number of farmers presents a barrier to reaching and assisting communities that might be affected by child and forced labor practices. The complexity and diverse range of stakeholders in the cocoa industry hinders transparency and makes collaboration difficult, as each entity has different priorities and operational methods.

- **Access to remote areas.** Many cocoa-growing regions in Ecuador are remote and lack adequate transportation infrastructure such as roads. This makes it challenging to deliver services and support to these areas, further complicating efforts to monitor and address child and forced labor issues. Tools such as the Child Labor Risk Identification Model can help identify areas at higher risk for child labor to target interventions.<sup>104</sup>
- **CLMRS implementation complexities.** According to interviews from cocoa company representatives, engaging in CLMRS presents substantial technical complexities, particularly because of the need for detailed data collection and accurate data analysis. Technical challenges also include insufficient competency to provide needed social services such as those from qualified social workers. Companies report that they are only able to reach a small fraction of households and communities for providing interventions and monitoring outcomes.
- **Service availability for remediation and coordination with government stakeholders.** The lack of public services in cocoa-growing regions complicates the execution of remedial strategies. The perspectives shared by these company representatives underscore the critical role that service availability, or the lack thereof, plays in the success of interventions against child labor in these regions. There is also a need for companies to coordinate with local and national authorities in Ecuador when engaging in CLMRS and connecting individuals identified in child labor with services for remediation.

### 3.6.3 *Economic Empowerment and Poverty*

Poverty is seen as a root cause and significant driver of child labor and forced labor in cocoa supply chains. As a result, economic empowerment of cocoa farmers is an important factor to reduce reliance on child labor and forced labor and make progress toward its eradication.

In Ecuador, as previously discussed, cocoa-producing areas are typically characterized as being marked by high levels of economic vulnerability. As highlighted in Exhibit 10, there appear to be some isolated economic empowerment efforts, but these seem to be small in scope. Organizations and cooperatives such as the UNOCACE, and Union of Cocoa Farmers in the Province of Esmeraldas (UOPROCAE) play a vital role in ensuring farmers' economic empowerment and bargaining power, though there is limited engagement in the cocoa sector

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<sup>104</sup> <https://repositorio.cepal.org/server/api/core/bitstreams/e4697a4b-a46c-4f08-b29b-9597e0a30000/content>

with an estimated 20 percent<sup>105</sup> of cocoa farmers affiliated with a cooperative. However, cooperatives, such as UOPROCAE are bringing together small-scale farmers facing challenges with access to financing and technical support. According to interviews, cooperatives are aware of child labor as a problem to be solved and willing to participate in government initiatives but would want child labor eradication efforts to be part of a broader package to support farmers including better access to credit, improved employment conditions, and better health and education services. There are international organization efforts focused on the banana and palm oil sectors, where outcomes remain to be seen, as well as implications for the cocoa sector. Regarding private sector efforts, there were programs from companies such as Barry Callebaut and Nestlé to improve livelihoods of cocoa farmers and provide training and resources for farmers to improve yields. Additionally, union sector representatives cautioned that the way some companies offer credits and technical support to small farmers requires them to meet production requirements, which could increase the risk of family labor including child labor. However, none of these efforts appear to be widespread, expanded, or fully capitalized upon.

#### Exhibit 10. Efforts Related to Economic Empowerment in Ecuador

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Union of Cocoa Farmers' Organizations (UNOCACE)	UNOCACE <sup>106</sup> is an organization that groups about 2,200 small cocoa producers. The organization purchases cocoa beans directly from farmers and can sell the cocoa in global markets, bypassing middlemen. <sup>107</sup> From its inception it has been linked with the European fair-trade markets and is currently working to comply with the European Union Directive on corporate sustainability due diligence, which includes identifying and assessing risks of child labor. <sup>108</sup> UNOCACE representatives informed the researchers that they were working with the Ministry of Agriculture to develop the tools that would allow for the application and monitoring of the European Union's due diligence requirements.	According to respondents, organizations like UNOCACE representing small cocoa farmers and selling cocoa beans directly to international markets are not very common.

<sup>105</sup> Source: Cocoa Barometer Latin America. [Cocoabarometer.org](http://cocoabarometer.org).

<sup>106</sup> <https://new.unocace.com/>

<sup>107</sup> <http://www.cocoanect.com/wp-content/uploads/2018/01/Sourcing-report-09-Unocace.pdf>

<sup>108</sup> [https://commission.europa.eu/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence\\_en](https://commission.europa.eu/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence_en)

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Union of Cocoa Farmers in the Province of Esmeraldas (UOPROCAE— Unión de Organizaciones de Productores de Cacao Arriba Esmeraldas)	A cooperative bringing together small cocoa farmers in the Esmeraldas province. <sup>109</sup>	According to interviews, cooperatives are not carrying out specific activities to prevent and eradicate child labor but are aware of the problem and willing to participate in initiatives promoted by the government at local or national levels, requesting that eradication of child labor be part of a broader package of support for farmers, such as access to credit, improved employment conditions, public health care, and education.
Rainforest Alliance	<b>Improving Livelihoods of Farmers and Workers Across the Fruit Sector in Latin America.</b> Rainforest Alliance implemented (2021–2023) a project across Latin America that sought to “improve working conditions, boost agricultural productivity, and increase market access for vulnerable workers and farmers.” In Ecuador, the project targeted producers and laborers in the banana supply chain and provided field training to banana farms. <sup>110</sup>	<ul style="list-style-type: none"> <li>• Unclear if outcomes in the banana sector will translate to the cocoa sector.</li> <li>• Details on outcomes were not available at the time of report writing.</li> </ul>
Social Accountability International (SAI), Partners of the Americas, J.E. Austin Associates, U.S. Department of Labor’s Bureau of International Labor Affairs (USDOL-ILAB)	<b>PalmaFuturo.</b> A four-year USDOL-ILAB-funded project awarded in 2019 to address child labor, forced labor, and working conditions in the Latin American palm oil industry. In Ecuador, SAI planned to “work with companies, workers, and communities in Colombia and Ecuador to build up robust social performance systems that improve conditions for workers at every level of the supply chain—from industrial processing plants to large-scale plantations, to thousands of smallholder farms.” <sup>111, 112, 113</sup>	Project is ongoing until July 2024. Unclear if outcomes in the palm oil sector will translate or impact the cocoa sector.

<sup>109</sup> <https://www.conexionchocolate.com/pages/esmeraldas>

<sup>110</sup> <https://www.rainforest-alliance.org/in-the-field/project-profile-improving-livelihoods-of-farmers-and-workers-across-the-fruit-sector-in-latin-america/>

<sup>111</sup> <https://sa-intl.org/sai-and-partners-of-the-americas-receive-6-million-to-improve-labor-conditions-in-palm-oil-industry/>

<sup>112</sup> [https://www.partners.net/our\\_stories/advancing-childrens-dreams-reducing-child-labor/](https://www.partners.net/our_stories/advancing-childrens-dreams-reducing-child-labor/)

<sup>113</sup> <https://www.dol.gov/agencies/ilab/palma-futuro-preventing-and-reducing-child-labor-and-forced-labor-palm-oil-supply>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Barry Callebaut	<b>Cocoa Horizons.</b> In Ecuador, 1,246 farmers participated in the company’s Cocoa Horizons program. <sup>114</sup> The sustainability program aims to improve livelihoods of cocoa farmers and their communities, eradicate child labor, and protect the environment.	The precise details regarding the level of farmer participation and the specific benefits received from the program remain unclear on the basis of the documents reviewed by the researchers.
Nestlé	<b>Nestlé Cocoa Plan.</b> The plan includes three pillars: 1) better farms, providing training and resources for farmers to improve yields, income and livelihoods; 2) improved lives, addressing child labor risks and access to education; and 3) enhanced cocoa, to promote supply chain traceability. <sup>115 116</sup> The initiative was launched in 2010 worldwide including in Ecuador in 11 provinces including Guayas.	It was not clear what the results were of this plan and whether it is still being implemented in Ecuador.

### 3.6.4 General Education/Vocational Skills

This dimension recognizes the importance of efforts focused on supporting school attendance and retention, as well as promoting general education and vocational skills as a key piece of a systems approach to preventing and eradicating child labor and forced labor in general, including in the cocoa sector. School attendance in cocoa-producing regions can be a useful proxy to understanding children engaged elsewhere other than school (e.g., labor, household, other). Efforts aimed at keeping children engaged in school support help prevent at-risk children from engaging in child labor.

Exhibit 11 highlights a number of efforts that use education explicitly to combat child labor, primarily implemented by local and international NGOs and CSOs. It appears that there are limited efforts in promoting education to combat child labor in cocoa-producing regions. At the same time, general challenges in the education landscape in Ecuador and its effects in vulnerable regions like those that produce cocoa have increased the risks of child labor in cocoa.

<sup>114</sup> Cocoa Horizons. The Cocoa Snapshot 2021/2022.

<https://www.cocoa Horizons.org/sites/www.cocoa Horizons.org/files/The%20Cocoa%20Snapshot%20full%20year%2021-22%20EN.pdf>

<sup>115</sup> [https://www.nestlecocoaplan.com/sites/default/files/2023-08/NEST7399\\_22\\_NCP-Progress-Report-2022\\_V19\\_0.pdf](https://www.nestlecocoaplan.com/sites/default/files/2023-08/NEST7399_22_NCP-Progress-Report-2022_V19_0.pdf)

<sup>116</sup> <https://www.eluniverso.com/noticias/economia/plan-cacao-la-iniciativa-de-nestle-que-crecio-de-50-a-5000-agricultores-y-que-va-por-la-regeneracion-de-suelo-nota/>



## Exhibit 11. Efforts Related to General Education and Vocational Skills in Ecuador

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Stand for Girls, Ecuador	Stand for Girls provides resources and programming to counteract child labor and promote school attendance. The organization provides school kits; life skills activities, such as language, communication, art, and drama courses; sports; recreational activities; and scholarships in Río Verde (Esmeraldas) and Puerto Aguarico (Orellana), Ecuador. <sup>117</sup>	Efforts are very targeted in two cantons, one of which is a cocoa-producing area, but efforts are small in scale.
Working Boys' Center (CMT— Centro del Muchacho Trabajador)	The organization provides social programs for human and economic development of working boys and girls and their families at a facility in Quito. The organization's approach is to provide education for the working children and for their families, together with meals, health services, housing assistance, loans to start microbusinesses, and cultural enhancement.	Unclear if any efforts have focused specifically on the cocoa sector or in top cocoa-producing provinces of Guayas, Los Ríos, Manabí, and Esmeraldas.
Funded by U.S. Department of Labor's Bureau of International Labor Affairs (USDOL-ILAB) implemented by Partners of the Americas	<b>Educafuturo Anti-Child Labor Program (2012–2018).</b> Partners of the Americas is implementing an anti-child labor program that uses education as a means to reduce and eliminate child labor in Ecuador, particularly among marginalized Afro-descendants, Indigenous, and migrant populations in Esmeraldas, a top cocoa-producing province, as well as Imbabura, Cañar, and Azuay provinces. <sup>118</sup> Program activities also include providing vocational training to youth, promoting livelihoods for households, strengthening public-private partnerships, and raising overall awareness about the incidence of child labor. <sup>119</sup>	Efforts targeted four provinces, one of which was a cocoa-producing area, but did not include other top cocoa-producing provinces of Guayas, Los Ríos, Manabí.

<sup>117</sup> <https://standforgirls.org/where-we-work/ecuador>

<sup>118</sup> [https://www.dol.gov/sites/dolgov/files/ILAB/evaluation\\_type/final\\_evaluation/RegionalPanamaEcuador-Educafuturo-feval.pdf](https://www.dol.gov/sites/dolgov/files/ILAB/evaluation_type/final_evaluation/RegionalPanamaEcuador-Educafuturo-feval.pdf)

<sup>119</sup> [https://www.partners.net/our\\_stories/eradicating-child-labor-through-education](https://www.partners.net/our_stories/eradicating-child-labor-through-education)

**General challenges in education because of COVID-19.** More generally in Ecuador, general education overall has suffered challenges from COVID-19, creating downstream effects on cocoa-producing communities and education's ability to shield children from risky situations, including child labor. The COVID-19 pandemic caused country-wide school shutdowns for two years starting in 2020.<sup>120</sup> Through interviews and supported in documentation, workers' organizations emphasized that, since the COVID-19 pandemic and the closure of schools and the lack of connectivity in rural sectors, agricultural child labor had increased. Despite Ecuador's policies on free education, practical barriers, including insufficient school capacity, economic challenges faced by families in affording necessary school supplies, and inadequate educational infrastructure, pose significant obstacles to children's access to education. As a result, children often have no choice but to give up their studies and may end up working on cocoa farms. Stakeholders reported that the limited access to education and health care services in rural cocoa-farming areas contributed to the cycle of poverty and child labor.

### ***3.6.5 Advocacy, Awareness, and Behavior Change***

This dimension recognizes that workers' organizations, unions, and communities play an important role in preventing and addressing child and forced labor but often may be unaware of the issue or contributing to behaviors that promulgate the practice. Efforts related to advocacy and awareness, including behavior change communications strategies, are key to engaging communities and workers to support their change in practice and prevent and address child and forced labor.

Exhibit 12 demonstrates that advocacy, awareness, and behavior change efforts regarding child labor in agriculture have been implemented by unions and international and national NGOs and CSOs in Ecuador. However, few interventions have been directly in the cocoa supply chain. In general, there is a lack of worker's organization and union representation in cocoa supply chains and in cocoa-producing regions generally, limiting possible efforts by worker organizations in cocoa.

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<sup>120</sup> <https://www.unicef.org/media/135881/file/Ecuador-2022-COAR.pdf>

## Exhibit 12. Advocacy, Awareness, and Behavior Change Efforts in Ecuador

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Unions	For Ecuadorian unions, child labor in agriculture is not a new issue. Unions have participated and continue to participate in several initiatives to prevent and eradicate child labor, especially in the banana and flower sectors. Despite documentary analysis and interviews, including with a representative from CEDOCUT, it has not been possible to identify specific actions by unions in the cocoa sector.	<ul style="list-style-type: none"> <li>No current initiatives among unions specifically in the cocoa sector.</li> </ul>
ofi	ofi conducts awareness-raising and sensitization campaigns on child labor among all stakeholders in the cocoa supply chain, including farmers, middlemen, and their own team.	<ul style="list-style-type: none"> <li>Unclear scope and scale of efforts.</li> </ul>
World Vision Ecuador	<b>Empresas Que Transforman (Companies that Transform).</b> World Vision Ecuador is implementing this ongoing corporate social responsibility program with a focus on the promotion of children’s and adolescent’s rights through business-related activities. <sup>121</sup>	<ul style="list-style-type: none"> <li>Unclear if any efforts have focused specifically on the cocoa sector.</li> <li>Lack of detail on geographic scope and scale, as well as outcomes</li> </ul>
<i>Desarrollo y Autogestión</i>	<b>Produccion Agricola Responsable (Responsible Agricultural Production) (PAR).</b> The PAR project promotes recommended agricultural practices—free of child labor—in yerba mate and blueberry supply chains. “It identifies throughout the productive chain, the instances in which cases of unprotected child and adolescent labor could be filtered, addresses their causes and implements productive standards that guarantee an activity free of child and adolescent labor.” <sup>122</sup>	<ul style="list-style-type: none"> <li>Unclear if similar efforts have been undertaken in the cocoa sector in Ecuador.</li> </ul>

<sup>121</sup> <https://www.worldvision.org.ec/empresas-que-transforman>

<sup>122</sup> <https://www.dyaorg.net/par>

**Limited workers' organizations and unions in cocoa-producing regions and awareness and advocacy.** See more discussion on cooperatives in Section 3.4. Ecuador's union landscape is diverse, with organizations like CEDOCUT, CEOSL, CTE, UGTE, and FUT playing significant roles. However, only 3 of every 100 workers belong to a union in Ecuador.<sup>123</sup> Unions in rural areas of Ecuador are generally less prominent and organized compared with urban centers. The majority of unionized workers are concentrated in cities like Quito and Guayaquil, and the rural labor force is underrepresented in union movements. However, organizations like the Ecuadorian Federation of Peasant Organizations (FENOC—Federación Nacional de Organizaciones Campesinas), as part of CEDOCUT; the National Federation of Agroindustrial Workers, Peasants, and Free Indigenous People of Ecuador (FENACLE—Federación Nacional de Trabajadores Agroindustriales Campesinos e Indígenas Libres del Ecuador), as part of CEOSL; and the Asociación Sindical de Trabajadores Bananeros, Agrícolas y Campesinos (ASTAC) have been significant in representing rural and agricultural workers' interests. For example, ASTAC was formed by workers at banana plantations and was registered as a union by the MOL in 2022. Unions have a large potential to engage in raising awareness of child labor and forced labor issues, but in Ecuador's cocoa communities, there are key challenges.

Unions in Ecuador have been engaged in efforts to address child labor in agriculture, most specifically in the banana, flower, and palm oil sectors. These interventions have left some good practices and lessons learned, which can be applied with other types of crops.<sup>124</sup> For example, successful experiences in addressing child labor with tripartite work spaces in the banana and flower sectors, such as the Social Forum for the Banana Production Sector and Social Forum for Flower Production Sector, with lessons learned such as using the forums to build consensus between business and labor interests, a need for capacity strengthening of actors engaged, and critical need for support from relevant government ministries.<sup>125</sup> However, these are sectors that are managed by large corporate groups, with large commercial farms, and with a significant number of workers.

In the case of cocoa, the situation is different, since in this sector the vast majority of cocoa produced in Ecuador is cultivated by small family farmers, who are both employers and workers. They rely heavily on family labor and are mostly in the informal sector. Despite documentary analysis and interviews, including with a representative from CEDOCUT, the researchers did not identify specific actions by unions in the cocoa sector. Given the historical context of unionization in Ecuador, it is likely that workers in the cocoa sector, as part of the broader agricultural industry, face challenges in terms of union representation and influence,

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<sup>123</sup><https://www.elcomercio.com/actualidad/negocios/desempleo-obreros-conformacion-sindicatos-ecuador.html>

<sup>124</sup> International Labour Office. 2010. "Good Practices and Successful Experiences for Prevention in Latin America." Santiago, Chile: ILO. [https://www.ilo.org/static/spanish/buenos-aires/trabajo-infantil/resource/bibliografia/general/1\\_buenas\\_practicas\\_agricultura.pdf](https://www.ilo.org/static/spanish/buenos-aires/trabajo-infantil/resource/bibliografia/general/1_buenas_practicas_agricultura.pdf)

<sup>125</sup> [https://uscib.org/docs/Forced\\_Child\\_Labor\\_Forum\\_CaseStudies.pdf](https://uscib.org/docs/Forced_Child_Labor_Forum_CaseStudies.pdf)

especially in rural areas, where union presence is generally weak. This can be attributed to factors including the geographic isolation of these communities, with dispersed farms and farmers who are difficult to reach; the lack of awareness among farmers about the potential benefits of joining a union; and a fear of retaliation from their buyers or landowners.

### 3.7 Conclusions for Ecuador

- 1. Up-to-date child labor and forced labor data is lacking, including for the cocoa sector.** The lack of comprehensive surveys since 2012 has led to reliance on estimations of prevalence, which have revealed an increase in child labor, especially as a result of the COVID-19 pandemic. As of 2020, around 420,000 children were involved in child labor, predominantly in agriculture, with a higher prevalence in rural and Indigenous communities. The cocoa sector, largely made up of small-scale farmers, poses a risk for child and forced labor. Further, there is a significant lack of specific, concrete data that directly identify the extent of these labor issues within the cocoa sector.
- 2. There is a higher risk of child labor and forced labor in the growing, harvesting, fermenting, and drying stage of the cocoa production and value chain.** The cocoa value chain in Ecuador predominantly involves small-scale subsistence farmers who are often economically vulnerable, increasing the likelihood of child and forced labor practices. There is greater risk for child labor and forced labor in the growing, harvesting, fermenting, and drying stage due to poverty, challenges for farmers getting good prices for cocoa beans, limited coverage of cooperatives, and lack of formal labor agreements.
- 3. Farmers face significant challenges to obtain good prices for cocoa beans due to limited coverage of cooperatives and fluctuating international export market.** Although there was much lower risk seen for child labor or forced labor practices in the sourcing and trading, processing and manufacturing, distribution and marketing, and consumption stages of the cocoa supply chain, these stages can still affect farmers in the farming and cultivation stage, for example with prices paid for cocoa beans by middlemen or cooperatives. Small-scale farmers sell cocoa beans to middlemen for lower prices, and only 20 percent are covered by cooperatives who can organize to access higher prices. Additionally, since Ecuador primarily exports cocoa beans (90 percent) rather than processing them in country, prices are very dependent on the ups and downs of cocoa prices of an international market. Lower prices paid for cocoa beans could have implications for risk of child labor and forced labor in earlier stages of the cocoa value chain.
- 4. Child labor and forced labor appear to be lower priority issues due a lack of up-to-date, national plan to address child labor and/or forced labor in general, let alone the cocoa sector.** The Ecuadorian government has historically taken steps to address child labor. However, political instability has disrupted the continuity of earlier policies aimed at

combating child labor and forced labor. Additionally, the absence of comprehensive, up-to-date national plans or strategies hampers coordination and resource allocation, hindering efforts to address child and forced labor. While addressing child labor in the agricultural sector is a priority for the government, other crops are currently prioritized, such as banana, flower, and palm oil. Furthermore, addressing forced labor currently does not seem to be a priority on Ecuador's national agenda.

- 5. There appears to be limited support for CLMRS from the private sector and limited engagement from other actors.** Industry efforts by prominent cocoa companies primarily concentrate on human rights assessments and the implementation of CLMRS, though there is a lack of integration with other actors such as NGOs, CSOs, and government entities. However, these initiatives face limitations in terms of their scope and the absence of comprehensive data makes it difficult to assess their effectiveness.
- 6. Workers' organizations and unions have limited reach and engagement in the cocoa sector.** Worker organization and union influence is less pronounced in rural areas and agriculture, including the cocoa sector. In these areas union presence is weak and there are small-scale family cocoa farmers functioning as independent agricultural production units where they are both employers and workers. This results in working arrangements with limited protections, leaving workers vulnerable.
- 7. Promising examples of cooperatives despite limited reach in the cocoa sector.** Cooperatives are critical for bargaining power to negotiate prices for farmers for cocoa beans. There are some cooperatives that are promising, such as UNOCACE in accessing international markets, and UOPROCAE in providing financing and technical support, though limited to an estimated 20 percent of farmers. For example, cooperatives such as UNOCACE that purchase cocoa beans from farmers and sell the cocoa in global markets could be scaled and expanded upon.
- 8. The risks identified for potential increased child labor and forced labor in the cocoa supply chain include poverty, infrastructure, access to education, and labor law enforcement.** In Ecuador's cocoa sector, child labor could potentially be driven by poverty, as many farming families may live below the poverty line; lack of access to basic infrastructure; and limited efforts regarding economic empowerment of cocoa farmers. This situation could potentially compel children into labor as a means of family survival, particularly in small-scale agricultural settings. Educational challenges, such as insufficient school resources, the cost of supplies, and limited efforts to incentivize children to stay engaged with school may further push children out of school and into the workforce. Weak enforcement of labor laws could exacerbate these issues. Additionally, the cocoa sector's reliance on middlemen and the vulnerability of migrant populations might contribute to forced labor risks. Economic pressures, coupled with potential global crises like the COVID-19 pandemic and climate

change, could further heighten these risks. Climate change, in particular, could threaten to disrupt cocoa yields and worsen poverty, potentially increasing the reliance on child and forced labor in the sector.

### 3.8 Recommendations Related to Ecuador

The study provides recommendations based on the findings and conclusions.

1. **National action plan on child labor.** The government of Ecuador, in consultation with workers' organizations, industry, local officials, and CSOs should develop an updated national strategy or plan for the prevention and eradication of child labor. Such a plan should primarily address agricultural child labor (including in the cocoa sector), where informal, dangerous, and adolescent work is concentrated. The plan must be closely integrated with poverty, education, social protection, and employment policies aimed at creating decent jobs. The actions and goals of this plan should take into account risks in urban settings, as well as including all individuals aged 5 to 17. Engaging multiple stakeholders in designing the national plan would promote buy-in and commitments. Additionally, the MOL and MIES should reinforce their collaboration to ensure that child and forced labor prevention activities are extended to encompass the cocoa sector.
2. **More current statistics and information, including for the cocoa sector.** There is a need for more current data on child labor, given that the last survey was conducted in 2012, as well as regular data collection on forced labor. While restarting nationwide surveys on child labor would provide great data for decision-making and planning efforts, another approach could be to incorporate more questions on child labor in the ENEMDU, currently serving as the only official statistical source of child labor data but without disaggregated and detailed information. It is also essential that Ecuador develop specialized statistical tools to periodically measure the incidence and progress in preventing and eradicating child labor, especially in the cocoa sector. These data should be broken down by canton, province, and sector, providing essential information for taking targeted and effective measures against child labor. In this regard, progress in the implementation of the Child Labor Risk Identification Model, developed by the ILO within the framework of the Regional Initiative Latin America and the Caribbean Free of Child Labor, is crucial.
3. **Greater industry support for CLMRS and integration of efforts with other stakeholders.** The cocoa industry in Ecuador is fundamentally an industry that produces and exports raw material and therefore is subject to the ups and downs of an international market that is becoming more demanding with the type of products it consumes; for this reason, it is necessary for the industry to act in an integrated

manner with government, CSOs, NGOs, worker organizations, unions, and cooperatives. It is necessary that all actors in the industry commit to developing and implementing instruments and tools that guarantee that their production is free of child labor and forced labor integrated into efforts of other stakeholders in the supply chain. Experiences such as codes of conduct, labor certifications, or labor–management committees that monitor compliance with these instruments and tools are often effective in ensuring production that meets the standards required by human rights regulations and market requirements. More data are needed on CLMRS, including industry’s role, as well as commitment to share data, connect data to national support systems and services as well as worker support organizations, and expand implementation. There is a need for greater integration of actors with CLMRS in the cocoa sector and for ensuring referral and remediation processes for cases of child labor or forced labor detected.

4. **Provide support for workers’ organizations, and unions.** There is a need for greater support for, and engagement of, workers’ organizations and unions, in the cocoa sector. Workers’ organizations and unions can advocate for better conditions and support for farmers. They could be more engaged in initiatives such as developing a national plan with the government, engaging on CLMRS, and raising awareness about child labor and forced labor in the cocoa sector. Additionally, unions could have greater engagement in the cocoa sector, learning from lessons in the banana and flower sectors with tripartite work spaces, such as the Social Forum for the Banana Production Sector and Social Forum for Flower Production. Additionally, while there were private sector efforts to provide training and resources for farmers to increase yields, union representatives cautioned that the way credits and technical support are offered requires small farmers to meet production requirements which could increase the risk for child labor. Providing training and resources through unions could provide this assistance while minimizing the risk of increasing child labor.
5. **Build support for cooperatives in the cocoa sector.** There is a need for more support and engagement with cooperatives in the cocoa sector. Cooperatives can negotiate for better prices for farmers for cocoa beans. Further, cooperatives composed of small-scale farmers expressed willingness to engage in government initiatives to eradicate and prevent child labor in the cocoa sector as long as this is part of a larger package to support small farmers, for example with access to credit, decent work, health, and education services. This indicates that greater investment in and support for cooperatives in the cocoa sector could result in their increased engagement in preventing child labor in the sector. Additionally, the model of UNOCACE of purchasing



cocoa beans from farmers and selling directly on the international market is a promising model to explore expansion and replication in Ecuador.

6. **Increase focus on forced labor.** Forced labor in Ecuador demands heightened focus and strategic interventions. First, it is important to mainstream forced labor on the national agenda, recognizing its significance as highlighted by the U.S. Department of State's Trafficking in Persons Report. Moreover, the Ecuadorian government may want to consider investing in comprehensive studies and official statistics to understand the full extent of forced labor, especially in sectors like cocoa. Additionally, addressing forced labor in the cocoa sector may require enhancing enforcement of the legal and policy framework, possibly by strengthening the capacities of labor inspectors to effectively identify and investigate cases. Furthermore, it may be advisable for the government to consider extending its awareness-raising and labor inspection processes to specifically include the cocoa sector.

## 4. Brazil Case Study

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Brazil ranks sixth in global cocoa production. The Brazil case study has a very different cocoa production value chain from that of Ecuador. While Ecuador has 70–85 percent of cocoa from small family farms, in Brazil, approximately 60 percent of cocoa production is on small family farms<sup>126</sup> and there are more large plantations. Cocoa production has been decreasing over the last four decades, though there is a large domestic market for cocoa and capacity for in-country processing and manufacturing. In Brazil, child labor rates appear to be decreasing but are higher in the agriculture sector. Forced labor has been recognized publicly and seems to have more attention from stakeholders and appears to be a greater risk on larger cocoa plantations than on small family farms. Recent prominent lawsuits in the cocoa sector on labor conditions have brought more attention to forced labor. There were many dedicated efforts and progress to address child labor and forced labor in the last two decades, with efforts seeming to wind down over the last five years. Over the last year, the issue seems to be coming back into focus.

### 4.1 Child Labor National Statistics and Context

**There has been a decreasing trend in child labor in Brazil.** In Brazil, an estimated 4.9 percent (1.9 million of 38.4 million) of children and adolescents aged 5 to 17 engaged in child labor in 2022.<sup>127</sup> Child labor rates decreased from 2.1 million children (5.2 percent) in 2016 but increased from 1.8 million (4.5 percent) in 2019. Additionally, while the population of children aged 5 to 17 decreased by 1.4 percent, the number engaging in child labor increased by 7 percent.<sup>128</sup> This builds on a larger trend, in which, according to Brazil’s National Statistics Office, from 1992 to 2015, Brazil removed 5 million children and adolescents from child labor, representing a reduction of 65.6 percent.<sup>129</sup> Those engaging in child labor are more often boys (66.4 percent) and of African descent or mixed race (66.1 percent).<sup>130</sup>

**Child labor is seen among older adolescent children and in the agricultural sector, including in the top cocoa-producing regions though there is a lack of current data specific to the cocoa sector.** More than half (56.5 percent) of children aged 5 to 14 engaged in child labor are in the agriculture sector.<sup>131</sup> Within the cocoa sector specifically, the Rainforest Alliance designates

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<sup>126</sup> Cacau do Brasil. Ministério da Agricultura e Pecuária. Brasília 2022.

<sup>127</sup> IBGE, 2022 Census. <https://censo2022.ibge.gov.br/panorama/>

<sup>128</sup> <https://agenciadenoticias.ibge.gov.br/agencia-noticias/2012-agencia-de-noticias/noticias/38700-de-2019-para-2022-trabalho-infantil-aumentou-no-pais>

<sup>129</sup> Source: III National Plan for the Eradication of Child Labor and Protection of Adolescent Workers (2019–2022).

<sup>130</sup> 2019 National Household Sample Survey—Pesquisa Nacional por Amostra de Domicílios (PnadC)

<sup>131</sup> 2022 Findings on the Worst Forms of Child Labor: Brazil, 2022.

[https://www.dol.gov/sites/dolgov/files/ILAB/child\\_labor\\_reports/tda2022/Brazil.pdf](https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2022/Brazil.pdf)

Brazil as having a medium risk of child labor, with a total risk score of 4.2 of 10.<sup>132</sup> In Bahia, one of Brazil's leading cocoa-producing states, 6.2 percent (181,297 of 2,908,222) of children ages 5 to 17 engage in child labor, compared with 4.9 percent nationally.<sup>133</sup> Additionally, a 2016 report found that 8,000 children aged 10 to 17 across Brazil worked in the cocoa sector in farming and cultivation.<sup>134</sup> Child labor was more prevalent among older adolescents. Of all children engaged in child labor, there were more adolescents ages 14 to 17 (77.8 percent) than children ages 5 to 13 (18.7 percent).<sup>135</sup> In Brazil, the minimum age for work is 16 years, and 18 years for hazardous work. Further, an estimated 706,000 children ages 5 to 17 were in hazardous working conditions included in the Brazilian government's List of the Worst Forms of Child Labor in Brazil.<sup>136</sup>

**Child labor trends in the top cocoa-producing state of Bahia.** According to Brazil's Agricultural Census in 2017, in the state of Bahia, among children and adolescents under the age of 14 engaged in child labor, 39 percent were in the agriculture sector and, among these, 75.2 percent were working on small family farms, where child labor tends to be more prevalent.<sup>137</sup> There is a greater risk for child labor in cocoa production, given that the sector predominantly includes small family farms in the farming and cultivation stage of the value chain.

## 4.2 Forced Labor National Statistics and Context

**Forced labor is prevalent throughout Brazil, especially in the top cocoa-growing areas.** In 1995, the Brazilian government acknowledged the presence of forced labor in the country. Since then, more than 61,000 workers have been reported to have been freed from situations akin to slavery,<sup>138</sup> through operations primarily led by MOL and Ministry of Labor and Employment (MTE) inspectors.<sup>139</sup> Bahia, one of the top cocoa-producing states, is also among

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<sup>132</sup> Child Labor and Forced Labor Sector Risk Maps. December 2022. Rainforest Alliance. The Rainforest Alliance categorizes the risk of child labor or forced labor in countries into three risk levels: low, medium, and high. These levels are based on a numeric score from 0 to 10. Risk-level thresholds are based on total risk score: Low risk: < 3.3; Medium risk: between 3.3 and 6.7; High risk: > 6.7. Accessed at <https://www.rainforest-alliance.org/resource-item/data-sheet-for-child-labor-and-forced-labor-risk-maps/>, and methodology detailed at: <https://www.rainforest-alliance.org/resource-item/guidance-and-methods-for-child-labor-and-forced-labor-sectoral-risk-maps/>

<sup>133</sup> Source: FNPETI based on the 2019 National Household Sample Survey—Pesquisa Nacional por Amostra de Domicílios (PnadC)

<sup>134</sup> DIAS, Júnior César. O trabalho infantil nos principais agrupamentos de atividades econômicas do Brasil. Brasília: FNPETI, 2016. <https://fnpeti.org.br/publicacoes/>

<sup>135</sup> 2021 Findings on the Worst Forms of Child Labor: Brazil, 2021, [https://www.dol.gov/sites/dolgov/files/ILAB/child\\_labor\\_reports/tda2021/Brazil.pdf](https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2021/Brazil.pdf)

<sup>136</sup> The List of the Worst Forms of Child Labor (Lista das Piores Formas de Trabalho Infantil) is a list of 93 occupations that are considered dangerous and harmful to children under 18 years of age in Brazil. This list was created in 2008 by the Brazilian government.

<sup>137</sup> Source: FNPETI based on the 2017 Agricultural Census—O Trabalho Infantil na Agropecuária Brasileira: uma leitura a partir do Censo Agropecuário de 2017-Relatório resumido, Bahia

<sup>138</sup> Article 149 of the Brazilian Penal Code, amended in 2003: Reducing anyone to a condition analogous to that of a slave, either by subjecting him or her to forced labor or to debilitating work days, or by subjecting him or her to degrading working conditions, or by restricting, by whatever means, the person's mobility as a result of any debt with an employer or agent. de Castro Gomes, Angela, (2013) Translation of "Labor Analogous to Slavery: The Construction of a Problem" from "Trabalho análogo a de escravo: construindo um problema," História Oral 11 (Jan–Dec 2008): 11–41. <http://dx.doi.org/10.3998/lacs.12338892.0001.005>

<sup>139</sup> <https://sit.trabalho.gov.br/radar/>

the top three states with the highest prevalence of forced labor.<sup>140</sup> This matches the Rainforest Alliance’s assessment of Brazil’s having a high risk for forced labor in the cocoa sector with total risk score of 8.7 of 10.<sup>141</sup>

**Forced labor in the agriculture sector mostly includes migrants from other parts of Brazil seeking employment opportunities.** The majority of rural workers rescued during MTE inspections are national migrants who left their homes to seek employment in the expanding agricultural regions. Often these migrants were deceived by false promises or forced to migrate because of economic vulnerability.<sup>142</sup> They are often engaged in activities such as livestock farming, charcoal production, deforestation, and cultivation of crops including sugarcane, soybeans, cotton, and coffee.<sup>143</sup>

**Forced labor in Brazil mostly occurs through debt bondage schemes, in both rural and urban areas.** What this means in mostly rural regions is that workers are trapped on farms until they can repay their debts, facing threats and having their documents confiscated. Debt bondage often involves labor contracting by “empreiteiros” or “gatos” (*entrepreneurs*) who lure workers from impoverished areas to large estates and subject them to exploitative charges and debts related to payment owed. For instance, workers incur initial transport and food expenses and continue to accumulate debts for tools, housing, and services. Such cycles perpetuate economic servitude and exploitation.<sup>144</sup>

**Individuals in forced labor are more likely to be illiterate, male, and of African descent.** Among the workers who are rescued, 68 percent are reported to be illiterate or have not completed the 5th grade of primary education. Additionally, 95 percent of individuals subjected to forced labor are men, though women are often underreported in forced labor in activities like domestic labor, textile sector work, and commercial sexual exploitation.<sup>145</sup> Among the workers released from forced labor, over half (58 percent) of forced laborers were of African descent.

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<sup>140</sup> Fair Labor Association, Addressing Forced Labor in Brazil, Issue Brief. August 2023. Accessed at <https://www.fairlabor.org/resource/addressing-forced-labor-in-brazil/>

<sup>141</sup> Child Labor and Forced Labor Sector Risk Maps. December 2022. Rainforest Alliance. The Rainforest Alliance categorizes the risk of child labor or forced labor in countries into three risk levels: low, medium, and high. These levels are based on a numeric score from 0 to 10. Risk-level thresholds are based on total risk score: Low risk: < 3.3; Medium risk: between 3.3 and 6.7; High risk: > 6.7. Accessed at: <https://www.rainforest-alliance.org/resource-item/data-sheet-for-child-labor-and-forced-labor-risk-maps/>

<sup>142</sup> Slave labor in Brazil’s meat industry. Reporter Brasil. January 2021. <https://reporterbrasil.org.br/wp-content/uploads/2021/01/Monitor-8-Slave-labor-in-Brazils-meat-industry.pdf>

<sup>143</sup> O trabalho escravo no Brasil. Reporter Brasil. <https://escravonempensar.org.br/o-trabalho-escravo-no-brasil/>

<sup>144</sup> Source: ILO: [https://www.ilo.org/global/topics/forced-labour/WCMS\\_090984/lang--en/index.htm](https://www.ilo.org/global/topics/forced-labour/WCMS_090984/lang--en/index.htm)

<sup>145</sup> O trabalho escravo no Brasil. Reporter Brasil. <https://escravonempensar.org.br/o-trabalho-escravo-no-brasil/>

### 4.3 Cocoa Production

**Overall cocoa production.** Brazil is the sixth largest cocoa producer in the world, representing 4.6 percent of global cocoa production.<sup>146</sup> Brazil produces 200,000 tons of beans per year with approximately 600,000 hectares of cocoa cultivation and 75,000 producers, of which 60 percent of producers are small family farmers. The average size of cocoa farms is 7 hectares.<sup>147</sup> The states of Pará and Bahia are the main producers of cocoa beans in Brazil, accounting for approximately 96 percent of the entire national production.<sup>148</sup> Beans are cultivated by small family farms in these states, including Indigenous and traditional communities (see Exhibit 13).<sup>149</sup>

**Reduced cocoa production in Brazil.** Over the last 50 years, Brazil has shifted from producing around 400,000 tons of cocoa in the 1980s to now producing about half of that amount at 200,000 tons. During the 1980s, the witch's broom disease (caused by the fungus *Moniliophthora perniciosa*) consumed approximately 300,000 hectares of cacao in Bahia within three years. Losses as high as 100 percent of the crop were observed in many farms and the country lost 75 percent of its annual production.<sup>150</sup>

**Exhibit 13. Top Cocoa-Producing Regions in Brazil**



Source: AIR.

**Cocoa is primarily exported as semiprocessed cocoa products, while unprocessed cocoa beans are exported at a much smaller rate.** Brazil is not as major an exporter as it used to be in the past because of reduced production capacity. In terms of overall exports, in 2021, Brazil's exports of chocolate and cocoa products generated USD 353 million<sup>151</sup> compared with Brazil's main exports of iron ore, soybeans, and crude oil, which accounted for more than 35 percent of its total exports (about USD 120 billion in 2021).<sup>152</sup> Brazil primarily exports cocoa as

<sup>146</sup> O cacau de Brasil. Dados e informações sobre a cacaucultura Brasileira. National Association of the Cocoa Processing Industry (AIPC), 2022.

<sup>147</sup> Cacau do Brasil. Ministério da Agricultura e Pecuária. Brasília 2022.

<sup>148</sup> Cacau do Brasil. Ministério da Agricultura e Pecuária. Brasília 2022. <https://www.gov.br/agricultura/pt-br/assuntos/ceplac/publicacoes/outras-publicacoes/cacau-do-brasil-versao-ingles-1>

<sup>149</sup> World Cocoa Foundation.

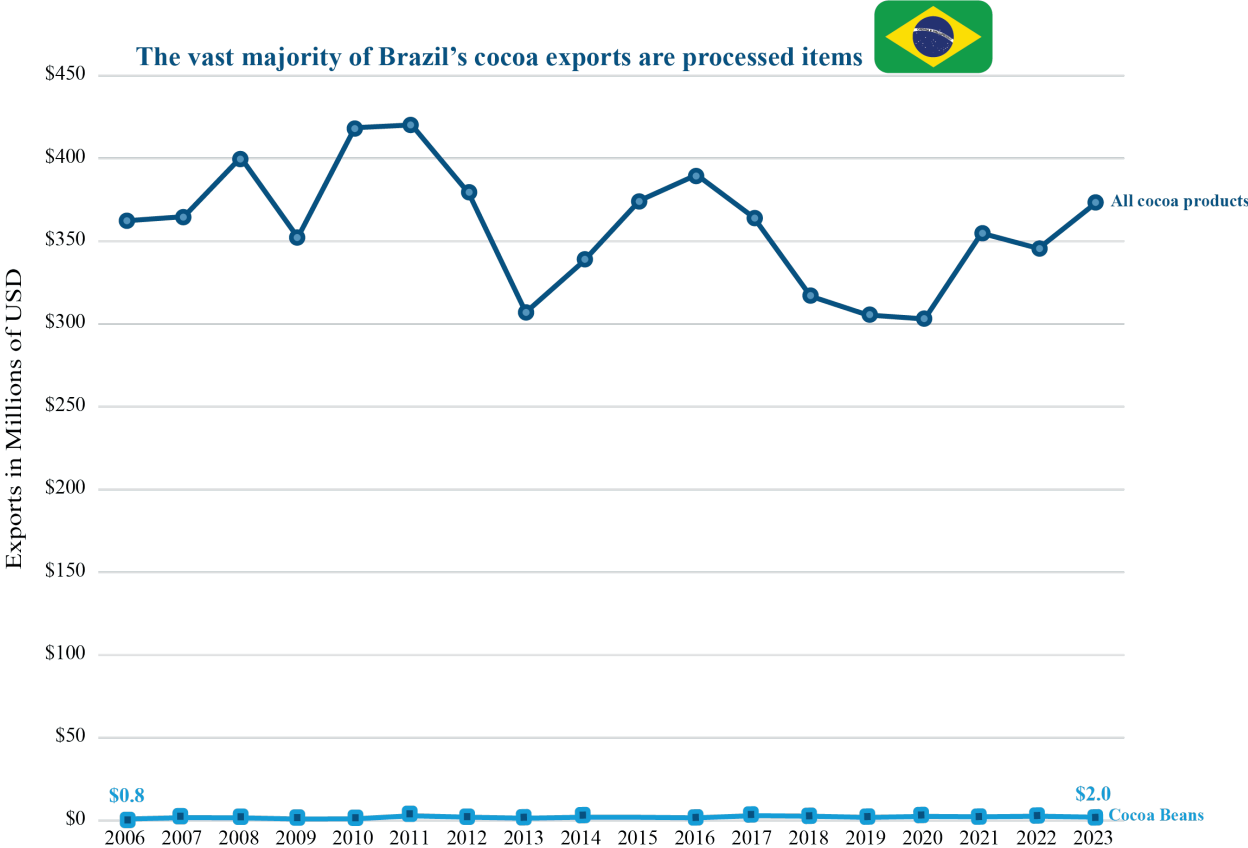
<sup>150</sup> Source: National Academies of Sciences, Engineering, and Medicine. 2010. Strategic Planning for the Florida Citrus Industry: Addressing Citrus Greening Disease. Washington, DC: The National Academies Press. <https://doi.org/10.17226/12880>

<sup>151</sup> <http://comexstat.mdic.gov.br/en/geral>; <https://agenciabrasil.etc.com.br/en/economia/noticia/2022-07/brazil-7th-largest-cocoa-producer-world> Includes manufacture of cocoa, chocolate and sugar confectionery & cocoa and cocoa preparations

<sup>152</sup> <https://oec.world/en/profile/country/bra>

semiprocessed cocoa products, chocolate, and prepared foods, and a much smaller share as cocoa beans.<sup>153</sup> In Brazil, 65.4 percent of cocoa exports are as semiprocessed cocoa products, mainly to Argentina, Chile, and the United States.<sup>154</sup> Chocolate and other prepared foods account for 34 percent of cocoa exports, with 89 percent of sales in Latin America including 24 percent to Argentina.<sup>155</sup> The beans that are primarily exported are of special cocoa and fine cocoa varieties. According to OEC, Brazil exported USD 2.26 million worth of cocoa beans in 2021, representing about 5.4 percent of its total cocoa production.<sup>156</sup> See Exhibit 14, below, for trends in exports for cocoa beans and all cocoa products from Brazil.

**Exhibit 14. Cocoa Beans and All Cocoa Products Exported From Brazil**



Source: AIR. Data: UN Comtrade. Accessed at <https://comtradeplus.un.org/>

**Growing demand in domestic market.** The primary focus of the Brazilian cocoa industry lies in supplying the growing demand of the domestic market, accounting for 95 percent of cocoa

<sup>153</sup> <https://reporterbrasil.org.br/wp-content/uploads/2020/10/Monitor-6-Cacau-EN.pdf>  
<sup>154</sup> Cadeia de valor do cacau. Dos territórios indígenas aos mercados. Iniciativa Comunidades e Governança Territorial da Forest Trends (ICGT-FT), 2022.  
<sup>155</sup> Ibid.  
<sup>156</sup> <https://oec.world/en/profile/bilateral-product/cocoa-beans/reporter/bra>

produced in Brazil. With current cocoa production around 200,000 tons, Brazil is not able to meet domestic and export demand, estimated at 300,000 tons, including capacity of processing mills and factories for chocolate brands.<sup>157</sup> In fact, the Inova Cacau 2030 plan from the government includes a goal of increasing production to over 400,000 tons by 2030.<sup>158</sup> Despite the fact that Brazil produces the main raw materials—cocoa, milk, and sugar—for chocolate production, it needs to import dried beans to both sustain its export activities and meet domestic consumption.<sup>159, 160</sup> Brazil imported US\$160 million in cocoa beans in 2021<sup>161</sup> to meet its domestic consumption demands as the fifth largest consumer of cocoa in the world.<sup>162</sup>

#### 4.4 Cocoa Value Chain Stages

AIR reviews stages of cocoa production in the supply chain in Brazil for apparent risks that could create conditions for child labor and forced labor following the cocoa production value chain stages framework (Exhibit 2). According to key informants and documentation, cases of child labor and forced labor are more likely to occur within the cocoa growing, harvesting, fermenting, and drying segment of the cocoa value chain. For forced labor, these cases and risks were at larger cocoa estates with workers engaged in debt bondage schemes or false partnership contracts. For child labor, these cases and risks were in small family farms during harvesting. This farming and cultivation segment, even at larger cocoa plantations, often lacks sufficient oversight and enforcement resources by the labor inspection, making it easier for these labor abuses to remain unnoticed or unaddressed.



#### *Growing, Harvesting, Fermenting, and Drying*

**Small-scale farms.** In Brazil, approximately 60 percent of the cocoa produced is cultivated by smallholder farmers, who rely heavily on family labor and are mostly in the informal sector. These farmers are not unionized, and in turn, unions do not represent them or their interests.

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<sup>157</sup> Ministry of Agriculture and Livestock, 2023. Inova Cacau Plan 2030. <https://www.gov.br/agricultura/pt-br/assuntos/ceplac/publicacoes/inova-cacau-2030/inova-cacau-2030-versao-ingles>

<sup>158</sup> <https://www.gov.br/agricultura/pt-br/assuntos/ceplac/publicacoes/inova-cacau-2030/inova-cacau-2030-versao-ingles>

<sup>159</sup> Cadeia de valor do cacau. Dos territórios indígenas aos mercados. Iniciativa Comunidades e Governança Territorial da Forest Trends (ICGT-FT), 2022.

<sup>160</sup> Source: Cadeia Produtiva do Cacau. Avanços e Desafios Rumo à Promoção do Trabalho Decente: análise situacional. Organização Internacional do Trabalho, Ministério Público do Trabalho (MPT), Papel Social, 2018.

<sup>161</sup> <https://oec.world/en/profile/bilateral-product/cocoa-beans/reporter/bra>

<sup>162</sup> CocoaAction Brasil Impact Report 2018–2022 <https://worldcocoafoundation.org/storage/files/relatorio-de-impacto-cocoaaction-brasil-ing-baixa.pdf>

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*According to the families interviewed, the low price paid by intermediaries is one of the determining factors for child labor. There are no resources to hire temporary labor during the harvest.<sup>163</sup>*

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Parents perceive child labor as necessary to fulfill their families' production and income requirements. Within this context, the employment of children and adolescents is explained, to a large extent, by the low prices offered by the middlemen to the cocoa farmers. In this regard, the farmers' meager income prevents hiring temporary workers during the labor-intensive harvest season.

**Landowner partnership schemes.** In Brazil, the structure of the cocoa production chain is diverse, incorporating small- and medium-scale producers who, for the most part, establish sharecropping and partnership relationships with landowners. In Brazil, cocoa farmers often engage in two main types of relationships with landowners: sharecropping and partnerships. These relationships define the terms under which farmers gain access to land for cocoa cultivation and how the benefits and risks are distributed between the farmers and landowners. A description of each is provided below.

- **Sharecropping:** Sharecropping is a common arrangement in the agricultural sector, including cocoa farming. Under this system, the landowner provides the land to the farmer for cultivation, while the farmer contributes labor and other inputs necessary for cocoa production. The distribution of the cocoa harvest is typically agreed upon in advance, with the landowner receiving a share, and the farmer retaining the remainder.
- **Partnerships:** In partnerships, both parties contribute resources and share the risks and rewards of cocoa production more equitably. The landowner may provide the land, capital, or other resources, while the farmer contributes labor, knowledge, and farming expertise.

Sharecropping and partnership relationships with landowners can often lead to exploitation of cocoa farmers. This is because of power imbalances, unequal distribution of risks, limited access to resources, information asymmetry, and the absence of supportive regulations. Farmers face unfavorable terms, bear most of the risks, lack access to resources, have limited information, and are vulnerable to manipulation by landowners. This exploitative process perpetuates poverty and dependency among cocoa farmers and can eventually lead to cases of slave labor and child labor.<sup>164</sup>

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<sup>163</sup> ILO-MPT: *Cocoa Productive Chain: advances and challenges toward the promotion of decent work—a situational analysis*. 2018 <https://www.ilo.org/pt-pt/publications/cadeia-productiva-do-cacau-avancos-e-desafios-rumo-promocao-do-trabalho>

<sup>164</sup> Source: Cadeia Produtiva do Cacau. Avanços e Desafios Rumo à Promoção do Trabalho Decente: análise situacional. Organização Internacional do Trabalho, Ministério Público do Trabalho (MPT), Papel Social, 2018.



**Child labor and forced labor in cocoa farming and cultivation.** According to a study conducted in 2018 by the ILO and Brazil’s Labor Prosecution Office,<sup>165</sup> the use of child labor is widespread in cocoa-producing regions of the country during the farming and cultivation stage. The report, based on a study published in 2016 from data from a 2014 survey, revealed that 8,000 children and adolescents, ages 10 to 17, worked in cocoa plantations during the farming and cultivation stage, largely extracting beans from cocoa pods. These practices involve a range of activities, including planting, harvesting, and tending to cocoa trees. During harvesting, child and adolescent workers on small family farms had tasks including cutting the cocoa pods off the trees and transferring them into baskets. Also, child labor may occur in postharvest operations, such as cracking cocoa pods and removing the seeds, sorting, drying, and transporting cocoa beans on the farm. These findings were supported by all the key informants interviewed, such as representatives from the government, unions, CSOs, and industry, who acknowledged the existence of conditions for child labor and forced labor in the cocoa sector in Brazil. While some informants believed there were only isolated cases, others believed they were a structural feature of the farming and cultivation segment of the cocoa value chain.

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*The way the cocoa production chain is structured paves the way for child labor and slave labor.*

- *Trade union representative*

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**Debt bondage structures.** In Brazil, the risk of forced labor in the agricultural sector, including cocoa farming, particularly on large estates, is heightened by debt bondage and informal labor agreements. Cases of forced labor have been identified in the main Brazilian cocoa production areas in recent years.<sup>166</sup> In various situations it was found that workers had been subjected to debt bondage systems, degrading living and working conditions, and exhausting work schedules. Workers may become trapped in debt bondage because of unfair terms that make it impossible to repay loans, usually incurred for essentials like transportation or tools. Informal labor agreements, lacking legal contracts, further exacerbate this issue, as they often do not adhere to legal standards for wages and working conditions. These factors, combined with challenges in enforcing labor laws in remote areas, create an environment ripe for worker exploitation, particularly forced labor, in Brazilian agriculture. The results of the labor inspection published by the MTE<sup>167</sup> report on 32 cocoa farms inspected and 242 workers rescued from forced labor in the farming and cultivation segment of the value chain between 1998 and 2022. This is a very low number of interventions (there are about 75,000 cocoa

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<sup>165</sup> ILO-MPT: *Cocoa Productive Chain: advances and challenges toward the promotion of decent work—a situational analysis*. 2018 <https://www.ilo.org/pt-pt/publications/cadeia-productiva-do-cacau-avancos-e-desafios-rumo-promocao-do-trabalho>

<sup>166</sup> ILO-MPT: *Cocoa Productive Chain: advances and challenges toward the promotion of decent work—a situational analysis*. 2018 <https://www.ilo.org/pt-pt/publications/cadeia-productiva-do-cacau-avancos-e-desafios-rumo-promocao-do-trabalho>

<sup>167</sup> <https://sit.trabalho.gov.br/radar/>

farmers in Brazil), which speaks more of the sector's scarce oversight than of the size of the problem, although this confirms the existence of forced labor.

**Migrant vulnerability.** While much of the forced labor risks appear to be among domestic migrants, in recent years, the number of migrants in Brazil has significantly increased. Migrants have primarily arrived from Venezuela.<sup>168</sup> Such migrants, particularly those with an illegal or undocumented status, can be particularly vulnerable to forced labor. They may lack legal protections, face language barriers, or have limited access to support networks (such as family or friends), making them susceptible to exploitation by unscrupulous employers or labor brokers.

**Poverty.** Family farming represents, on average, around 60 percent of the total cocoa production in Brazil. In the state of Bahia, for example, cocoa represents 79 percent of the income of rural establishments in the territory. Half of the rural farmers in Bahia, a top cocoa-producing state, have a monthly income below US\$320,<sup>169</sup> less than the net living wage for Brazil at US\$512 per month.<sup>170</sup> If facing poverty and struggling to meet basic needs, cocoa farmers may engage children to work on farms instead of hiring outside workers. Poverty increases the risk of reliance on child labor and forced labor, and this appears to be occurring especially in the state of Bahia. With forced labor, workers in poverty seek employment even if it does not meet decent work requirements.

**Child labor and forced labor trends in other agricultural value chains.** More than 50 percent of all child labor in Brazil is in agriculture.<sup>171</sup> There are other instances in which child labor has been confirmed in Brazil, for example, in the sugarcane, coffee, and tobacco sectors.<sup>172</sup> In particular, child labor and forced labor in these sectors have been found in the cultivation and harvest of the crops.<sup>173</sup> Child and forced labor are prevalent in the farming stages in agriculture in Brazil where there is heightened need for manual work.

**Climate change.** Several respondents reported that climate change and consequences such as droughts and pests affecting crops present a threat to cocoa farmers to decrease cocoa production and increase the risk for child labor and forced labor. This could lead farmers to use child labor and forced labor to cut costs and make up for economic losses as a result of climate

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<sup>168</sup> <https://datosmacro.expansion.com/demografia/migracion/inmigracion/brasil>

<sup>169</sup> Panorama da cacauicultura no Território Litoral Sul da Bahia 2015–2019. Jorge Chiapetti, Rui Barbosa da Rocha, Alessandro Santos da Conceição, Amílcar Baiardi, Dimitri Szerman, Leah VanWey. 2020.

<sup>170</sup> Source: Living Wage Update Report: Non-Metropolitan São Paulo State, Brazil 2022. Source: Global Living Wage Coalition

<sup>171</sup> <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/brazil>

<sup>172</sup> U.S. Department of Labor's 2021 Findings on the Worst Forms of Child Labor, Brazil.

<sup>173</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8620869/>; [https://foodispower.org/our-food-choices/coffee/#:~:text=Child%20Labor,is%20widespread%20in%20coffee%20cultivation,;www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---ipecc/documents/publication/wcms\\_ipecc\\_pub\\_29635.pdf](https://foodispower.org/our-food-choices/coffee/#:~:text=Child%20Labor,is%20widespread%20in%20coffee%20cultivation,;www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipecc/documents/publication/wcms_ipecc_pub_29635.pdf)

change. An article by Brazil's National Institute for Space Research cautions that climate change could reduce cocoa-growing areas and reconfigure cocoa cultivation in Brazil by 2050.<sup>174</sup>



### *Sourcing and Trading*

While risks for child labor and forced labor in this segment of the value chain were much lower, prices provided for cocoa beans and other factors could affect the risk of child labor and forced labor in other parts of the value chain. In this part of the value chain, risks for child labor and forced labor include a reliance on middlemen and lack of cooperatives. At this stage, middlemen play a vital role in the marketing and allocation of the beans to processing mills.

**Lack of cooperatives.** Cooperatives can support farmers in many ways, such as technical assistance and price negotiation with buyers. According to estimates, only 8 percent of cocoa farmers in Bahia<sup>175</sup> and only 11 percent of cocoa farmers overall<sup>176</sup> are affiliated with cooperatives. Moreover, the limited contribution of cooperatives to technical assistance to farmers in Bahia raises questions about the extent to which these organizations play a supportive role in enhancing the agricultural practices of cocoa farmers in the region. Furthermore, according to the 2022 Rainforest Alliance Cocoa Annual Certification Data Report, only a small portion of the cocoa produced in Brazil, 2,692 tons, was certified as sustainably sourced.<sup>177</sup> Workers' organizations and unions are also critical to supporting farmers and are discussed more in Section 4.6.5.

**Reliance on middlemen.** There were implications of middlemen involved in the processing and fermentation stage and low prices provided to cocoa producers, posing a risk for child labor and forced labor during the previous farming and cultivation segment of the value chain. These middlemen are strategically located across significant cocoa-producing regions, enabling them to establish connections between the growing areas and multinational processing companies. The middlemen who purchase cocoa directly from farmers in rural areas are often in close proximity to the farms. The middlemen provide payment in cash but typically offer a lower purchase price compared to the prices offered at processor receiving stations. They justify this

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<sup>174</sup> <http://www.ccst.inpe.br/as-mudancas-climaticas-podem-reduzir-e-reconfigurar-o-cultivo-de-cacau-na-amazonia-brasileira-ate-2050-diz-artigo-com-participacao-de-pesquisador-da-diiav-cgct-inpe/#:~:text=As%20evid%C3%AAsncias%20indicam%20que%20o,mais%20seco%20na%20bacia%20amaz%C3%B4nica.>

<sup>175</sup> Panorama da Cacaicultura no Território Litoral Sul da Bahia 2015-2019. Instituto Floresta Viva

<sup>176</sup> <https://www.gov.br/agricultura/pt-br/assuntos/ceplac/publicacoes/inova-cacau-2030/inova-cacau-2030-versao-ingles>. According to data from the 2017 Agricultural Census.

<sup>177</sup> <https://www.rainforest-alliance.org/business/certification/cocoa-certification-data-report-2022>

lower price by factoring in the costs associated with transportation and freight to the destination where the acquired cocoa will be sold. At the next level, collectors receive cocoa purchased by the middlemen and maintain a direct business relationship with multinational processing companies which require invoices and a corporate taxpayer identification number.<sup>178</sup> In many instances, collectors are responsible for issuing fiscal documents related to the production.<sup>179</sup> There are some medium-sized companies that purchase cocoa directly from farmers.<sup>180</sup>

Within this context, the employment of children is explained, to a large extent, by the low prices offered by the middlemen to the cocoa farmers. In this regard, the farmers' meager income prevents hiring temporary workers during the labor-intensive harvest season.



### *Processing and Manufacturing*

There appear to not be significant risks or cases of child labor or forced labor in the processing and manufacturing level of the cocoa value chain. However, the cocoa milling and processing market is dominated by a few companies, which may have implications for prices provided to collectors, middlemen, and farmers in earlier parts of the value chain.<sup>181</sup> These processing industries create products such as cocoa butter, liquor, powder, and cocoa cake, which serve as the raw materials for production of chocolate and chocolate-based products.

Three international companies, Barry Callebaut, Cargill, and Ofi, account for 97 percent of the cocoa processing in Brazil.<sup>182, 183</sup> There are five factories, four in Bahia (three in Ilhéus and one in Itabuna) and one in São Paulo, that process cocoa.<sup>184</sup> For the other 3 percent, apart from the multinational processors, there are local artisanal chocolate makers in Brazil that source their

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<sup>178</sup> ILO, MPT, Papel Social. (2018). Cocoa Productive Chain: Advances and Challenges Toward the Promotion of Decent Work—A Situational Analysis. Working Paper prepared for the project “Promotion and Implementation of Fundamental Principles and Rights at Work in Brazil.” Accessed at [https://www.cocoainitiative.org/sites/default/files/resources/Cocoa\\_EN.pdf](https://www.cocoainitiative.org/sites/default/files/resources/Cocoa_EN.pdf)

<sup>179</sup> Cadeia de valor do cacau. Dos territórios indígenas aos mercados. Iniciativa Comunidades e Governança Territorial da Forest Trends (ICGT-FT), 2022.

<sup>180</sup> Hütz-Adams, F., Campos, P., Fountain, A.C. (2022): Latin America Baseline Cocoa Barometer, 2022

<sup>181</sup> Cadeia de valor do cacau. Dos territórios indígenas aos mercados. Iniciativa Comunidades e Governança Territorial da Forest Trends (ICGT-FT), 2022.

<sup>182</sup> Barry Callebaut, Cargill, and Ofi.

<sup>183</sup> <https://reporterbrasil.org.br/wp-content/uploads/2020/10/Monitor-6-Cacau-EN.pdf>

<sup>184</sup> <https://thechocolatelife.com/content/files/2022/01/Global-Cocoa-Market-Study-Report.pdf>

beans directly from cocoa farms<sup>185</sup> or own their own cocoa farms and grow, harvest, and process the beans in-house.<sup>186</sup>



### *Distribution and Marketing, Consumption*

There do not appear to be significant risks or cases of child labor or forced labor at the distribution and marketing or consumption levels of the cocoa supply chain. These products from cocoa processing (cocoa butter, liquor, powder, and cake) are then sent to major retail brands to produce and market chocolate and other products in Brazil. Three major retail brands, Nestlé (acquired Garoto), Mondelēz, and Hershey account for 63.8 percent of the chocolate sold in the country. These brands, as well as Mars, have chocolate factories in Brazil. Of these, Mondelēz has the largest market share, at 32 percent.<sup>187</sup> Once chocolate products are manufactured, they are distributed and sold through various retail channels, including supermarkets, convenience stores, and specialty shops. Then consumers purchase cocoa and chocolate products. In Brazil, the consumption of chocolate per inhabitant has grown substantially since the 1970s, when the consumption was around 300 grams per year to an average of 2.5 kilograms per person annually in 2015.<sup>188</sup> The purchase of chocolate is concentrated in supermarkets, where people can find many flavors and brands with lower prices.<sup>189</sup> This includes products from over 300 chocolate brands in Brazil.<sup>190</sup>

## **4.5 Key Stakeholders Engaged in Addressing Child Labor and Forced Labor in Cocoa Supply Chains**

The landscape of actors in Brazil working on child labor and forced labor generally and in the cocoa value chain specifically is made up of government, private sector, worker organizations, international cooperation agencies, and CSOs. In Exhibit 15 below, we detail relevant key stakeholders and their roles related to addressing child labor and forced labor in cocoa supply chains, to provide context before presenting their efforts and challenges in the next section.

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<sup>185</sup> See Nugali: <https://www.nugali.com.br/a-nugali>, Q chocolate: <https://www.chocolateg.com/caminho-do-cacau>, and Chocolate Makers: <https://chocolatemakers.nl/en/origin/brazilie/>

<sup>186</sup> See <https://joaihu.com/> and <https://news.mongabay.com/2018/11/smallholder-farmers-defy-cocoas-production-model-in-brazil/>

<sup>187</sup> <https://thebrazilbusiness.com/article/chocolate-market-in-brazil>

<sup>188</sup> <https://thebrazilbusiness.com/article/chocolate-market-in-brazil>

<sup>189</sup> <https://thebrazilbusiness.com/article/chocolate-market-in-brazil>

<sup>190</sup> Ministry of Agriculture and Livestock, 2023. Inova Cacau Plan 2030. <https://www.gov.br/agricultura/pt-br/assuntos/ceplac/publicacoes/inova-cacau-2030/inova-cacau-2030-versao-ingles>

## Exhibit 15. Relevant Stakeholders in the Cocoa Sector and Labor Issues in Brazil

Stakeholder Type	Stakeholder Name	Role
Government	The Ministry of Labor and Employment (MTE— <i>Ministério do Trabalho e Emprego</i> )	Responsible for devising and implementing labor policies, including those pertaining to child labor and forced labor. Conducts inspections, enforces labor laws, and applies penalties for violations involving child labor. The ministry works on preventing forced labor through conducting awareness campaigns, supporting affected workers, and contributing to policy development. Specialized labor inspectors, like the Special Mobile Inspection Group (GEFM— <i>Grupo Especial de Fiscalização Móvel</i> ), <sup>191</sup> conduct inspections and enforce labor laws.
Government	Public Labor Prosecution Office (MPT— <i>Ministério Público do Trabalho</i> )	The MPT is tasked with upholding and enforcing laws, including those concerning child labor. This office investigates cases, prosecutes offenders, and advocates for children’s rights. It also plays a crucial role in combating forced labor by investigating instances, initiating legal actions against those who violate the laws, and seeking justice for victims. <sup>192</sup>
Government	Ministry of Human Rights	Focuses on human rights concerns, with a specific emphasis on safeguarding the rights of women, children, and vulnerable groups. The ministry develops policies, coordinates programs, and monitors situations related to child labor, including forced labor. <sup>193</sup>
Government	Ministry of Agriculture and Livestock (MAPA), Executive Commission for Cocoa Cultivation Planning (CEPLAC)	MAPA has a mission to promote sustainable development of agricultural production chains in Brazil, including cocoa value chain. CEPLAC is an agency of MAPA operating in six states in Brazil including Bahia and Para. CEPLAC has provided support and encouragement for cooperatives such as Coopercabruca and Gandu Agricultural Cooperative. CEPLAC released the Inova Cacau 2030 Plan in partnership with CocoaAction Brasil which sets a goal of increasing farmer participation in cooperatives to cover 30 percent of farmers.
Government	State/local agencies	State Secretariats for Labor, the State Secretariats for Social Assistance, Municipal Departments of Labor, and Municipal Departments of Social Assistance

<sup>191</sup> <https://www.gov.br/economia/pt-br/assuntos/noticias/2020/maio/aos-25-anos-grupo-especial-de-fiscalizacao-movel-do-trabalho-lanca-novo-sistema-para-denuncias>

<sup>192</sup> <https://mpt.mp.br/>

<sup>193</sup> <https://www.gov.br/mdh/pt-br>

Stakeholder Type	Stakeholder Name	Role
Industry	Barry Callebaut	International chocolate and cocoa trader, processor, and manufacturer with cocoa-processing plants in Ilhéus, Bahia; Extrema, Minas Gerais; Itabuna, Bahia; and a sales location in São Paulo. <sup>194</sup>
Industry	Cargill	International trader, processor, and manufacturer food company with cacao and chocolate-processing plant locations in Ilhéus, Bahia; <sup>195</sup> and Porto Ferreira, São Paulo. <sup>196</sup>
Industry	ofi	International trader and processor food and agriculture company, with cocoa processing facilities in Ilhéus, Bahia; Itabuna; Bahia; and Altamira, Pará.
Industry	Hershey	International chocolate and cocoa company and manufacturer. In Brazil, Hershey sources cocoa and has a manufacturing and production plant in São Roque, São Paulo, and a commercial office in São Paulo. <sup>197</sup>
Industry	Nestlé	Multinational food and beverage company, acquired Brazilian chocolate companies Grupo CRM <sup>198</sup> and Garoto, <sup>199</sup> and has manufacturing and production facilities in Caçapava and Marília, São Paulo, and in Vila Velha, Espírito Santo, and sources cocoa from Brazil (11 percent of total cocoa). <sup>200</sup>
Industry	Mars	Multinational food company, with a Mars Center for Cocoa Science in Bahia to develop sustainable cocoa varieties and farming techniques, and chocolate manufacturing and production facilities in São Paulo.
Industry	Ferrero	Multinational chocolate manufacturer company that has a manufacturing plant in Poços de Caldas, Minas Gerais.
Industry	Mondelēz	International food company, with chocolate factories in Curitiba, Paraná, and Vitória de Santo Antão, Pernambuco.
Industry	CocoaAction Brasil	An initiative started in 2018 with participation and funding from 8 companies: Barry Callebaut, Cargill, Dengo, Harald, Mars, Mondelēz, Nestlé, and ofi. The stated goals are to promote sustainability with a focus on cocoa farmers, with additional detail stated in sections below. <sup>201</sup>

<sup>194</sup> <https://www.barry-callebaut.com/en/bccom-contact/location/country/BR>

<sup>195</sup> <https://www.cargill.com/history-story/en/ISO-AT-ILHEUS.jsp>

<sup>196</sup> <https://www.cargill.com/static/brazil-annual-report/2014/en/03.htm#timeline>

<sup>197</sup> [https://www.thehersheycompany.com/en\\_us/home/about-us/the-company/plant-locations.html#:~:text=S%C3%83O%20ROQUE%20%26%20S%C3%83O%20PAULO&text=As%20part%20of%20a%20joint,Commercial%20Office%20in%20S%C3%A3o%20Paulo](https://www.thehersheycompany.com/en_us/home/about-us/the-company/plant-locations.html#:~:text=S%C3%83O%20ROQUE%20%26%20S%C3%83O%20PAULO&text=As%20part%20of%20a%20joint,Commercial%20Office%20in%20S%C3%A3o%20Paulo)

<sup>198</sup> <https://www.nestle.com/media/pressreleases/allpressreleases/majority-stake-acquired-chocolate-company-brazil>

<sup>199</sup> <https://www.just-food.com/news/nestle-gets-all-clear-to-buy-brazilian-chocolate-maker-garoto-after-20-years/?cf-view>

<sup>200</sup> [https://www.nestlecocoaplan.com/sites/default/files/2023-11/NCP-Progress-Report-2022\\_231120.pdf](https://www.nestlecocoaplan.com/sites/default/files/2023-11/NCP-Progress-Report-2022_231120.pdf)

<sup>201</sup> <https://www.worldcocoafoundation.org/initiative/cocoaaction-brasil-por/>

Stakeholder Type	Stakeholder Name	Role
Industry	National Association of the Cocoa Processing Industry (AIPC— <i>Associação Nacional da Indústria de Processamento de Cacau</i> )	An organization representing cocoa grinding companies, started in 2004, led by Barry Callebaut, Cargill, and ofi, to promote growth in the cocoa value chain.
Worker organizations	General Union of Workers (União Geral dos Trabalhadores)	The General Union of Workers represents approximately 12 million workers, with 1,367 affiliated trade unions, including workers in rural and urban areas, such as those in rural and family farming. <sup>202</sup>
Worker organizations	Workers' Central Union (CUT—Central Única dos Trabalhadores)	The CUT is the largest trade union federation in Brazil, with over 7.4 million members and 3299 affiliated entities. <sup>203</sup> It is affiliated with the International Trade Union Confederation.
Worker organizations	National Confederation of Rural Workers, Farmers, and Family Farmers (CONTAG— <i>Confederação Nacional dos Trabalhadores Rurais Agricultores e Agricultoras Familiares</i> )	CONTAG is the largest union representing agricultural workers in Brazil, covering a network of over 4,000 affiliate unions. CONTAG has been influential in state institutions and international forums. Despite high urbanization rates, rural worker unions remain influential, partly because of their long-term organization under a single system, CONTAG, which recently expanded its name to include family farmers as well. <sup>204</sup> CONTAG is affiliated with the CUT, the largest labor federation in Brazil. <sup>205</sup>

<sup>202</sup> <https://www.ugt.org.br/Historico>

<sup>203</sup> <https://www.cut.org.br/>

<sup>204</sup> Rural Labour Unionism in Brazil: The Transformations of the National Confederation of Farm Workers (CONTAG) Eryka Galindo and Marcelo C. Rosa. February 2021.

<sup>205</sup> <https://ww2.contag.org.br/>



Stakeholder Type	Stakeholder Name	Role
Worker organizations	National Confederation of Salaried Rural Workers (CONTAR—Confederação Nacional dos Trabalhadores Assalariados e Assalariadas Rurais)	CONTAR is an organization representing salaried rural workers in Brazil. It focuses on defending the rights and interests of these workers and has been involved in numerous struggles and achievements on their behalf. CONTAR provides various services to support workers and affiliated unions, including over 600 agreements and labor conventions, assistance for workers, support for union entities, and a range of media resources like articles, videos, and podcasts to disseminate information about and raise awareness of issues affecting salaried rural workers. <sup>206</sup> CONTAR works closely with CONTAG. Both organizations collaborate on various fronts, considering the diversity of the Brazilian rural environment. Their joint efforts aim to strengthen the base of the Unions and support all categories of rural workers, including salaried rural workers, family farmers, family livestock farmers, settlers, and others. <sup>207</sup>
Worker organizations	Coopercabruca cooperative	The Coopercabruca cooperative represents cocoa farmers in the south of Bahia and provides support with technology and best practices to promote productivity.
Worker organizations	Gandu Agricultural Cooperative LTDA	The cooperative was founded in 1985 representing cocoa farmers, noting that CEPLAC encouraged cooperatives in the south Bahia region. <sup>208</sup>
Worker organizations	Organization of Brazilian Cooperatives (OCB)	OCB promotes development of cooperatives in Brazil. Cooperatives can be registered in the OCB system. OCB is recognized as the national apex organization for cooperatives. <sup>209</sup> Farming is one of the types of cooperatives under OCB.
International cooperation agency	International Labour Organization (ILO)	A tripartite United Nations agency bringing together governments, workers, and employers to promote rights at work, decent employment, and social protection. The ILO reviews how standards are applied in member states and provides assistance in working with governments. For example, the International Programme on the Elimination of Child Labour and Forced Labour (IPEC+) provides ILO leadership on global efforts to eradicate child labor. The ILO, Regional Initiative: Latin America and the Caribbean Free of Child Labour created the Child Labor Risk Identification Model and Child Labour Vulnerability Index. <sup>210</sup>

<sup>206</sup> <https://contar.org.br/artigos/>

<sup>207</sup> <https://ww2.contag.org.br/sobre-os-direitos-dos-as-assalariados-as-rurais>

<sup>208</sup> <https://www.coopag.com.br/a-coopag-copy>

<sup>209</sup> <https://www.ilo.org/resource/article/ocb-promoting-and-innovating-cooperative-enterprises-brazil>

<sup>210</sup> <https://repositorio.cepal.org/server/api/core/bitstreams/e4697a4b-a46c-4f08-b29b-9597e0a30000/content>

Stakeholder Type	Stakeholder Name	Role
International cooperation agency	U.S. Department of Labor’s Bureau of International Labor Affairs (USDOL-ILAB)	USDOL-ILAB maintains a list of goods produced by child labor or forced labor, produces an annual Findings on the Worst Forms of Child Labor report and funds projects to promote economic growth, employment, social protection, labor rights, and social dialogue. <sup>211,212</sup>
International cooperation agency	Verité	An independent, non-profit, civil society organization (CSO) focused on labor rights, Verité produced a Forced Labor Commodity Atlas and, in collaboration with the U.S. Department of State, created a Responsible Sourcing Tool and implemented the USDOL-ILAB-funded Cooperation On Fair, Free, Equitable Employment Project.
International cooperation agency	Rainforest Alliance	An international non-governmental organization (NGO) that aims to protect forests, improve farmer livelihoods, promote human rights, and address climate change. The alliance provides annual data on its certification program at the country level for the cocoa sector, as well as child labor and forced labor sector risk maps, including for the cocoa sector.
International cooperation agency	United National Children’s Fund (UNICEF) Brazil	A national office of UNICEF promoting the rights of children including the right to education and protection from abuse and exploitation.
International cooperation agency	World Vision Brasil	An NGO in Brazil focusing on children and adolescents, implementing the Conexão Escola (School Connection) program for access to education for children and youth.
International cooperation agency	Centre for Child Rights and Business	An international NGO working with companies to promote children’s rights in supply chains that conducted a child rights risk assessment in the agriculture sector in Brazil, focusing on the role of children on farms. <sup>213</sup>
International cooperation agency	Fair Labor Association	A non-profit collaborative effort of universities, CSOs, and businesses that released an issue brief on addressing forced labor in Brazil. <sup>214</sup>
International cooperation agency	Oxfam Brasil	A, NGO that defends human rights, works to promote fairer, more sustainable Brazil. Campaigns: Behind the Brands (2013) drawing attention to policies from multinational food companies and the way supply chains affect rural populations, the way prices affect farmers and workers, human rights, and slave labor. <sup>215</sup>

<sup>211</sup> <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/findings>

<sup>212</sup> <https://www.dol.gov/agencies/ilab/country/ilab-brazil>

<sup>213</sup> <https://www.childrights-business.org/impact/child-rights-risk-assessment-underway-in-brazil-s-agriculture-sector>

<sup>214</sup> <https://www.fairlabor.org/resource/addressing-forced-labor-in-brazil/>

<sup>215</sup> <https://www.oxfam.org.br/justica-rural-e-desenvolvimento/>

Stakeholder Type	Stakeholder Name	Role
International cooperation agency	Solidaridad	An international CSO engaged in supporting communities in Latin America, promoting more sustainable supply chains, with an office and programming in Brazil.
International cooperation agency	Green America	A non-profit organization that produces a scorecard ranking labor standards of chocolate-producing companies. <sup>216</sup>
National CSO	National Forum for the Rights of Children and Adolescents (Fórum Nacional dos Direitos da Criança e do Adolescente)	A group of CSOs with a mission of promoting rights of children and adolescents through the proposition, articulation, and monitoring of public policies and social mobilization. <sup>217</sup>
National CSO	Repórter Brasil	An organization, including journalists, social scientists, and educators, to promote reflection and action on human rights violations against workers and people of Brazil. Coverage includes child labor, slave labor, and the Cargill court case on child labor and forced labor among cocoa suppliers. <sup>218</sup>
National CSO	Social Observatory Institute of Brazil, (OSB— Instituto Observatório Social do Brasil)	An NGO, non-profit that conducts research and provides training and technical assistance on social areas, including labor.
National CSO	National Pact for the Eradication of Slave Labour Institute (InPACTO—Instituto Pacto Nacional pela Erradicação do Trabalho Escravo)	Created to build a coalition among public, private, and non-profit sectors to combat slave labor, with plans to include the cocoa value chain. <sup>219</sup> Companies and business associations can become members and commit to monitoring supply chains, training on forced labor, and not doing business with entities on the “Dirty List.” The organization works to raise awareness about slave labor, monitor compliance with the National Pact for the Eradication of Slave Labor, and promote dialogue among various actors.
National CSO	Ethos Institute of Business and Social Responsibility	A civil society organization in Brazil of public interest “whose mission is to mobilize, raise awareness and help companies manage their businesses in a socially responsible way.” <sup>220</sup> The institute offers courses and other tools to help companies in their pursuit of corporate social responsibility (CSR), including preventing child labor. In recent years, efforts that directly related to preventing child labor have been infrequent.

<sup>216</sup> <https://www.greenamerica.org/chocolate-scorecard>

<sup>217</sup> <https://www.forumdca.org.br/>

<sup>218</sup> <https://reporterbrasil.org.br/2023/09/justica-condena-cargill-por-trabalho-escravo-e-infantil-de-fornecedores-de-cacau/>

<sup>219</sup> [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@dgreports/@ilo-washington/documents/genericdocument/wcms\\_189835.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@dgreports/@ilo-washington/documents/genericdocument/wcms_189835.pdf)

<sup>220</sup> <https://eulacfoundation.org/en/ethos-institute>

## **4.6 Efforts to Address Child Labor and Forced Labor in Cocoa Supply Chains**

This section examines efforts by government, industry, international and national cooperation agencies, and workers' organizations (presented in Exhibit 15, above) to address child labor and forced labor in cocoa supply chains in Brazil, including related challenges. We map these efforts across the dimensions of the Systems Framework to Reducing Child and Forced Labor (Exhibit 3), to analyze whether efforts in the Brazil country case are used comprehensively and sufficiently to prevent and address child labor and forced labor and to assess where there might be gaps.

### **4.6.1 Legal and Policy Frameworks, Data, and Governance**

This dimension asserts that to combat child labor and forced labor, countries need to have legal and policy frameworks in place that reflect international laws on child labor and forced labor and support coordination among stakeholders to prevent and address child labor and forced labor overall and in the cocoa sector. This dimension reinforces a need for data collection mechanisms for consistent and accurate statistics to allow for monitoring prevalence of child labor and forced labor.

Exhibit 16, shows that Brazil has undertaken a wide range of efforts to establish the legal and regulatory environment, policy and governance environment, and data collection and management structures to prevent and address child labor and forced labor in the country. There has been broad acknowledgment of forced labor in policy efforts and an important role for labor inspections of larger cocoa estates for forced labor, but this has been hampered by a lack of adequate resources. While there is a comprehensive legal and regulatory framework for preventing and addressing child labor and forced labor, efforts seem to have stalled in the last five years, only very recently seeing more attention and investment, starting in 2023. There have been recent lawsuits finding international cocoa companies accountable for child labor and forced labor violations in their supply chains and bringing media attention to the issue.

## Exhibit 16. Efforts in Establishing the Enabling Environment in Brazil

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
<b>Legal and Regulatory Frameworks</b>		
International Labour Organization (ILO), Government of Brazil	<p>International labor standards ratified by Brazil:</p> <ul style="list-style-type: none"> <li>• ILO Convention No 182 on the Worst Forms of Child Labour and Convention No. 138 on the Minimum Age for Employment</li> <li>• ILO Convention No. 29 concerning Forced or Compulsory Labor</li> <li>• ILO Convention No. 105 concerning the Abolition of Forced Labor</li> <li>• ILO Convention No. 141 on Rural Workers' Organization</li> </ul>	<ul style="list-style-type: none"> <li>• No challenges known on these efforts</li> </ul>
Government of Brazil	<p>Provisions on child and forced labor:</p> <ul style="list-style-type: none"> <li>• Constitution, the Statute of the Child and Adolescent,<sup>221</sup></li> <li>• Consolidation of Labor Laws,<sup>222</sup></li> <li>• Penal Code,<sup>223</sup> and</li> <li>• the Anti-Trafficking Law.<sup>224</sup></li> </ul> <p>Between 1995 and 2015, almost 50,000 workers were rescued from forced labor through interventions by the Special Mobile Inspection Group (GEFM—Grupo Especial de Fiscalização Móvel).<sup>225</sup></p>	<ul style="list-style-type: none"> <li>• A labor inspector interviewed confirmed that, because of the limited resources available for the inspection system, actions of the GEFM against child labor and forced labor were focused on larger sectors such as coffee, charcoal production, timber exploitation, or livestock farming rather than the cocoa value chain.</li> <li>• In 2017, the labor legislation was reformed, in order to reduce worker protection and to weaken the trade unions.</li> </ul>

<sup>221</sup> O Estatuto da Criança e do Adolescente—ECA. Lei Federal nº 8.069, de 13 de julho de 1990. <https://www.gov.br/mdh/pt-br/navegue-por-temas/crianca-e-adolescente/publicacoes/o-estatuto-da-crianca-e-do-adolescente>

<sup>222</sup> Consolidação das Leis do Trabalho. Câmara dos Deputados. 56ª Legislatura, 2019–2023.

<sup>223</sup> See for example: <https://www.conectas.org/en/noticias/how-brazilian-law-defines-labour-analogous-to-slavery/>

<sup>224</sup> [https://www.ilo.org/dyn/natlex/natlex4.detail?p\\_lang=en&p\\_isn=104282](https://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=104282)

<sup>225</sup> <https://g1.globo.com/economia/noticia/2015/05/em-20-anos-50-mil-trabalhadores-em-situacao-de-esclavido-foram-salvos.html>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Government of Brazil, Ministry of Labor and Employment (MTE— Ministério do Trabalho e Emprego)	<b>The “Dirty List” (Lista Suja):</b> <sup>226</sup> a public registry of entities engaged in slave labor practices, leading to reputational and financial consequences for listed entities.	<ul style="list-style-type: none"> <li>• From 2014 to 2016, the Dirty List was suspended when the Brazilian Supreme Court declared it unconstitutional, as it denied due process to employers.<sup>227</sup></li> <li>• Even though the suspension has been lifted, injunctions, appeals, and lengthy prosecutions reduce enforcement power of the list, leading entities to continue operating without issue.<sup>228</sup></li> <li>• The Labor Inspection Secretariat, which manages the Dirty List, was moved from the MTE to the Ministry of Economy and has faced low funding, affecting its effectiveness.<sup>229</sup></li> </ul>
Government of Brazil MTE	<b>The National Plan for the Eradication of Slave Labor (CONAETE)</b> <sup>230</sup> is an initiative launched in 2003 that coordinates efforts across government agencies to combat slave labor, involving labor inspection and law enforcement.	<ul style="list-style-type: none"> <li>• The actions of the National Committee for the Eradication of Slave Labor (CONATRAE) were significantly limited in 2019 with the change in government and dismantling of the MTE.</li> <li>• The hiring of labor inspectors was suspended and resources for conducting inspections were reduced.</li> </ul>

<sup>226</sup> <https://www.dol.gov/agencies/ilab/comply-chain/steps-to-a-social-compliance-system/step-1-engage-stakeholders/example-in-action-governments-role-in-multistakeholder-initiatives-brazils-dirty-list-and-the-institute-of-the-nation>

<sup>227</sup> <https://insightcrime.org/news/analysis/brazil-dirty-list-modern-slavery/#:~:text=The%20list%20was%20suspended%20by%20the%20STF%20in%202017.>

<sup>228</sup> Ibid.

<sup>229</sup> Ibid; <https://www.reuters.com/article/us-brazil-trafficking-inspections/labor-inspectors-in-brazil-face-dire-lack-of-funds-and-personnel-officials-idUSKCN1S2031/>

<sup>230</sup> <https://mpt.mp.br/pgt/areas-de-atuacao/conaete>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
<p>Government of Brazil Public Labor Prosecution Office (MPT—<i>Ministério Público do Trabalho</i>)</p>	<p><b>The Cocoa/Chocolate Production Chain Working Group (2017–2022)</b> had the aim of confronting child and forced labor in the cocoa production chain through investigative actions.<sup>231</sup> After jointly publishing a study with the ILO in 2018, the MPT held hearings with the three major cocoa-processing companies seeking to establish a voluntary agreement to commit to due diligence actions to address child and forced labor. As the companies did not accept an agreement, the MPT took them to court in 2021.</p>	<ul style="list-style-type: none"> <li>• The working group ended in 2022, as scheduled. It is unclear whether the work will continue with the same group.</li> <li>• The researchers do not have any additional information about these trials because, by legal imperative, the interviewed prosecutor could not provide further details.</li> </ul>
<p>Government of Brazil</p>	<p><b>Cargill lawsuit.</b> In 2023, the 39th Labor Court in Bahia, Brazil, ordered Cargill to pay R\$600,000 (US\$120,185) for buying cocoa from farms where child labor or forced labor was identified. Cargill was also ordered to add clauses to its contracts with Brazilian cocoa suppliers to end their commercial relationship if there were any child labor or unlawful working conditions occurring. The court also required Cargill to start a due diligence process to verify whether there is child labor in its supply chain and launch a campaign to combat the practice.”<sup>232</sup></p> <p>This lawsuit was initiated by local labor prosecutors who argued that Cargill bought cocoa from numerous producers, co-ops, and merchants in the country, without being able to confirm whether child labor was used at any stage of that chain.<sup>233,234</sup> This lawsuit has brought greater media attention in Brazil to working conditions in the cocoa sector and responsibilities for industry.</p>	<p>No challenges known to this effort.</p>

<sup>231</sup> <https://mpt.mp.br/planejamento-gestao-estrategica/gestao-estrategica/gt-cadeia-produtiva-de-cacau-chocolate-encerrado>

<sup>232</sup> <https://www.reuters.com/world/americas/brazil-court-fines-cargill-case-involving-child-labor-cocoa-farms-2023-09-26/>

<sup>233</sup> <https://www.confectionerynews.com/Article/2023/09/28/Cargill-accused-of-child-labour-practices-on-Brazilian-cocoa-farms>

<sup>234</sup> <https://humantraffickingsearch.org/resource/cargill-fined-by-brazil-for-using-child-labor-on-cocoa-farms/>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Government of Brazil	<b>Olam International lawsuit.</b> In 2021 Brazilian state prosecutors filed a lawsuit against Olam International, one of the largest cocoa processors in the world, for allegedly failing to address labor abuses in their supply chains. Prosecutors sought about R\$300 million (US\$58 million) in damages. <sup>235, 236</sup>	The case had not yet received a ruling at the time of writing this report.

### Policy Frameworks and Governance

Government of Brazil	<b>The III National Plan for the Eradication of Child Labor and Protection of Adolescent Workers (2019–2022)</b> <sup>237</sup> aimed to eliminate child labor by 2025, aligning with Sustainable Development Goals.	Due to the changes in government in 2019, implementation of the III National Plan for the Eradication of Child Labor was suspended and the plan was not implemented.
Government of Brazil, trade unions (Rural Workers, Farmers, and Family Farmers [CONTAG] and National Confederation of Salaried Rural Workers [CONTAR]), employers' organizations, and civil society organizations	<b>The National Committee for the Eradication of Slave Labor (CONATRAE):</b> <sup>238</sup> A permanent interministerial body created in 2003 that proposes strategies, monitors policy implementation, and facilitates information exchange among members.	Respondents interviewed shared that the CONATRAE's actions were significantly limited between 2015 and 2022, only becoming more active in 2023 with the change in government administrations.
Government of Brazil, MTE, unions (CONTAG, CONTAR)	<b>The National Commission for the Eradication of Child Labor (CONAETI)</b> <sup>239</sup> is a governmental body that collaborates with stakeholders to combat child labor by raising awareness, conducting research, and developing programs.	According to respondents, the CONAETI was dismantled in 2019 and then reinstated in 2023 with the change in government administration.

<sup>235</sup> <https://www.reuters.com/article/idUSKBN2FD1DN/>

<sup>236</sup> <https://ww2.contag.org.br/chocolate-com-trabalho-escravo--as-violacoes-trabalhistas-na-industria-do-cacau-no-brasil-20200827>

<sup>237</sup> <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/brazil>

<sup>238</sup> <https://www.gov.br/participamaisbrasil/comissao-nacional-de-erradicacao-do-trabalho-escravo>

<sup>239</sup> <https://www.gov.br/trabalho-e-emprego/pt-br/aceso-a-informacao/participacao-social/conselhos-e-orgaos-colegiados/conaeti>



Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
International Labour Organization (ILO), U.S. Department of Labor' Bureau of International Labor Affairs (USDOL-ILAB)	<p><b>Consolidating and Disseminating Efforts to Combat Forced Labor in Brazil and Peru (2012–2018)</b> was a USDOL-ILAB-funded project implemented by the ILO to support the government of Brazil and stakeholders in addressing forced labor in Brazil, including an improved knowledge base, increased social dialogue and institutional capacity at national and state levels, and increased engagement of private sector and employer organizations.<sup>240</sup></p>	<p><i>Project findings:</i></p> <ul style="list-style-type: none"> <li>• Challenges with employer organization engagement, with acknowledging the existence of forced labor, but disagreement with the interpretation of “degrading conditions and exhaustive workdays” in the definition of slave labor in legislation.</li> <li>• Changes in government during the project, along with labor reforms and changes in the slave labor definition.</li> </ul>
Hershey	<p><b>Promoting responsible recruitment to prevent forced labor.</b> According to Hershey’s 2021 Environmental, Social, and Governance report,<sup>241</sup> to ensure responsible recruitment and prevent forced labor, Hershey is building the capacity of labor agencies to strengthen management systems that promote responsible recruitment. According to the report, there were nine labor agencies enrolled in the responsible recruitment program for the Brazil Hershey site location.</p>	<p>Specific details were not available in Hershey’s corporate social responsibility (CSR) reporting regarding the number or nature of labor agencies Hershey worked with in Brazil for recruitment or the specific activities undertaken in collaboration with these agencies.</p>

<sup>240</sup> <https://www.dol.gov/agencies/ilab/consolidating-and-disseminating-efforts-combat-forced-labor-brazil-and-peru-0>

<sup>241</sup> [https://www.thehersheycompany.com/en\\_us/home/sustainability/policies-and-reports.html](https://www.thehersheycompany.com/en_us/home/sustainability/policies-and-reports.html)

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
USDOL-ILAB	<p><b>Worker Empowerment in South America Project (2022–2026)</b> is a USDOL-ILAB-funded project implemented by the Solidarity Center in Brazil, Colombia, and Peru to improve labor rights by strengthening workers’ organizations.<sup>242</sup></p> <p><b>Multilateral Partnership for Organizing, Worker Empowerment, and Rights (M-POWER).</b> Brazil is joining as a partner in M-POWER, which aims to empower workers and strengthen worker voice.<sup>243</sup></p>	<p>No challenges known to this effort. The project is ongoing, and findings were not available.</p> <p>More information is needed on Brazil’s engagement as a partner with M-POWER.</p>
<b>Data Collection and Management</b>		
IBGE (Brazil’s National Statistics Office)	<ul style="list-style-type: none"> <li>• Continuous National Household Sample Survey, 2019, providing estimates of child labor in Brazil.<sup>244</sup></li> <li>• Labor Inspection Information and Statistics Panel in Brazil, providing tracking of child labor and forced labor.<sup>245</sup></li> <li>• Some of the interviewees also reported that, as of 2023, the IBGE had resumed the production of statistics on child labor.</li> </ul>	<ul style="list-style-type: none"> <li>• The impact of Covid-19 on child and forced labor is still unknown, as official statistics stopped being published in 2019, according to some actors who were interviewed, but were starting again as of 2023.</li> <li>• One common challenge for governments, the cocoa industry actors, and workers’ organizations is the fact that there is an absence of comprehensive data on scope and scale of child labor and forced labor in the cocoa sector in Brazil.</li> </ul>
U.S. Department of State	U.S. Department of State Trafficking in Persons Report on Brazil, 2023 found Government of Brazil efforts to include identifying more trafficking victims, convicting more perpetrators of slave labor, regularly updating the Dirty List of slave labor offenders. <sup>246</sup>	<p>Findings</p> <ul style="list-style-type: none"> <li>• On average, courts took over 10 years to finalize convictions of traffickers.</li> <li>• Most labor traffickers were punished with administrative penalties instead of prison, a less effective deterrent.</li> </ul>

<sup>242</sup> <https://www.dol.gov/agencies/ilab/worker-empowerment-south-america>

<sup>243</sup> <https://blog.dol.gov/2023/09/29/what-us-brazil-collaboration-means-for-workers>

<sup>244</sup> 2019 National Household Sample Survey—Pesquisa Nacional por Amostra de Domicílios (PnadC)

<sup>245</sup> Source: <https://sit.trabalho.gov.br/radar/>

<sup>246</sup> <https://www.state.gov/reports/2023-trafficking-in-persons-report/brazil/>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
USDOL-ILAB	<p><b>Findings on the Worst Forms of Child Labor (2022).</b> The Findings on the Worst Forms of Child Labor is an annual USDOL-ILAB report that documents and analyzes the efforts of certain countries to eliminate the worst forms of child labor through legislation, enforcement mechanisms, policies, and social programs. For 2022, the report found moderate advancement in Brazil in efforts to eliminate the worst forms of child labor, including updating the national Dirty List, conducting operations resulting in removing 2,317 children from child labor.<sup>247</sup></p>	<p>Findings</p> <ul style="list-style-type: none"> <li>• Findings that children engage in child labor in Brazil in agriculture.</li> <li>• Lack of enough labor inspectors to adequately cover the workforce.</li> <li>• Lack of local government capacity to fully implement the National Program to Eradicate Child Labor (PETI).<sup>248</sup></li> </ul>
USDOL-ILAB	<p><b>List of Goods Produced by Child Labor or Forced Labor.</b> USDOL-ILAB “maintains a list of goods and their source countries which it has reason to believe are produced by child labor or forced labor in violation of international standards.”<sup>249</sup> As of September 2022, the list comprises 159 goods.<sup>250, 251</sup></p>	<p>Cocoa is included on the list for child labor in Brazil.</p>
Verité	<p><b>Forced Labor Commodity Atlas.</b> Verité, which is an independent, non-profit civil society organization (CSO), documents the relationship between 43 commodities and their respective forms of forced labor and other exploitation “at the base of global supply chains” in an interactive map.<sup>252</sup></p>	<p>In the 2017 report, Brazil is not listed as one of the countries where cocoa is reportedly produced with child labor and forced labor.</p>

<sup>247</sup> <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/brazil>

<sup>248</sup> <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/brazil>

<sup>249</sup> <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>

<sup>250</sup> [https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods?tid=5708&field\\_exp\\_good\\_target\\_id=All&field\\_exp\\_exploitation\\_type\\_target\\_id=All&items\\_per\\_page=10](https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods?tid=5708&field_exp_good_target_id=All&field_exp_exploitation_type_target_id=All&items_per_page=10)

<sup>251</sup> <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/ecuador>

<sup>252</sup> <https://verite.org/commodity-atlas/>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Verité, U.S. Department of State	<p><b>Responsible Sourcing Tool (RST):</b> Created through collaboration between Verité and the United States Department of State’s Office to Monitor and Combat Trafficking in Persons, RST “aims to provide useful, downloadable due diligence and risk-management tools” to prevent and combat forced labor in global supply chains.<sup>253</sup> In the RST 2020 cocoa commodity report, Brazil is listed as a country where cocoa is produced with child labor, occurring in small family farm contexts.<sup>254</sup></p>	No challenges noted.
Green America	<p><b>Scorecard on labor standards for chocolate-producing companies.</b> Green America, a non-profit membership organization, produces a scorecard that ranks the labor standards of chocolate-producing companies. The top cocoa and chocolate processors and retailers had the following scores for child labor and forced labor: Barry Callebaut, ofi, Nestlé, and Hershey were scored green, as leading the industry on policy; Cargill was scored yellow, as making progress on implementing policies; and Mondelēz was scored black, as lacking in transparency because of not responding to or completing the survey.<sup>255</sup></p>	The scorecard is not exhaustive, does not distinguish efforts at country-specific level. For example, private sector efforts are presented overall and it is not possible to identify efforts specifically in Brazil.

Beyond the specific efforts and challenges described in the tables above, there are general challenges and factors related to legal and policy frameworks, data, and governance. These overall challenges and factors include changes in government administration and enforcement, lack of a comprehensive national strategy, government priorities, resource constraints, and data collection and monitoring.

<sup>253</sup> <https://www.responsiblesourcingtool.org/about-rst/>

<sup>254</sup> <https://www.responsiblesourcingtool.org/wp-content/uploads/commodities/2023-Reformat-Cocoa.pdf>

<sup>255</sup> For the Green America Chocolate Scorecard, the child labor and forced labor category score is based on three areas: 1) Any child labor policy, monitoring and remediation system or equivalent (Child Labor Monitoring and Remediation Systems—CLMRS); 2) Percentage of farms covered by the scheme; and 3) Presence of a plan to scale up programs and processes to address child labor. Accessed at <https://www.greenamerica.org/chocolate-scorecard>

**Changes in government administration as well as legal, policy, and enforcement efforts to combat child labor and forced labor over last four decades.** From 1995 to 2015, the government of Brazil, civil society, and other stakeholders had gradually built a solid legal, institutional, and policy framework to address child labor and forced labor, as detailed above. However, most respondents interviewed noted that, from 2019 to 2022, with changes in government, many efforts to address child labor and forced labor were effectively shut down with legal reforms and limited action of public agencies and civil society organizations. Several informants stated that this adverse socioeconomic context contributed to a reduction in the protection of workers, which in turn contributed to an increase in child labor in the country. In 2023, respondents reported a renewed commitment to ending child labor and forced labor by the government but cautioned that the years of reduced efforts will likely have hampered progress to reduce child labor and forced labor. For example, in 2023, the MTE provided more support for GEFM operations and announced its intention to immediately fill 1,000 vacant positions for labor inspectors. In February 2023, GEFM rescued 207 workers who were in forced labor conditions in three vineyard estates in the state of Rio Grande do Sul.<sup>256</sup> Additionally, on June 12, 2023, during the World Day Against Child Labor, the MTE reactivated CONAETI. In turn, CONAETI<sup>257</sup> announced resuming progress to formulate a new National Plan for the Eradication of Child Labor. Regarding progress in forced labor efforts, CONATRAE has formed a technical group to formulate a new National Plan for the Eradication of Slave Labor.

**Absence of a comprehensive national strategy:** As of the writing of this report, Brazil lacks a comprehensive national strategy to combat child labor similar to what was in place previously. The absence of such a strategy poses significant challenges in terms of coordination with stakeholders, implementation of programs, and enforcement of labor laws and regulations, as well as resource allocation, hindering the country’s ability to combat child labor efficiently and effectively on a national scale.

**Government priorities.** The cocoa sector overall is very small compared with other Brazilian agricultural sectors. Due to its limited economic scale, the cocoa sector may not receive as much attention or as many resources from the government. According to several interviewees, addressing child labor and forced labor in the cocoa sector is not considered a priority for the government. For example, a labor official interviewed confirmed that, given limited resources for labor inspections, GEFM’s actions against forced labor have focused on other sectors, such as coffee, charcoal, and cattle ranching, which have received more complaints. Some civil society and government representatives interviewed said that the growth of the coffee sector led to increased complaints of child labor and forced labor and to more oversight and noted

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<sup>256</sup> <https://g1.globo.com/rs/rio-grande-do-sul/noticia/2023/02/27/trabalhadores-resgatados-em-situacao-de-escravidao-no-rs-o-que-se-sabe-e-o-que-falta-saber.ghtml>

<sup>257</sup> <https://www.gov.br/secom/pt-br/assuntos/noticias/2023/06/brasil-lanca-campanha-manual-e-retoma-comissao-de-combate-ao-trabalho-infantil>

that the same could happen with growth in cocoa production. Additionally, recent lawsuits have brought greater attention from media and stakeholders on working conditions in the cocoa sector and enforcement.

**Resource constraints in government agencies.** The government agencies that are responsible for addressing child labor and forced labor in Brazil, such as the Ministries of Labor, Social Affairs, Women, and Children, often face severe limitations in terms of budget, technical expertise, and human resources. These constraints impede the ability of the government to carry out comprehensive and effective interventions to address child labor and forced labor. Similar resource and budget constraints exist at the provincial and local government levels in regions where cocoa producing is concentrated, such as the states of Pará and Bahia. Additionally, in these states, small family cocoa farms are spread out, posing challenges for labor inspection and regulation. Many of these farms operate informally, making it harder for government agencies to monitor and enforce labor laws effectively.

**Data collection and monitoring.** While there is regular monitoring of child labor and forced labor, there was a gap in data collection during the COVID-19 pandemic. Additionally, there is a lack of comprehensive and recent data on child labor and forced labor specific to the cocoa sector.

#### **4.6.2 General Education/Vocational Skills**

This dimension reflects the importance of efforts focused on supporting school attendance and retention, along with promoting general education and vocational skills as a key part of a systems approach to preventing and combating child labor and forced labor in the cocoa sector. School attendance in cocoa-producing regions can be a useful proxy to understanding children engaged elsewhere, other than school (e.g., labor, household, other). Efforts aimed at keeping children engaged in school support help create push–pull factors for children at risk to be engaged in labor, to prevent them from entering labor.

Exhibit 17 highlights efforts that use education to combat labor, primarily implemented by the government, private sector, and international NGOs. Apart from government efforts, it appears that there are limited efforts in promoting education to combat child labor in cocoa-producing regions.

## Exhibit 17. Efforts Related to General Education and Vocational Skills in Brazil

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Government of Brazil	<b>The Program for the Eradication of Child Labor (PETI).</b> Started in 1996 and integrated with Bolsa Família, PETI offers social and educational support to families and child workers, encouraging families to remove children from work and enroll them in school. <sup>258</sup>	Most informants interviewed said that there had been a regression in social policies and the country's efforts to eradicate child labor and forced labor from 2016 to 2022 with changes in government administration and priorities.
ofi	<b>Cocoa Compass.</b> ofi's sustainability initiative in the cocoa sector started in 2019. Goals include eliminating child labor from the cocoa supply chain and for all children of cocoa farmers in its supply chain to have access to education by 2030.  ofi facilitated access to primary education for 10 children by providing them with scholarships.	Limited size, scope, and resources of efforts to promote access to education.
World Vision Brasil	<b>Conexão Escola (School Connection).</b> World Vision Brasil implements an ongoing program that seeks "to guarantee access to safe education and the protection of children and youth around school communities. This work involves supporting and welcoming boys and girls who are victims of sexual abuse and exploitation, family neglect, physical punishment, child labor, and bullying." <sup>259</sup>	Lack of details regarding size, scope and resources for the program.

**Education access and quality.** Limited access and poor quality of education in rural areas, exacerbated by the COVID-19 pandemic, have increased the likelihood of children's dropping out of school and engaging in labor. The COVID-19 pandemic resulted in school closures, lasting on average for 9.5 months.<sup>260</sup> A survey by the NGO Education for All found that the number of children aged 6 to 14 who were out of school in 2021 grew by 171 percent compared with 2019, resulting in 244,000 children out of school, the largest number since 2012. Additionally,

<sup>258</sup> <https://igualdad.cepal.org/es/repository-of-policies-and-strategies/programa-de-erradicacao-do-trabalho-infantil-peti-brasil>

<sup>259</sup> <https://visaomundial.org.br/conexao-escola>

<sup>260</sup> <https://www.worldbank.org/en/news/press-release/2022/05/12/banco-mundial-apoiara-estrategia-de-recuperacao-da-educacao-no-brasil#:~:text=Brazil%20had%20one%20of%20the,%2Dday%20public%2Dprivate%20difference>

schools, particularly in rural areas, are often overcrowded, have poor infrastructure, and lack basic resources and teachers.<sup>261</sup>

### 4.6.3 Economic Empowerment and Poverty

Poverty is acknowledged as a driver, though not the only cause, of child labor and forced labor in cocoa supply chains.<sup>262</sup> As a result, economic empowerment of cocoa farmers is an important factor to reduce reliance on child labor and forced labor and make progress toward its eradication.

In Brazil, as previously discussed, cocoa-producing areas are typically marked by high levels of economic vulnerability. As highlighted in Exhibit 18, there are economic empowerment efforts from the government to support low-income individuals. There are also strategic plans and guidelines led by the government and private sector with targets for 2030, though it was not clear to what extent recommended efforts have been implemented. While cooperatives can also negotiate better prices for farmers' cocoa beans with collectors and processors, there is limited engagement, with estimates of 8 percent of cocoa farmers in Bahia and 11 percent of cocoa farmers overall affiliated with cooperatives.<sup>263,264</sup> According to stakeholders interviewed, in the cocoa sector, cooperatives are weak, limited, and not very evolved. There is great opportunity for farmers to get better prices paid by selling cocoa beans to cooperatives, which then sell to processors in the private sector to avoid going through intermediaries.<sup>265</sup> Dengo Chocolates is one example of a Brazilian chocolate company that purchases cocoa beans directly from farmers.<sup>266</sup> The government-led Inova Cacau 2030 plan aims to increase participation in cooperatives to 30 percent, provide training for cooperatives, and technical assistance for farmers. There have been NGO-supported efforts to connect farmers directly with niche chocolate company buyers resulting in increased prices paid to farmers, though this has been at a small volume. Regarding private sector efforts, there were programs from companies such as Mondelez, and private-sector led guidelines focused technical assistance on good agricultural practices to increase cocoa production and increased access to credit with the intent to improve farmer livelihoods.

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<sup>261</sup> <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/brazil>

<sup>262</sup> Cocoa Barometer 2022.

<sup>263</sup> Panorama da Cacaucultura no Território Litoral Sul da Bahia 2015-2019. Instituto Floresta Viva

<sup>264</sup> <https://www.gov.br/agricultura/pt-br/assuntos/ceplac/publicacoes/inova-cacau-2030/inova-cacau-2030-versao-ingles>, According to data from the 2017 Agricultural Census.

<sup>265</sup> Neves, M.d.C.R.; Silva, F.d.F.; Freitas, C.O.d.; Braga, M.J. (2021). The Role of Cooperatives in Brazilian Agricultural Production. *Agriculture*. 11, 948. <https://www.mdpi.com/2077-0472/11/10/948>

<sup>266</sup> <https://dengo.com/pt/pages/history>



## Exhibit 18. Efforts Related to Economic Empowerment in Brazil

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
<p>Government of Brazil—Ministry of Social Development</p>	<p><b>Bolsa Família Program</b> is the conditional cash transfer program that supports low-income families in place since 2003.<sup>267</sup> Families receive financial aid in exchange for ensuring that their children attend school and adhere to vaccination schedules.</p> <p>This program has been used by families in top cocoa-producing states. In Ilhéus, Bahia, 17,540 families were beneficiaries, and 1,090 families would have been in extreme poverty without this benefit in 2018.<sup>268</sup> In Medicilândia, Pará, 4,297 families benefited, and 2,703 families would have been in extreme poverty without the benefit.</p>	<ul style="list-style-type: none"> <li>• Reduction in social investment, as well as an increase in unemployment and poverty between 2016 and 2022.</li> <li>• Several informants stated that this adverse socioeconomic context contributed to a reduction in the protection of workers, which in turn contributed to an increase in child labor in the country.</li> <li>• Respondents interviewed reported seeing efforts to rebuild social programs as part of the change in government administration in 2023.</li> </ul>
<p>Government of Brazil, Ministry of Labor and Employment (MTE—Ministério do Trabalho e Emprego)</p>	<p><b>The Sustainable Work Program</b> launched in 2022 aims to promote responsible business conduct and decent work through the promotion of social, sectoral, and interinstitutional dialogue.<sup>269</sup> Objectives include eradicating child labor and work conditions similar to slavery, as well as promoting formalization of employment relationships.</p> <p>Through the program, MTE hosted a training event for stakeholders, including farmers, in the cocoa value chain in Ilhéus, in Bahia state, in October 2023.<sup>270</sup></p>	<ul style="list-style-type: none"> <li>• According to some of the interviewees, the program intends to include cocoa among the production chains that are the focus of its action.</li> </ul>

<sup>267</sup> <https://www.gov.br/mds/pt-br/acoes-e-programas/bolsa-familia>

<sup>268</sup> ILO-MPT: *Cocoa Productive Chain: advances and challenges toward the promotion of decent work—a situational analysis.* <https://www.ilo.org/pt-pt/publications/cadeia-produtiva-do-cacau-avancos-e-desafios-rumo-promocao-do-trabalho>

<sup>269</sup> <https://www.gov.br/trabalho-e-emprego/pt-br/assuntos/inspecao-do-trabalho/trabalho-sustentavel>

<sup>270</sup> <https://www.gov.br/trabalho-e-emprego/pt-br/noticias-e-conteudo/2023/outubro/mte-promove-treinamento-para-os-trabalhadores-e-empregadores-atuantes-na-cadeia-do-cacau-em-ilheus-e-na-regiao-de-gandu-ba>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Government of Brazil, Ministry of Agriculture and Livestock, and Supply (MAPA), Secretariat for Innovation, Rural Development, Irrigation, and Cooperativism, CocoaAction Brasil	<p><b>Inova Cacau 2030 plan</b> aims to promote the competitiveness and sustainability of the cocoa value chain in Brazil. Guidelines include increasing production, improving access to credit for farmers, providing technical assistance to farmers, promoting well-being of farmers and other workers, increasing the number of farmers in cooperatives to a goal of 30 percent by 2030. The plan includes a goal of achieving 100 percent decent work in the cocoa production chain and eliminating child labor and forced labor in cocoa production by 2030.<sup>271</sup></p>	<ul style="list-style-type: none"> <li>Unclear what has been implemented from the plan and whether any of the suggested efforts have resulted in meeting the goals outlined in the plan.</li> </ul>
CocoaAction Brasil, World Cocoa Foundation, International Labour Organization (ILO)	<p><b>Cacau 2030 Strategic Guidelines: Promotion of Decent Work and Improvement of Living Conditions in the Brazilian Cocoa Productive Chain</b>, seeks to provide a comprehensive framework for stakeholders across the cocoa supply chain; promote decent work, improve livelihoods for farmers, and combat child labor.<sup>272</sup> The guidelines are derived from studies conducted by the ILO and the MPT,<sup>273</sup> as well as by CocoaAction Brasil,<sup>274</sup> and dialogues with stakeholders across the value chain, which included unions.<sup>275</sup></p> <p>Based on CocoaAction Brasil reporting, the Cacau 2030 project has so far provided technical assistance to cocoa farmers in Bahia and Pará, improved access to credit, worked to strengthen cooperatives, and given workshops to promote decent labor in Bahia and Pará.<sup>276</sup></p>	<p>According to interviewees, the positive effect of this effort is that dialogue across groups was initiated and there was agreement on standards for decent work in cocoa. However, according to respondents, the Cacau 2030 Strategic Guidelines have not yet materialized in specific actions.</p>

<sup>271</sup> <https://www.gov.br/agricultura/pt-br/assuntos/ceplac/publicacoes/inova-cacau-2030/inova-cacau-2030-versao-ingles>

<sup>272</sup> Source: [https://www.ilo.org/brasilia/publicacoes/WCMS\\_795322/lang--pt/index.htm](https://www.ilo.org/brasilia/publicacoes/WCMS_795322/lang--pt/index.htm)

<sup>273</sup> ILO-MPT: *Cocoa Productive Chain: advances and challenges toward the promotion of decent work—a situational analysis*.

<https://www.ilo.org/pt-pt/publications/cadeia-produtiva-do-cacau-avancos-e-desafios-rumo-promocao-do-trabalho>

<sup>274</sup> CocoaAction Brasil and Floresta Viva Institute: *Panorama of Cocoa Cultivation in the Southern Coastal Territory of Bahia 2015–2019*.

<https://worldcocoafoundation.org/storage/files/relatorio-cacau-bahia-eng-130121-2.pdf>

<sup>275</sup> <https://www.ilo.org/pt-pt/publications/cacau-2030-strategic-guidelines-promotion-decent-work-and-improvement>

<sup>276</sup> <https://worldcocoafoundation.org/storage/files/relatorio-de-impacto-cocoaaction-brasil-ing-baixa.pdf>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
CocoaAction Brasil	Efforts to improve access to credit for farmers and cocoa value chain stakeholders. Coordination with GT Credito, Plano Safra (Crop Plan) 2021–2022, to include cocoa farmers to access credit. <sup>277</sup>	Unclear how many cocoa farmers were able to access credit, how much, and how it affected their yields and livelihoods.
Mondelēz	<b>Cocoa Life.</b> In Brazil, Mondelēz reports reaching ~1,800 farmers in the states of Bahia and Pará since 2013. <sup>278</sup> The initiative focuses on technical assistance for farmers on agricultural practices.	It is not clear how this has affected cocoa farmers’ production and incomes or affected child labor and forced labor.
Solidaridad, Casa Lasevicius	Bean-to-bar partnership between Brazilian chocolate company Casa Lasevicius and NGO Solidaridad through small-volume niche-buyer purchasing resulting in higher incomes for farmers in Tuerê and Pará state, at triple the standard price. <sup>279</sup>	Limited potential to scale and include more cocoa farmers, given the small volume purchased and niche buyer context.

**Private sector focus on increased production to increase farmer incomes.** Most private sector–led efforts focused on increasing cocoa production through technical assistance on good agricultural practices and access to credit for agricultural inputs. However, it is not clear that increased productivity on its own leads to improved cocoa farmer incomes because of more investments in inputs and labor hours needed.<sup>280</sup>

#### 4.6.4 Child and Forced Labor Monitoring, Remediation, and Traceability Systems

CLMRS are important systems to observe, identify, prevent, and remediate child labor and forced labor in cocoa supply chains. A multisector approach is used for CLMRS, integrating efforts from private sector companies into public sector mechanisms and other organizations working to prevent and address child labor.

Exhibit 19, below, demonstrates that private sector efforts in Brazil on CLMRS in cocoa supply chains appear to be in early stages. Cocoa companies seem interested in sustainability and traceability and have made progress in assessing their supply chains to identify cases of and risks for child labor and forced labor with pilots and assessments. Few companies appear to have implemented a full CLMRS with strong ties to the public sector or other organizations for

<sup>277</sup> <https://worldcocoaoundation.org/storage/files/relatorio-de-impacto-cocoaaction-brasil-ing-baixa.pdf>

<sup>278</sup> <https://www.cocoalife.org/in-the-cocoa-origins/cocoa-life-in-brazil/>

<sup>279</sup> <https://www.solidaridadnetwork.org/annual-report/annual-report-2019/south-america-2019/>

<sup>280</sup> Cocoa Barometer 2022.

remediation. Other international organizations and national CSOs also provide guidance on traceability and certification systems.

*The trend [of child labor and forced labor] is improving due to several factors, including the global demand for the sustainability of the production chain and the tendency to make it 100% traceable.*

- Cocoa industry representative

### Exhibit 19. Efforts on CLMRS in Brazil

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Barry Callebaut	The company's <i>Forever Chocolate Progress Report 2021/22</i> <sup>281</sup> highlights the ongoing implementation of a "newly developed Child Labor Monitoring System and remediation protocols." <sup>282</sup>	Lack of detail on effective implementation of the Child Labor Monitoring and Remediation Systems (CLMRS), specific implementation locations, or remediation protocols used.
Cargill	In 2020, Cargill conducted a human rights risk assessment in Brazil. <sup>283</sup> Representatives from Cargill confirmed that the results of this assessment were utilized in the development of a pilot for CLMRS in 2021. Representatives reported that the CLMRS are undergoing a review process to promote effectiveness, but the CLMRS already operate in the states of Bahia and Pará.	<ul style="list-style-type: none"> <li>Lack of detail on scope and scale of the CLMRS pilot in 2021.</li> <li>Cargill faces allegations of unethical labor practices despite launch of Cocoa Promise commitment to cocoa sustainability and aligned with the UN Sustainable Development Goals to make its supply chain fully transparent.<sup>284</sup></li> </ul>
Ofi	ofi representatives reported that they conducted a human rights assessment in Brazil. The company has since developed a CLMRS that covers 3,000 families in the states of Bahia and Pará. Furthermore, the ofi Agri Supplier Code prohibits the use of child labor and forced labor in its supply chain and mandates that suppliers take proactive measures to prevent these abuses from occurring in their operations.	<ul style="list-style-type: none"> <li>Lack of detail regarding effectiveness of CLMRS implemented, remediation efforts.</li> <li>Lack of detail on specific proactive measures taken by suppliers to prevent child labor and forced labor.</li> </ul>

<sup>281</sup> <https://www.barry-callebaut.com/en/group/forever-chocolate/sustainability-reporting/forever-chocolate-progress-report-202122>

<sup>282</sup> <https://www.barry-callebaut.com/en/group/forever-chocolate-our-plan-make-sustainable-chocolate-norm>

<sup>283</sup> <https://www.cargill.com/sustainability/cocoa/cocoa-sustainability-progress-report>

<sup>284</sup> <https://www.confectionerynews.com/Article/2023/09/28/Cargill-accused-of-child-labour-practices-on-Brazilian-cocoa-farms>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Government of Brazil—Ministry of Agriculture, Livestock, and Supply (MAPA) CocoaAction Brasil	<b>Inova Cacau 2030 plan</b> aims to promote the competitiveness and sustainability of the cocoa value chain in Brazil. Guidelines include increasing traceability with a goal to make 70 percent of cocoa traceable by 2030. <sup>285</sup>	Unclear if any of the suggested efforts have started to meet the goals in the plan.
Fair Labor Association (FLA)	<b>Issue Brief on Addressing Forced Labor in Brazil.</b> Published in 2023, the FLA brief details “forced labor risks in Brazil and steps companies should take to mitigate risk” in an issue brief on addressing forced labor in Brazil. <sup>286</sup> Risks for forced labor include geographic location, with Bahia’s being one of the states with the highest prevalence of forced labor, high-risk commodities, workforce and social profiles, and use of labor contractors or recruitment agencies.	Clear guidance for companies and other FLA members, such as civil society organizations (CSOs). It is not clear how companies have used the guidance and what the effects have been for the cocoa sector specifically.
International Labour Organization (ILO), UN Economic Commission for Latin America and the Caribbean, Regional Initiative Latin America and the Caribbean Free of Child Labour	<b>Child Labor Risk Identification Model and Child Labour Vulnerability Index.</b> These tools are designed for countries in Latin America and the Caribbean to use available statistical data to identify territories at greater risk for child labor to better target and tailor interventions and multisectoral responses to prevent and address child labor. <sup>287</sup>	Unclear if this tool is being used in Brazil by the government or other partners and what effects it may have had.
Ethos Institute of Business and Social Responsibility	<b>Indicators on Corporate Social Responsibility</b> The indicators report from 2007 includes indicators on child labor and forced labor in the production chain, including suppliers and partners for a company. <sup>288</sup>	<ul style="list-style-type: none"> <li>• The indicators do not specifically reference the cocoa sector.</li> <li>• It is not clear how the indicators are being used and which companies are using them.</li> <li>• Corporate social responsibility (CSR) is voluntary and, therefore, lacks accountability.</li> </ul>

<sup>285</sup> <https://www.gov.br/agricultura/pt-br/assuntos/ceplac/publicacoes/inova-cacau-2030/inova-cacau-2030-versao-ingles>

<sup>286</sup> <https://www.fairlabor.org/resource/addressing-forced-labor-in-brazil/>

<sup>287</sup> <https://repositorio.cepal.org/server/api/core/bitstreams/e4697a4b-a46c-4f08-b29b-9597e0a30000/content>

<sup>288</sup> <https://www3.ethos.org.br/wp-content/uploads/2013/02/Ethos-Indicators-on-Corporate-Social-Responsibility-2007.pdf>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Verité, U.S. Department of Labor’s Bureau of International Labor Affairs (USDOL-ILAB)	<b>Cooperation On Fair, Free, Equitable Employment Project.</b> Funded by USDOL-ILAB and implemented by Verité (2017–2023), this project helped businesses in the coffee sector “establish systems to prevent, detect, and eliminate child labor and other forms of labor exploitation from their supply chains.” <sup>289</sup>	<ul style="list-style-type: none"> <li>• Unclear if efforts in the coffee sector will translate to the cocoa sector in Brazil.</li> <li>• Final evaluation not available at the time of writing this report.</li> </ul>
Centre for Child Rights and Business	<b>Child rights risk assessments, child labor prevention, and remediation support.</b> In 2021, the Centre for Child Rights and Business began a child rights risk assessment in the agriculture sector in Brazil, focusing on the role of children on farms. <sup>290</sup>	<ul style="list-style-type: none"> <li>• Unclear if efforts included the cocoa sector.</li> <li>• Effects of and use of risk assessment not clear.</li> </ul>

There were a number of overall challenges identified by private sector representatives and in documentation regarding implementing efforts to engage with CLMRS and address child labor and forced labor in the cocoa sector in Brazil. International organizations, NGOs, and CSOs also identified challenges. These challenges concern fragmentation of the sector, access to remote areas, and service availability for remediation, and are detailed below.

- **Fragmentation challenges.** The cocoa value chain is complex and fragmented, with many small farmers involved. Cocoa is produced by 75,000 farmers spread across approximately 600,000 hectares of cocoa cultivation, of which 60 percent are family farms. Companies argue that the high number of small-scale farmers in Brazil’s cocoa industry presents challenges in reaching all households and communities where child or forced labor might occur. While there are many small family farms, the presence of large estates for cocoa production in the value chain allows for a more centralized access to farmers for CLMRS implementation.
- **Access to remote areas.** According to company representatives interviewed by the researchers, the vast Brazilian territory and geographical isolation of many cocoa-growing communities complicate efforts to comprehensively monitor and address child and forced labor. Cocoa-growing communities are often hard to reach. Inadequate infrastructure, including insufficient roads and bridges, restricts cocoa companies’ ability to access remote communities for delivering programs and services.
- **Service availability for remediation.** Cocoa companies note that they can only reach a small fraction of households and communities. The companies also highlighted the need for

<sup>289</sup> <https://www.dol.gov/agencies/ilab/cooperation-fair-free-equitable-employment-coffee-project>

<sup>290</sup> <https://www.childrights-business.org/impact/child-rights-risk-assessment-underway-in-brazil-s-agriculture-sector>

public services in cocoa-growing regions, which complicates the execution of remedial strategies. The perspectives shared by these company representatives underscore the critical role that service availability, or the lack thereof, plays in the success of interventions against child labor in these regions.

#### ***4.6.5 Advocacy, Awareness, and Behavior Change***

This dimension recognizes that workers and communities play a key role in preventing and addressing child labor and forced labor but may often not be aware of the issue or its contributing factors. Efforts related to advocacy and raising awareness, including behavior change communications strategies, are critical to engaging communities and workers in preventing and addressing child labor and forced labor.

Exhibit 20 presents the advocacy, awareness, and behavior change efforts regarding child labor and forced labor in agriculture that have been implemented by unions, international and national NGOs, and CSOs in Brazil. There are multiple international NGOs and national CSOs working to raise awareness and advocate to address child labor and forced labor overall, within the agricultural sector and, in some cases, specifically in the cocoa sector. However, few interventions have been directly in the cocoa value chain. In general, there is a lack of representation of worker organization in cocoa value chains, limiting possible efforts by worker organizations in cocoa.

## Exhibit 20. Advocacy, Awareness, and Behavior Change Efforts in Brazil

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Unions	<p><b>Union engagement in addressing child labor and forced labor.</b> Unions have undertaken awareness-raising activities on these issues among workers, employers, and the public. Unions have also advocated for changes to laws and regulations that would better protect workers and prevent child labor and forced labor. Unions have also lobbied companies to adopt policies that prohibit child labor and forced labor in their supply chains. In addition, unions have supported workers who were victims of child labor and forced labor. They have provided legal assistance, financial assistance, and other forms of support.</p>	<ul style="list-style-type: none"> <li>• Cocoa workers and farmers may not be aware of their rights as workers or of the health and other risks associated with child and forced labor, making it challenging for unions to effectively advocate for their rights.</li> <li>• According to a labor prosecutor interviewed, unions are virtually nonexistent in the cocoa sector, rendering their influence negligible. The broader agricultural unions like the National Confederation of Rural Workers, Farmers, and Family Farmers (CONTAG) might encompass various agricultural sub-sectors, including cocoa, but dedicated unions for the cocoa sector aren't prominently mentioned in the available resources. Unions like CONTAG and the National Confederation of Salaried Rural Workers (CONTAR) primarily represent formal labor categories, although they may indirectly influence or advocate for workers in the informal sector.<sup>291</sup></li> </ul>
Ofi	<p><b>Awareness-raising and sensitization campaigns.</b> The company reports conducting awareness-raising campaigns on child labor for all stakeholders in the cocoa supply chain, including farmers, middlemen, and their own team.</p>	Unclear scope and scale of efforts.
Oxfam Brasil	<p><b>Behind the Brands Campaign (2013)</b> worked to draw attention to policies from multinational food companies and the way supply chains affect rural populations and prices affect farmers and workers, human rights, and slave labor in Brazil.<sup>292</sup></p>	It is unclear if any focus on the cocoa sector and what has been the impact of the campaigns on child labor and forced labor.

<sup>291</sup> Rural Labour Unionism in Brazil: The Transformations of the National Confederation of Farm Workers (CONTAG) Eryka Galindo and Marcelo C. Rosa. February 2021.

<sup>292</sup> <https://www.oxfam.org.br/justica-rural-e-desenvolvimento/>



Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Repórter Brasil	Media coverage on child labor, slave labor, human rights violations, and the Cargill court case on child labor and forced labor among cocoa suppliers. <sup>293</sup> The Repórter Brasil Research Program includes tracking production chains and public campaigns.	No challenges identified.
National Forum for the Rights of Children and Adolescents	Monitoring public policies and social mobilization to promote human rights of children and adolescents in Brazil. <sup>294</sup> For example, monitoring changes in government budget allocations for children and adolescent human rights programs. <sup>295</sup>	It is unclear if there is any specific focus on the cocoa sector.
Social Observatory Institute of Brazil (OSB)	<b>Social observatory cities.</b> There are currently social observatories in cities in Bahia and Pará top cocoa-growing states. These are areas where OSB provides training, technical assistance, and support for citizens to monitor public spending at the municipal level to increase transparency and engagement.	It is unclear if there is any specific focus on the cocoa sector, but there are social observatories in top cocoa-growing states.
National Pact for the Eradication of Slave Labor Institute (InPACTO)	<b>InPACTO Vulnerability Index.</b> A platform showing risk of forced labor and human rights violations across all municipalities in Brazil. The intent is to help companies and sectors tailor and prioritize actions to combat child labor and forced labor in their supply chains. InPACTO partnered with Catholic Relief Services in 2019 to use the tool to examine improving working conditions in the coffee sector. The organization also conducted a pilot project to analyze the vulnerability of forced labor in 20 municipalities in Minas Gerais state. <sup>296</sup>	It is not clear if the platform has been used specifically in the cocoa sector or in top cocoa-producing regions such as Bahia and Pará states.

Regarding advocacy and raising awareness about child labor and forced labor in Brazil, there were examples of efforts from unions and the private sector, as well as international organizations and CSOs. However, there was limited engagement noted specifically focusing on the cocoa sector. Among unions, there has been limited engagement in addressing child labor

<sup>293</sup> <https://reporterbrasil.org.br/2023/09/justica-condena-cargill-por-trabalho-escravo-e-infantil-de-fornecedores-de-cacau>

<sup>294</sup> <https://www.forumdca.org.br/>

<sup>295</sup> <https://www.forumdca.org.br/post/sociedade-civil-denuncia-corte-em-or%C3%A7amento-na-%C3%A1rea-de-direitos-humanos-de-crian%C3%A7as-e-adolescente-pe>

<sup>296</sup> <https://inpacto.org.br/indice-de-vulnerabilidade-inpacto>

and forced labor in the cocoa sector, a limitation attributed to informal labor arrangements, geographic isolation of farmers, cultural norms and perceptions, and available resources. There can also be a lack of awareness among farmers about potential benefits of joining a union and a fear of retaliation from buyers or landowners. More detail on union engagement in the cocoa sector and advocacy on child labor and forced labor is provided below.

There is limited union engagement, awareness, and advocacy in cocoa sector. There is a diverse trade union movement in Brazil with a wide range of organizations representing workers in various sectors. While broader agricultural unions like CONTAG might encompass various agricultural sub-sectors, including cocoa, there was no prominent mention of dedicated unions for the cocoa sector among respondents interviewed and documents reviewed. According to a labor prosecutor interviewed in the study, unions are virtually nonexistent in the cocoa sector. Unions like CONTAG and CONTAR primarily represent formal labor categories, although they may indirectly influence or advocate for workers in the informal sector.<sup>297</sup> The lack of prominent unions in the cocoa sector presents a gap in advocacy and awareness for labor rights and raising awareness of child labor and forced labor issues. Unions in Brazil have historically been involved in addressing child labor and forced labor, undertaking awareness-raising activities; lobbying companies to adapt policies prohibiting child labor and forced labor in supply chains; supporting workers rescued from child labor and forced labor; and providing legal, financial, and other forms of assistance.

The CONTAG and CONTAR unions are part of CONAETI and CONATRAE, and these unions participated in the formulation of the national plans against child labor and forced labor. In the case of actions undertaken by workers' organizations to address child and forced labor in the cocoa sector, unions participated in the social dialogue process promoted by the ILO and CocoaAction for the formulation of the Cacau 2030 Strategic Guidelines, according to an interview with a union representative.<sup>298</sup>

According to respondents interviewed and supported by documents reviewed, main factors preventing greater union representation in the cocoa sector included informal labor arrangements, prevalence of small family farms, and dispersed and remote farm locations. Beyond these factors, respondents noted challenges in addressing child labor and forced labor due to cultural norms and limited resources.

- **Informal labor arrangements in the cocoa sector.** Both small family farmers, and farmers on larger estates are mostly in the informal sector and are not unionized. Many

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<sup>297</sup> Rural Labour Unionism in Brazil: The Transformations of the National Confederation of Farm Workers (CONTAG) Eryka Galindo and Marcelo C. Rosa. February 2021.

<sup>298</sup> <https://www.ilo.org/pt-pt/publications/cacau-2030-strategic-guidelines-promotion-decent-work-and-improvement>

farmers rely on sharecropping and partnership relationships with landowners. The sector lacks any form of collective bargaining agreement. In the state of Pará, the prevalence of small properties and small-scale family farming, where there is a limited presence of salaried workers, further complicates the process of unionization. Consequently, formalizing labor relations and organizing workers under these conditions presents significant challenges, as shared by several respondents interviewed. This lack of formalizing labor contracts for workers on cocoa farms increases the risk of child labor and forced labor.

- **Dispersed and remote farming locations.** Cocoa farms are largely represented by smallholders (60 percent) and are often located in remote and rural areas, which can complicate efforts to reach farm workers, launch complaints related to violations, and ensure the enforcement of labor standards. However, among the larger cocoa estates, there is a greater potential for worker organization engagement but union engagement on these has been less.
- **Cultural norms.** Cultural norms and traditions can influence perceptions of child labor, making it difficult for unions to challenge deeply ingrained practices. Especially in areas where there is an intergenerational history of child labor, there may be a larger probability of its continuing.
- **Limited resources.** Unions often lack the resources they need to effectively address child and forced labor. This includes resources such as money, staff, and training.

#### 4.7 Conclusions for Brazil

1. **There is a higher risk of forced labor in the growing, harvesting, fermenting, cultivation stage of cocoa production and value chain, particularly due to debt bondage schemes.** Forced labor commonly occurs through debt bondage, trapping workers until they repay their debts, often in exploitative conditions. The supply chain faces higher risks of forced labor, particularly in growing, harvesting, fermenting, and cultivation stages, because of poverty, exploitative landowner-partnership schemes, and lack of enforcement.
2. **There is a higher risk of child labor in the growing, harvesting, fermenting, cultivation stage of cocoa production and value chain, particularly due to economic challenges for small-scale farmers.** Child labor in cocoa production is prevalent, especially in such family farms and smallholder operations due to poverty and farmers relying on family members including children.
3. **There are significant challenges around resources for government enforcement of legal and policy frameworks to address child labor and forced labor.** While the Brazilian government has established a comprehensive legal and policy framework to address child labor and forced labor, these efforts face obstacles such as limited resources, political

changes, and institutional weaknesses, resulting in inconsistent implementation and enforcement, especially in rural and remote cocoa-producing areas. The cocoa sector in Brazil is smaller than other agricultural sectors for production and exports, requiring more resources and effort to conduct inspections as compared to other sectors such as coffee. Additionally, the informal nature of cocoa production means that cocoa farms often fall outside the scope of labor inspections. There has been greater media attention to the issue of working conditions with recent lawsuits against Cargill and ofi finding cocoa companies accountable for child labor and forced labor conditions on cocoa farms in their value chains which could result in more attention, focus, and resources for enforcement of child labor and forced labor.

- 4. There are incentives and motivation by government and private sector stakeholders to increase cocoa production in Brazil.** Brazil mainly sells its cocoa domestically and has all components of the cocoa value chain in-country, including processing, manufacturing, distribution, and consumption. While Brazil's farmers currently produce approximately 200,000 tons of cocoa beans, there is greater demand for cocoa beans from processors and manufacturers, including goals to increase production to 400,000 tons by 2030 as noted in the Inova 2030 Cacau Plan.<sup>299</sup> Such prospective growth presents risks for child and forced labor but also opportunities to influence the inclusion of child and forced labor prevention as the sector grows.
- 5. There is a need for more data on scope, scale, and effectiveness of private sector efforts to address child labor and forced labor.** International companies have launched initiatives on technical assistance for farmers, supported CLMRS, and led collaborative initiatives such as CocoaAction Brasil, but transparency regarding their impact is lacking. Challenges in tracing supply chains and accessing remote cocoa-growing communities are significant. These difficulties, along with limited resources and technical constraints, hinder efforts to monitor and improve labor practices within these industries' supply chains. Industry efforts are notably scarce, limited in scope, and still in their early stages. Recent court cases involving practices of large corporations such as Cargill and ofi have highlighted private sector responsibilities for traceability and combatting child labor and forced labor in the cocoa value chain which could create greater momentum for transparency on private sector efforts to address child labor and forced labor.
- 6. Workers' organizations and unions have limited engagement and influence in the cocoa sector despite the presence of larger farm estates and given the prevalence of informal arrangements.** Workers' organizations and unions in Brazil participate in national initiatives against child and forced labor and contribute to policy formulation. However, their influence is limited in the informal agricultural sector, including the cocoa sector. This

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<sup>299</sup> <https://www.gov.br/agricultura/pt-br/assuntos/ceplac/publicacoes/inova-cacau-2030/inova-cacau-2030-versao-ingles>

limitation stems from the absence of specific unions for cocoa workers and the prevalence of informal labor arrangements, especially on larger farm estates, limiting workers' rights and increasing risk of child labor and forced labor. While unions participated in the social dialogue process promoted by the ILO and CocoaAction, as well as contributed to the formulation of the Cacao 2030 Strategic Guidelines, the researchers did not find any additional specific initiatives by workers' organizations aimed at addressing child and forced labor in the cocoa sector.

- 7. Cooperatives are perceived as limited in their reach and institutionally weak in the cocoa sector.** Cooperatives in the cocoa sector in Brazil were seen as weak or limited, covering approximately 11 percent of cocoa farmers. There is initiative and momentum to expand further with the Cacao 2030 guidelines, but cooperatives will need more support and capacity building given that they are seen as weak.
- 8. The risks identified for potential increases in child labor and forced labor in Brazil's cocoa supply chain are compounded by a confluence of factors.** Socioeconomic conditions, such as poverty and economic vulnerabilities, often lead families to rely on child labor for income. In rural areas, limited access to education increases the likelihood of children's entering the workforce. Many cocoa farmers earn below the living income, lacking basic infrastructure like roads, schools, and hospitals, making child labor a coping mechanism for families. Additionally, enforcement gaps, especially in remote cocoa-producing regions, allow labor abuses such as child labor and forced labor to persist. The cocoa industry's complex subcontracting structure further obscures labor practices, complicating efforts to address these issues. Migrant workers, particularly those with unstable legal statuses, face heightened risks of forced labor, often trapped in conditions like debt bondage and informal labor agreements. Furthermore, global crises, including pandemics and climate change, exacerbate community vulnerabilities, potentially increasing reliance on child and forced labor.

## 4.8 Recommendations Related to Brazil

The study provides recommendations based on the findings and conclusions.

- 1. Integrating child labor in the cocoa sector in the new National Plan for the Eradication of Child Labor.** In light of the CONAETI announcement regarding the formulation of a new National Plan for the Eradication of Child Labor,<sup>300</sup> it is strongly recommended that a dedicated focus on researching and addressing child labor in the cocoa sector be mainstreamed within this initiative. By mainstreaming these efforts, the government can proactively tackle child labor in the cocoa sector.

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<sup>300</sup> <https://www.gov.br/secom/pt-br/assuntos/noticias/2023/06/brasil-lanca-campanha-manual-e-retoma-comissao-de-combate-ao-trabalho-infantil>

2. **Proceed with implementing a Cocoa National Action Plan in Brazil.** The Cacau 2030 Strategic Guidelines, developed in 2021 by the ILO and CocoaAction Brasil, with the participation of over 50 representatives from federal and state governments, unions, employer organizations, CSOs, and the cocoa industry, were the outcome of an extensive dialogue process among various actors in the cocoa production chain. These guidelines offer cocoa supply chain actors, their partners, and other national and international stakeholders a unique opportunity to collaboratively formulate a national action plan addressing child and forced labor in the cocoa sector, as well as to contribute to sustainable cocoa production.
3. **Improve data collection on child labor and forced labor, including the cocoa sector.** Gathering more data on child labor and forced labor, specifically in the cocoa sector, and investing in data infrastructure would help inform additional efforts.
4. **Enhance efforts to combat forced labor in Brazil's cocoa sector.** In order to strengthen the effectiveness of combating forced labor in the cocoa sector in Brazil, the government may consider prioritizing a twofold approach. First, there is a need to increase the frequency and intensity of inspections in the cocoa sector, focusing on both large- and small-scale operations. This may require allocating additional resources and personnel to the labor inspection services, as well as to the GEFM, to enhance oversight. Second, investing in comprehensive capacity-building programs for labor inspectors and the GEFM may also be necessary. Such capacity-building should cover specific signs and indicators of forced labor in the cocoa sector, ensuring inspectors are well-equipped to identify and investigate cases effectively. Recent court cases involving Cargill and ofi have shown the potential to prosecute companies for child labor and forced labor within their cocoa supply chains.
5. **Promote greater industry support for CLMRS, in coordination with other stakeholders.** The cocoa industry in Brazil includes all components of the cocoa value chain and is an industry with greater processing and manufacturing in-country than exports of cocoa beans. There is a need for increased production of cocoa beans to meet demand for the sector. It is necessary that all actors in the industry commit to developing and implementing instruments and tools that guarantee that their production is free of child labor and forced labor. Experiences such as codes of conduct, labor certifications, or labor management committees that monitor compliance with these instruments and tools are often effective in ensuring production that meets the standards required by human rights regulations and market requirements. More data are needed on industry experiences engaging in CLMRS, along with a commitment to share data and expand implementation. Should cases of child labor or forced labor be detected, the sectors of industry with the greatest access

to technical resources could develop their own capacities to support the sectors where these problems have been identified in a way that can contain and eliminate them, as well as coordinate with the national government on remediation services. Traceability was one of the goals of the Cacau 2030 Strategic Guidelines, developed by the ILO and CocoaAction Brasil. Additionally, in the Cargill lawsuit decision in 2023, the company was required to start a due diligence process to verify whether there was child labor in its supply chain.<sup>301</sup>

6. **Provide support for workers' organizations, and unions, especially for workers on larger estates in the cocoa sector.** There is a need for greater support and engagement of workers' organizations and unions in the cocoa sector. Workers' organizations and unions such as CONTAG and CONTAR unions can advocate for better working conditions and support for farmers. Greater formalization of workers is needed in the cocoa sector context, especially with larger commercial estate farms in which most labor relations are informal, resulting in increased risks for child labor and forced labor. Since labor arrangements have been historically informal, it is recommended to have greater labor inspection and enforcement in this space as well as industry commitment to formalization.
7. **Provide support for cooperatives in the cocoa sector to expand coverage and strengthen cooperative operations.** There is a need for more support for cooperatives in the cocoa sector. There is a need to provide support for strong and well-organized cooperatives, with good negotiation capacity to sell cocoa beans from farmers directly to industry, bypassing intermediaries, and providing technical assistance for farmers. This should build on the Cacau 2030 goals to expand cooperative coverage to 30 percent of cocoa farmers. This goal of expanding cooperative coverage should be supported as well as strengthening cooperatives to reach their potential.

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<sup>301</sup> <https://www.reuters.com/world/americas/brazil-court-fines-cargill-case-involving-child-labor-cocoa-farms-2023-09-26>

## 5. Indonesia Case Study

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Indonesia is ranked seventh in world cocoa production. The Indonesia case study presents a context of cocoa production primarily on small family farms. Overall, child labor has decreased, though it is seen at high levels in the agricultural sector in rural areas, including in the top cocoa-producing areas, and there are risks of forced labor in agriculture. As in Brazil, cocoa production has decreased in Indonesia over the last two decades, but at the same time, there have been increased investments and capacity for in-country cocoa processing. Indonesia's national legal and regulatory environment reflects international laws, though there is a lack of systematic data collection on forced labor to document the issue. There have been many dedicated efforts, and progress has been made to address child labor and forced labor in agriculture, with some efforts specific to the cocoa sector. Private sector-led efforts in Indonesia on CLMRS in cocoa supply chains appear to be more advanced than those in Ecuador and Brazil and have included partnerships with NGOs for implementation. The Indonesia context and challenges reveal lower risks to child and forced labor in the cocoa supply chain, with multistakeholder platforms starting to provide coordination around efforts by public, private, and civil society actors.

### 5.1 Child Labor National Statistics and Context

**Child labor prevalence has decreased over the last two decades.** The prevalence of child labor decreased from 1.8 million children in 2009, to 1.3 million (2.3 percent) in 2020, to 1.1 million (1.8 percent) in 2021, according to the Indonesian Bureau of Statistics (BPS).<sup>302,303</sup>

**Child labor is seen in the agriculture sector, being higher in rural areas, including in the top cocoa-producing areas.** According to BPS reporting, among those engaged in child labor, 27.6 percent were involved in the agriculture sector, 57.5 percent were working in the service sector, and 14.7 percent were in the industrial sector. Child labor prevalence is higher in rural areas (2.3 percent) compared with urban areas (1.4 percent). Furthermore, BPS reporting reveals that child labor is prevalent in 22 of the 34 provinces in Indonesia. In the cocoa sector specifically, the Rainforest Alliance finds that Indonesia has a medium risk level for child labor,

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<sup>302</sup> [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms\\_123585.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_123585.pdf)

<sup>303</sup> Indonesian Bureau of Statistics. Booklet Pekerja Anak di Indonesia 2022 Sebelum dan Semasa Pandemi COVID-19. 2022.



with a total risk score of 5.2 of 10.<sup>304</sup> One of the largest cocoa-producing areas in Indonesia, South East Sulawesi province, has the highest prevalence of child labor (4.9 percent).<sup>305</sup>

## 5.2 Forced Labor National Statistics and Context

**There is a lack of official statistics or studies on forced labor in Indonesia.** The 2023 Global Slavery Index (GSI)<sup>306</sup> estimates that approximately 1.8 million individuals were experiencing modern slavery (including forced labor and forced marriages) in Indonesia in 2021. This positions Indonesia among the top 10 countries worldwide when considering the estimated total number of individuals living in modern slavery.

**According to U.S. government reports, there is forced labor in multiple sectors, including agriculture on plantations.** While there were no official statistics from the government of Indonesia on forced labor, the U.S. Department of State monitors trafficking in persons in Indonesia.<sup>307</sup> The 2023 U.S. Department of State Trafficking in Persons Report on Indonesia<sup>308</sup> highlights that forced labor is prevalent in Indonesia in sectors such as fishing, construction, palm oil and other plantations, mining, and manufacturing. The report also indicates that Indonesians, including children affected by natural disasters in 2020, were vulnerable to trafficking. For the cocoa sector, the Rainforest Alliance assessed Indonesia as having a medium risk level for forced labor in the cocoa sector with a total risk score of 5.1 out of 10.<sup>309</sup>

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<sup>304</sup> Child Labor and Forced Labor Sector Risk Maps. December 2022. Rainforest Alliance. The Rainforest Alliance categorizes the risk of child labor or forced labor in countries into three risk levels: low, medium, and high. These levels are based on a numeric score from 0 to 10. Risk-level thresholds are based on total risk score: Low risk: < 3.3; Medium risk: between 3.3 and 6.7; High risk: > 6.7. Accessed at <https://www.rainforest-alliance.org/resource-item/data-sheet-for-child-labor-and-forced-labor-risk-maps/>

<sup>305</sup> Indonesian Bureau of Statistics. Booklet Pekerja Anak di Indonesia 2022 Sebelum dan Semasa Pandemi COVID-19. 2022.

<sup>306</sup> <https://www.walkfree.org/global-slavery-index/country-studies/indonesia/>

<sup>307</sup> <https://id.usembassy.gov/our-relationship/official-reports/2023-trafficking-in-persons-report/>

<sup>308</sup> 2022 Trafficking in Persons Report: Indonesia. <https://www.state.gov/reports/2022-trafficking-in-persons-report/indonesia/>

<sup>309</sup> Child Labor and Forced Labor Sector Risk Maps. December 2022. Rainforest Alliance. The Rainforest Alliance categorizes the risk of child labor or forced labor in countries into three risk levels: low, medium, and high. These levels are based on a numeric score from 0 to 10. Risk-level thresholds are based on total risk score: Low risk: < 3.3; Medium risk: between 3.3 and 6.7; High risk: > 6.7. Accessed at <https://www.rainforest-alliance.org/resource-item/data-sheet-for-child-labor-and-forced-labor-risk-maps/>

### 5.3 Cocoa Production

**Cocoa-producing areas.** The main Indonesian cocoa-producing region is the island of Sulawesi, which accounts for around 75 percent of Indonesia’s total cocoa production (see Exhibit 21).<sup>310</sup> More than 95 percent of Indonesia’s cocoa is produced by smallholder farmers with 2 hectares of land or less.<sup>311</sup>

**Decreasing cocoa production.** Ten years ago, Indonesia unveiled its ambitious goal of becoming the largest cocoa producer globally. Indonesia, ranked as the seventh largest cocoa producer in the world as of 2021–2022 (previously third largest cocoa producer in 1996), and holds the position of primary cocoa producer in Asia.<sup>312</sup> Indonesian cocoa production has experienced a significant decrease, by half, over the course of a decade, from 450,000 tons in 2005–2006 to 375,000 tons in 2012–2013 and then to 180,000 tons in 2021–2022.<sup>313,314</sup> This decrease in production has occurred despite government initiatives and investments. Main reasons for the decline in cocoa production have been aging cocoa trees and crop diseases. Due to the decline in crop production and cocoa bean quality, Indonesia’s cocoa industry is now less competitive on the international market. Farmers are finding it increasingly hard to see a future for cocoa as a result.<sup>315</sup> The decline in production has led to an exodus of Indonesian cocoa farmers from the industry because of meager earnings.<sup>316</sup> According to the 2022 Rainforest Alliance Cocoa Annual Certification Data Report, there were 45,833 tons of certified cocoa produced in Indonesia.<sup>317</sup>

**Cocoa exports and processing.** An estimated 20 percent of the cocoa bean production in Indonesia undergoes local processing (mostly by international companies), while the remaining 80 percent is exported in its raw form.<sup>318</sup> The main destination of cocoa bean exports from

**Exhibit 21. Top Cocoa-Producing Regions in Indonesia**



Source: AIR.

<sup>310</sup> <https://www.indonesia-investments.com/business/commodities/cocoa/item241>

<sup>311</sup> Rainforest Alliance. <https://www.rainforest-alliance.org/in-the-field/tractions-project/>

<sup>312</sup> Production of cocoa beans in Indonesia from 2013 to 2022, with a forecast for 2023.

<https://www.statista.com/statistics/497882/production-of-cocoa-beans-in-indonesia/>

<sup>313</sup> Production of cocoa beans in Indonesia from 2013 to 2022, with a forecast for 2023.

<https://www.statista.com/statistics/497882/production-of-cocoa-beans-in-indonesia/>

<sup>314</sup> [https://pdf.usaid.gov/pdf\\_docs/Pnadh968.pdf](https://pdf.usaid.gov/pdf_docs/Pnadh968.pdf)

<sup>315</sup> Source: Rainforest Alliance.

<sup>316</sup> Children at the Heart; Assessment of Child Labour in Indonesia’s Cocoa Sector and Recommendations to Mondelēz International. Embode Ltd, 2017.

<sup>317</sup> <https://www.rainforest-alliance.org/business/certification/cocoa-certification-data-report-2022/>

<sup>318</sup> Value Chain Improvement for Cocoa Industry in Indonesia by Input-Output Analysis. Arinda Soraya Putri, Wahyudi Sutopo, Socia Prihawantara, Ryan Corinus Dato Matheos. 2015.

Indonesia are Malaysia, Singapore, the Philippines, the United States, and Japan. Processed cocoa products (such as cocoa butter, cocoa powder, and other industrial raw materials) are primarily marketed to manufacturing plants in Malaysia, the United States, China, India, and the Netherlands.<sup>319</sup> The Indonesian government passed an export tax on cocoa beans, increasing from 0 to 15 percent starting in 2010 compared with no tax on processed cocoa, to decrease exports of cocoa beans and increase exports of processed cocoa.<sup>320,321</sup> There was increased investment in cocoa grinding and processing facilities, with at least four new facilities after 2010. There was also a decrease in exports of cocoa beans, as shown in Exhibit 22. Indonesia imports large volumes of cocoa beans to meet demands for processors and manufacturers with capacity estimated at 800,000 tons.<sup>322</sup> Indonesia imported US\$611 million in cocoa beans in 2021 to meet demands, with the beans coming primarily from Côte d’Ivoire, Ecuador, Nigeria, Ghana, and Peru.<sup>323,324</sup>

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<sup>319</sup> The Indonesian Global Cocoa Chain’s Position in the Pandemic Era. Hasna Wijayati1, Halifa Haqqi. Department of International Relations Studies, Universitas Slamet Riyadi, Indonesia. 2022.

<sup>320</sup> Zakiah, Safrida, Frastica, N. (2022). Performance of cocoa beans production modelling in Indonesia. IOP Conf. Ser.: Earth Environ. Sci. 951 012007. doi:10.1088/1755-1315/951/1/012007

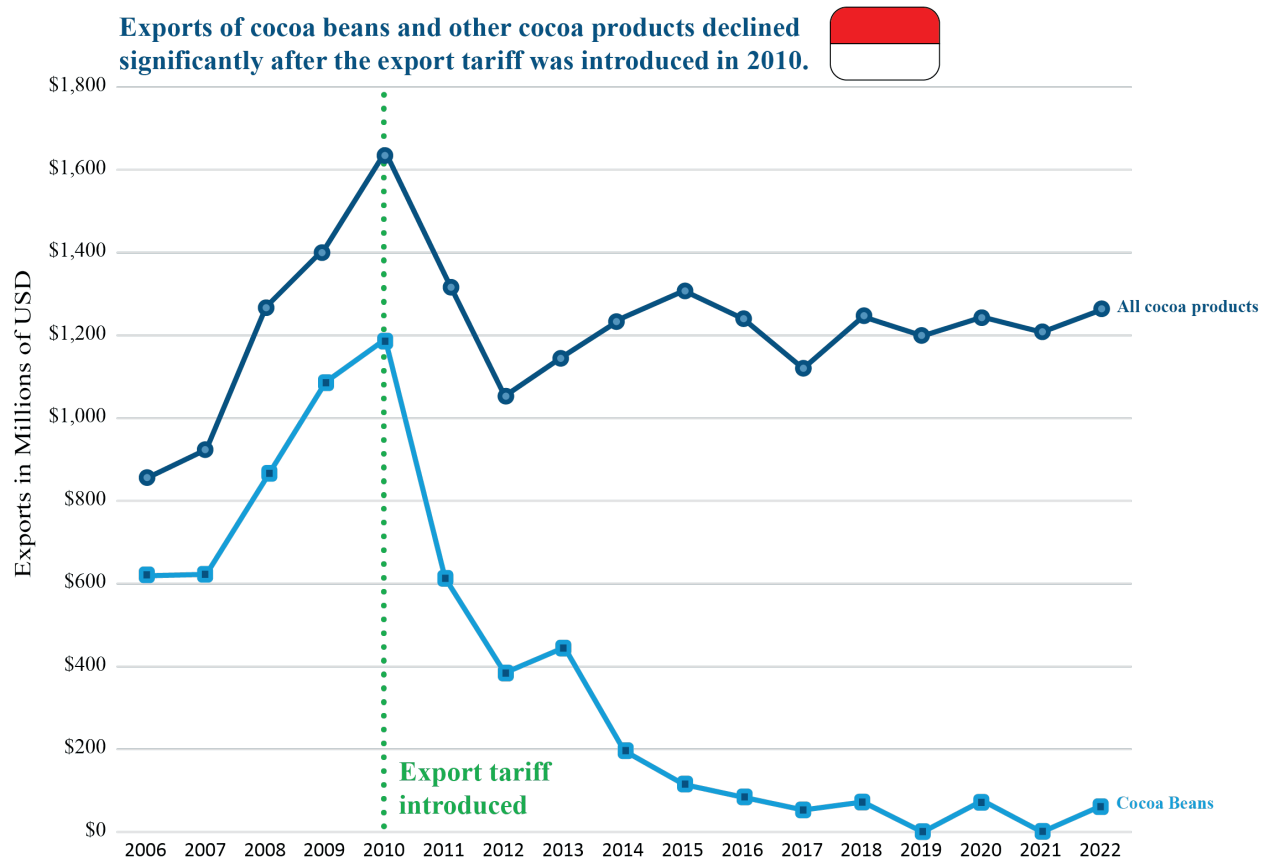
<sup>321</sup> Yudyanto, H., Hastiadi, F.F. (2019). Analysis of the Imposition of Export Tax on Indonesian Cocoa Beans: Impact on the Processed Cocoa Export in Indonesia and Malaysia. *Globalization, Productivity, and Production Networks in ASEAN*. 169–189.

<sup>322</sup> Neilson, J., Dwiartama, A., Fold, N., Permadi, D. (2020). Resource-based industrial policy in an era of global production networks: Strategic coupling in the Indonesian cocoa sector. *World Development*, 135: 1–12. <https://doi.org/10.1016/j.worlddev.2020.105045>

<sup>323</sup> <https://oec.world/en/profile/bilateral-product/cocoa-beans/reporter/idn>

<sup>324</sup> Neilson, J., Dwiartama, A., Fold, N., Permadi, D. (2020). Resource-based industrial policy in an era of global production networks: Strategic coupling in the Indonesian cocoa sector. *World Development*, 135: 1–12. <https://doi.org/10.1016/j.worlddev.2020.105045>

## Exhibit 22. Cocoa Beans and All Cocoa Products Exported From Indonesia



Source: AIR. Data: UN Comtrade Database. Accessed at <https://comtradeplus.un.org/>

### 5.4 Cocoa Value Chain Stages

AIR reviews stages of cocoa production in the supply chain in Indonesia for apparent risks that could create conditions for child labor and forced labor. According to key informants interviewed and document review, cases of child labor reported in Indonesia are primarily during the growing, harvesting, fermenting, and drying stages of the cocoa value chain, with informal and smallholder family farming and with lower risks further along the value chain.



#### *Growing, Harvesting, Fermenting, and Drying*

Risks for child labor appear to be highest in the growing, harvesting, fermenting, and drying segment of the cocoa value chain in Indonesia because of small-scale family farms, poverty, decreased cocoa production, low prices paid for cocoa and high external labor costs, cultural

beliefs, child labor in other agricultural sectors, and climate change. Stakeholders interviewed did not believe there was significant risk for forced labor in this segment of the value chain, though according to documentation, there are risks for forced labor, given the presence of forced labor in other agricultural sectors such as palm oil.

**Small-scale family farms.** In Indonesia, smallholder farmers, with 2 hectares of land or less,<sup>325</sup> represent more than 95 percent of farmers in the cocoa sector. According to respondents in interviews and supported by documentation, production levels and cocoa prices play a role in farmers' relying on support from family members for cocoa production. Additionally, there is a lack of engagement with trade unions in the cocoa sector, which is typically an informal sector. There is a lack of trade unions monitoring practices because the cocoa farms are mostly owned by small family farmers, located in rural and isolated areas. However, according to respondents, trade unions are mandated to inform members about child labor issues. The agriculture sector is typically an informal sector, including cocoa production.

**Poverty.** According to BPS data, 13.2 percent of the population lives in poverty in rural areas in Sulawesi, a top cocoa-growing area.<sup>326</sup> The average income per farmer is around US\$2.50 per day, leading to poverty as an economic reality for many cocoa farmers.<sup>327</sup> Annual income for farmers is estimated at US\$850,<sup>328</sup> compared with the estimated average living wage of US\$1,142.<sup>329</sup> A farmer who only grows cocoa needs to produce a minimum of 1.5 tons of cocoa per hectare, per year, in order to earn an income above the poverty line. However, domestic cocoa bean production ranges between 250 and 655 kilograms per hectare,<sup>330</sup> which means that the majority of small farmers fall well below this poverty line. Poverty among cocoa farming families may potentially lead to child labor, as children could be compelled to work in order to assist their families in meeting essential requirements.

**Declining cocoa production.** Additionally, most Indonesian cocoa farmers have challenges with production because of tending to old cocoa trees and facing frequent insect and disease outbreaks. Due to the absence of formal government support and to safeguard against market fluctuations, diseases, and economic uncertainties, most farmers choose not to rely solely on

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<sup>325</sup> Rainforest Alliance. <https://www.rainforest-alliance.org/in-the-field/tractions-project/>

<sup>326</sup> BPS, Indonesia Poverty Profile in March 2023, National Socio-Economic Survey. <https://www.bps.go.id/en/pressrelease/2023/07/17/2016/indonesia-poverty-profile-in-march-2023.html>

<sup>327</sup> Source: Children at the Heart; Assessment of Child Labour in Indonesia's Cocoa Sector and Recommendations to Mondelēz International. Embode Ltd, 2017.

<sup>328</sup> Average annual farmer income in Polman District, Sulawesi. Source: Increased incomes for Indonesian cocoa farmers in sustainable markets: NGO-private sector cooperation on Sulawesi island full case study. 2011. VECO (currently Rikolto). [https://ei-ado.aciar.gov.au/sites/default/files/VECO\(2011\)IncreasedIncomesIndoCocoaFarmersSustainableMarketsSulawesi.pdf](https://ei-ado.aciar.gov.au/sites/default/files/VECO(2011)IncreasedIncomesIndoCocoaFarmersSustainableMarketsSulawesi.pdf)

<sup>329</sup> <https://wageindicator.org/documents/publicationslist/publications-2016/guzi-m-kabina-k-tijdens-k-g-2016-living-wages-in-indonesia-amsterdam-wageindicator-foundation#:~:text=Based%20on%20our%20research%2C%20the,a%20single%20person%20per%20month.>

<sup>330</sup> Global Business Guide Indonesia:

[http://www.gbgingonesia.com/en/agriculture/article/2016/overview\\_of\\_indonesia\\_s\\_cocoa\\_industry\\_lack\\_of\\_supply\\_still\\_hampers\\_growth\\_and\\_investment\\_11670.php](http://www.gbgingonesia.com/en/agriculture/article/2016/overview_of_indonesia_s_cocoa_industry_lack_of_supply_still_hampers_growth_and_investment_11670.php) and Competitiveness, production, and productivity of cocoa in Indonesia. IM. Fahmid, H. Harun, M. M Fahmid, Saadah and N. Busthanul.

cocoa cultivation. Some farmers have sought alternative income sources within the agricultural sector, such as cultivating palm oil, while others have chosen to leave agriculture and rural areas altogether. Moreover, a significant number of farmers have been transitioning away from cocoa farming for more than a decade because of aging trees and diminishing profitability and yields of the crop.<sup>331</sup>

**Role of cocoa prices on child labor.** Respondents noted that, if the cocoa market price increased, this would allow farmers to hire workers and not rely on family members including children. Many respondents said, and some documentation supported them, that children engage in cocoa farming after school, on weekends, or during school holidays, particularly during peak periods like harvesting.<sup>332</sup> Some respondents interviewed acknowledged that there were cases in which families asked children to assist on the cocoa farm to reduce external labor costs. For example, a union representative interviewed said that poverty was the greatest risk factor for child labor, that there was child labor in Sulawesi and parts of Sumatra, where poor families might ask their children to help on the cocoa farm to reduce labor costs. Children's tasks on cocoa farms typically included planting, fertilizing, watering, and harvesting, including picking cocoa pods and drying.

**Cultural beliefs about children.** According to interviews and documents, there are varied perspectives on child labor in Indonesia. For example, according to a government official, in some communities, it is common for children to be involved on farms to learn farming skills and gain knowledge, and as a tradition to provide relevant experiences when entering the workplace. However, according to interviews and documentation, most parents prioritized education for their children, and children's involvement on cocoa farms was mostly after school hours, on weekends, during holiday periods, and primarily during harvest seasons for brief durations. Respondents believed that these contributions had a negligible impact on children's education or overall well-being. They did say that there were cases when families asked their children to work on the farm to help reduce external labor costs, especially if there were high labor costs in the area. All respondents emphasized that children were not being forced to work on the cocoa farms. Government respondents highlighted the need to raise awareness about child labor among parents and in cocoa-growing communities.

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<sup>331</sup> Children at the Heart; Assessment of Child Labour in Indonesia's Cocoa Sector and Recommendations to Mondelez International. Embode Ltd, 2017.

<sup>332</sup> Children at the Heart; Assessment of Child Labour in Indonesia's Cocoa Sector and Recommendations to Mondelez International. Embode Ltd, 2017.

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*In [district], the labor costs are relatively high, thus, some farmers may ask their children to help them on the farm. It's also local culture in the district that children help their parents, including on cocoa farms.*

- *Government official*

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**Child labor and forced labor trends in other agricultural value chains.** Child labor is present in several agricultural industries in Indonesia such as palm oil, tobacco, and sugarcane.<sup>333</sup> Child labor is especially pervasive during the farming and harvesting stage of these crops.<sup>334</sup> Given the prevalence of child labor during crop cultivation in Indonesia, child labor is likely present during these stages in the cocoa sector in Indonesia, as well. Forced labor has also been confirmed on palm oil plantations in Indonesia.

**Climate change.** Some respondents noted that climate change was expected to negatively affect cocoa production, which could impact child labor in cocoa communities. This was also supported by documentation.<sup>335</sup> Climate change events could disrupt cocoa yields and decrease cocoa production, for example, because of droughts, floods, or other effects on crops. This in turn could lead to farmers turning to child labor for decreased labor costs.



### ***Sourcing and Trading***

Compared with the farming segment of the cocoa value chain, risks for child labor and forced labor for the processing and fermentation segment were much lower, but prices provided to farmers could affect the risk of child labor and forced labor in other parts of the value chain. In this part of the value chain, risks to child labor and forced labor include reliance on middlemen and lack of cooperatives.

**Reliance on middlemen.** Farmers typically sell the cocoa beans directly to middlemen who offer transportation for farmers in remote areas unable to bring cocoa beans directly to collectors. In turn, the middlemen sell the cocoa beans to collectors at collection centers. The farmers can also sell directly to collectors, in some cases with companies providing incentives or covering

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<sup>333</sup> U.S. Department of Labor's 2022 Findings on the Worst Forms of Child Labor, Indonesia.

<sup>334</sup> <https://www.unicef.org/indonesia/media/4391/file>; <https://www.hrw.org/report/2016/05/25/harvest-my-blood/hazardous-child-labor-tobacco-farming-indonesia>

<sup>335</sup> Sasmita, K.D., Wardiana, E., Saefudin, Pranowo, D., Aunillah, A., et al. (2023). Challenges and Opportunities for Indonesian Cocoa Development in the Era of Climate Change. <http://dx.doi.org/10.5772/intechopen.112238>

transportation costs.<sup>336</sup> While middlemen provide services, such as offering transportation for farmers in remote areas unable to bring cocoa beans directly to collectors or providing post-harvest processing services of drying and sorting cocoa beans, they add another link in the cocoa value chain, reducing the price paid to cocoa farmers for the beans. According to an assessment of ofi's cocoa supply chain in Indonesia, there were 700 non-certified collectors<sup>337</sup> supplying cocoa beans to ofi and 87,000 certified small farmers providing cocoa beans through middlemen and buying stations owned by ofi, with overall 77 percent non-certified and 23 percent certified cocoa beans.<sup>338</sup> While some multinational companies, such as ofi, have contracts with direct suppliers, there are no contracts between the company and the cocoa farmers.<sup>339</sup> However, farmers and cooperatives that sell directly to cocoa companies instead of going through a middleman can receive better prices.

**Cooperatives.** There are some cooperatives, according to local government officials, though it is not clear how widespread they are. There was discussion in documentation and interviews regarding cooperatives' providing access to credit and promoting agricultural techniques. There were some pilot programs to build and empower cocoa farmer cooperatives, further detailed in Section 5.6.3.<sup>340</sup> For example, the Transforming the Cocoa Sector in Indonesia through Value Addition for Smallholders (TRACTIONS) project is a pilot program providing support to seven cocoa farmer cooperatives. The Collective Marketing for the Cocoa Sector, Sustainable Agriculture Chain Development program provides support for the AMANAH cooperative. According to the Indonesian Cooperative Council, there are 129,939 active cooperatives in Indonesia.<sup>341</sup>



### *Processing and Manufacturing*

There did not appear to be significant risks or cases of child labor or forced labor in the processing and manufacturing level of the cocoa supply chain. As we discussed earlier, after the Indonesian government passed an export tax on cocoa beans in 2010, there was an increase in

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<sup>336</sup> <https://www.fairlabor.org/reports/working-conditions-in-ofis-cocoa-supply-chain-in-indonesia/>

<sup>337</sup> For consistency, we have used the same terminology throughout the report, of “middlemen,” who purchase cocoa beans from farmers and then “collectors,” who purchase cocoa beans from middlemen, though there are many terms used across references such as “buyers,” “traders,” “first middlemen,” and “second middlemen.”

<sup>338</sup> <https://www.fairlabor.org/reports/working-conditions-in-ofis-cocoa-supply-chain-in-indonesia/>

<sup>339</sup> <https://www.fairlabor.org/reports/working-conditions-in-ofis-cocoa-supply-chain-in-indonesia/>

<sup>340</sup> <https://www.rainforest-alliance.org/in-the-field/tractions-project/>

<sup>341</sup> Source: <https://dekopin.coop/>. This is based on 2019 data from the Indonesian Ministry of Cooperatives and Small and Medium-sized Enterprises.



cocoa processing facilities, as well as a decrease in exports of cocoa beans. A focus on further processing cocoa beans prior to export, resource-based industrialization, or “downstreaming” has led to Indonesia’s becoming a cocoa-processing hub in Asia.<sup>342</sup> An estimated 20 percent of the cocoa beans are directed toward processors in Indonesia for local processing (mostly by international companies), while the remaining 80 percent are exported in their raw form.<sup>343</sup> The cocoa processing in Indonesia is dominated by international companies, such as Barry Callebaut, Cargill, ofi, JB Cocoa, and Guan Chong, which in some cases have acquired Indonesian firms. For example, ofi acquired BT Cocoa in 2019.<sup>344,345</sup> One large Indonesian cocoa processor is Kalla Kakao.<sup>346</sup> Most of the Indonesian cocoa beans are sold by the main multinational exporters. These large-scale exporters purchase bulk beans from traders who deliver to their warehouses, sort and grade the beans for quality, and sell them to buyers for processing. The main destination of cocoa bean exports from Indonesia are Malaysia, Singapore, the Philippines, the United States, and Japan.<sup>347</sup> Processed cocoa products (such as cocoa butter, cocoa powder, and other industrial raw materials) are primarily marketed to manufacturing plants in Malaysia, the United States, China, India, and the Netherlands.<sup>348</sup>



### ***Distribution and Marketing, Consumption***

There do not appear to be significant risks or cases of child labor or forced labor at the distribution and marketing or consumption levels of the cocoa supply chain. The chocolate market in Indonesia reflects a mix of global and local brands, though some of the local brands have been acquired by international firms.

For example, Barry Callebaut acquired the Delfi Cocoa Ingredients Division (Petra Foods) in 2013,<sup>349</sup> a Singapore-headquartered company and market leader in Indonesia, generating about 66 percent of its revenues from the Indonesian market. Delfi had previously acquired PT Perusahaan Industri Ceres in 2002. The company focuses on both premium and own-brand chocolates, like Silver Queen and ChaCha, and agency brands such as Van Houten. Delfi's strategy included premiumization and product innovation to attract younger consumers. Other

<sup>342</sup> Neilson, J., Dwiartama, A., Fold, N., Permadi, D. (2020). Resource-based industrial policy in an era of global production networks: Strategic coupling in the Indonesian cocoa sector. *World Development*, 135: 1–12. <https://doi.org/10.1016/j.worlddev.2020.105045>

<sup>343</sup> Source: Value Chain Improvement for Cocoa Industry in Indonesia by Input-Output Analysis. Arinda Soraya Putri, Wahyudi Sutopo, Socia Prihawanantara, Ryan Corinus Dato Matheos. 2015.

<sup>344</sup> <https://www.olamgroup.com/news/all-news/press-release/Olam-announces-acquisition-of-Indonesias-largest-cocoa-processor.html>

<sup>345</sup> Neilson, J., Dwiartama, A., Fold, N., Permadi, D. (2020). Resource-based industrial policy in an era of global production networks: Strategic coupling in the Indonesian cocoa sector. *World Development*, 135: 1–12. <https://doi.org/10.1016/j.worlddev.2020.105045>

<sup>346</sup> <https://smesta.kemenkopukm.go.id/ukm/kalla-kakao-industri-pt>

<sup>347</sup> <https://oec.world/en/profile/bilateral-product/cocoa-beans/reporter/idn>

<sup>348</sup> The Indonesian Global Cocoa Chain’s Position in the Pandemic Era. Hasna Wijayati1, Halifa Haqqi. Department of International Relations Studies, Universitas Slamet Riyadi, Indonesia. 2022.

<sup>349</sup> <https://www.barry-callebaut.com/en/group/media/news-stories/barry-callebaut-successfully-closes-acquisition-cocoa-ingredients-division>

notable players in the market include Mondelēz-owned Cadbury, Ferrero, and Indonesian-based companies Mayora<sup>350</sup>, Garudafoods<sup>351</sup>, and chocolatier Pipiltin Cocoa.<sup>352</sup>

In terms of consumption habits, chocolate is popular in Indonesia for gifting during significant festive seasons like Valentine's Day, Christmas, and Ramadan. However, challenges such as weak infrastructure, particularly in cold chain facilities, pose difficulties for the chocolate transport and distribution in Indonesia's hot and humid climate.<sup>353</sup>

## 5.5 Key Stakeholders Engaged in Addressing Child Labor and Forced Labor in Cocoa Supply Chains

The landscape of actors in Indonesia working on child labor and forced labor generally and on the cocoa value chain specifically is made up of government, private sector, worker organizations, and national and international CSOs. In Exhibit 23, below, we detail each stakeholder and its role in preventing, protecting, or addressing child labor and forced labor before presenting the stakeholder's efforts and challenges to address child labor and forced labor in the following sections.

**Exhibit 23. Relevant Stakeholders in the Cocoa Sector and Labor Issues in Indonesia**

Stakeholder Type	Stakeholder Name	Role
Government	Ministry of Women's Empowerment and Child Protection	The ministry coordinates national efforts on child protection, including child labor. The ministry serves as a key player in advocating for and protecting the rights of women and children in Indonesia. This ministry formulates policies, engages in advocacy, and collaborates with stakeholders to combat child labor and address child protection issues.
Government	Ministry of Manpower	Responsible for the workers and labor laws of Indonesia. Charged with responding to issues of child labor in formal sectors in Indonesia but with less coverage for informal agricultural sectors such as cocoa farms.
Government	Ministry of Education and Culture	Responsible for promoting and ensuring access to quality education for all children. The Ministry of Education and Culture works to prevent child labor by promoting access to education and providing aid for school-related expenses.
Government	Ministry of Social Affairs	Responsible for social protection programs, including those that provide cash assistance contingent upon children's access to education and health care services to reduce child labor.

<sup>350</sup> <https://www.mayora.com/en>

<sup>351</sup> <https://garudafood.com/en>

<sup>352</sup> <https://www.pipiltincocoa.com/>

<sup>353</sup> [https://www.eria.org/uploads/media/8\\_RPR\\_FY2018\\_11\\_Chapter\\_4.pdf](https://www.eria.org/uploads/media/8_RPR_FY2018_11_Chapter_4.pdf)

Stakeholder Type	Stakeholder Name	Role
Government	Regional Development Planning Agency	Responsible for regional development research and planning, including leading a mapping of child protection systems to identify strengths and gaps in the existing system, in coordination with the Ministry of Women’s Empowerment and Child Protection.
Industry	Barry Callebaut	International chocolate and cocoa trader, processor, and manufacturer with chocolate and cocoa factories in Rancaekek (West Java), Gresik (East Java), Bandung (West Java), and Makassar (South Sulawesi).
Industry	Cargill	International trader, processor, and manufacturer food company with its cocoa business based in Makassar (South Sulawesi). Its Cocoa Development Center and a cocoa processing plant are in Gresik (East Java).
Industry	ofi	International trader and processor food and agriculture company with cocoa-processing operations in Jakarta.
Industry	JB Cocoa	Singapore-based multinational cocoa processor with a presence in Indonesia with a cocoa-processing facility in Gresik (East Java)
Industry	Guan Chong Berhad	Malaysian cocoa-processing company with a presence in Indonesia with a cocoa-processing facility in Batam, Sumatra
Industry	Kalla Group	An Indonesian-based company operating Kalla Kakao cocoa processing with a cocoa-processing facility in Kendari, Sulawesi. <sup>354</sup>
Industry	Mondelēz	International food company with a cocoa crop science technical center in Pasuruan (East Java).
Industry	Mars	International food company with a cocoa-processing factory in Makassar (South Sulawesi) and two cacao research centers in Sulawesi.
Industry	Hershey	International chocolate and cocoa company and manufacturer that sources cocoa from Indonesia.
Industry	Nestlé	Multinational food and beverage company that sources cocoa from Indonesia (4% of the company’s cocoa.) <sup>355</sup>
Industry	Indonesian Cocoa Association	An association formed to increase cocoa production in Indonesia, improve quality of cocoa produced, position Indonesia as a leader in the international market, including cocoa farmers, traders, exporters, and processing industries.
Industry	Indonesian Cocoa Board	Founded in 2007 by the Indonesian Cocoa Association, Indonesian Cocoa Industry and Chocolate Association, Indonesian Cocoa Farmers Association, Indonesian Cocoa Industry Association, and Indonesian Coffee and Cocoa Research Institute. <sup>356</sup>

<sup>354</sup> <https://smesta.kemenkopukm.go.id/ukm/kalla-kakao-industri-pt>

<sup>355</sup> [https://www.nestlecocoaplan.com/sites/default/files/2023-11/NCP-Progress-Report-2022\\_231120.pdf](https://www.nestlecocoaplan.com/sites/default/files/2023-11/NCP-Progress-Report-2022_231120.pdf)

<sup>356</sup> <https://dekaindo.org/eng/>

Stakeholder Type	Stakeholder Name	Role
Worker organization	Serikat Petani Indonesia— Indonesian Peasant Union (SPI)	The SPI defends the rights of small farmers and agricultural workers who are increasingly marginalized by mainstream development and agrarian policies. The SPI’s mission is to strengthen farmers to achieve progressive agrarian reform and food sovereignty. SPI is the largest mass organization in Indonesia, uniting 12 farmer unions across the country. It has over 1,000 cooperatives and is also recognized for its leadership in advocating for the UN Declaration of Peasants Rights.
Worker organization	All-Indonesian Plantation Workers’ Trade Union Federation (FSPPP-SPSI— Federasi Serikat Pekerja Pertanian Perkebunan Seluruh Indonesia)	FSPPP-SPSI has over 1 million members and represents workers in various agricultural sectors, including plantations, forestry, and fisheries. It is affiliated with the Confederation of All Indonesian Workers’ Union (KSPSI), the largest trade union federation in Indonesia.
Worker organization	KSPSI (Konfederasi Serikat Pekerja Seluruh Indonesia)	Federation of various national and regional trade unions representing workers across different sectors, such as manufacturing, mining, transportation, and services. It has been a significant part of Indonesia’s labor movement and has been involved in various advocacies and demonstrations concerning workers’ rights and issues.
Worker organization	AMANA cooperative	Registered cooperative of cocoa farmers based in West Sulawesi. The cooperative has received NGO support from Rikolto (formerly VECO). The cooperative also provides training and technical assistance to members.
Worker organization	KSU-Romeo Cooperative	A registered cooperative assisting farmers in the Sikka regency in East Nusa Tenggara province to promote better incomes for farmers, stronger bargaining power, and increased cocoa production and marketing. <sup>357</sup> This cooperative is supported by the Transforming the Cocoa Sector in Indonesia through Value Addition for Smallholders (TRACTIONS) project. <sup>358</sup>
Worker organization	SIKAP (Kopan Sikap) Cooperative	A cooperative working with farmers in the Ende regency in East Nusa Tenggara province, to improve prices farmers receive for cocoa beans and provide support for farmers as well as marketing. This cooperative is supported by the TRACTIONS project.

<sup>357</sup> <https://website.romeo-sikka.co.id/pages/n/visi-dan-misi>

<sup>358</sup> <https://www.rainforest-alliance.org/in-the-field/tractions-project/>

Stakeholder Type	Stakeholder Name	Role
Worker organization	Kerta Semaya Samaniya Cooperative	A cooperative assisting farmers in Jembrana regency in Bali. This cooperative is supported by the TRACTIONS project.
Worker organization	Gabungan Kelompok Tani Cooperative	A cooperative supporting farmers in East Kolaka Regency, in Southeast Sulawesi province. This cooperative is supported by the TRACTIONS project.
International organizations and cooperation agencies	U.S. Department of Labor’s Bureau of International Labor Affairs (USDOL-ILAB)	USDOL-ILAB maintains a list of goods produced by child labor or forced labor and prepares an annual Findings on the Worst Forms of Child Labor report. <sup>359</sup> USDOL-ILAB provides funding for projects such as the Strengthening Social Compliance Project to improve labor rights and work conditions and eliminate forced labor, with a focus on the palm oil sector. <sup>360</sup>
International organizations and cooperation agencies	U.S. Agency for International Development (USAID)	An agency of the United States government that administers civilian foreign aid and development assistance. In Indonesia, USAID is providing funds for the Advancing Cocoa Agroforestry toward Income, Value and Environmental Sustainability (ACTIVE) project to promote cocoa-growing practices to combat climate change and promote resilience, increase farmer incomes, and support high-quality cocoa production. USAID is also providing funds for the Landscape Approach to Sustainable and Climate Change Resilient Cocoa and Coffee Agroforestry (LASCARCOCO) to improve environmental sustainability in cocoa and coffee production and improve welfare of rural communities in partnership with the Indonesian government, ofi, Rikolto, and Hershey’s. <sup>361</sup>
International organizations and cooperation agencies	International Labour Organization (ILO)	A tripartite United Nations agency bringing together governments, workers, and employers to promote rights at work, decent employment, and social protection. The ILO reviews how standards are applied in member states and provides assistance in working with governments. For example, the International Programme on the Elimination of Child Labour and Forced Labour (IPEC+) provides ILO leadership on global efforts to eradicate child labor.
International organizations and cooperation agencies	Verité	An independent, non-profit, civil society organization (CSO) focused on labor rights, producing a Forced Labor Commodity Atlas and, in collaboration with the U.S. Department of State, creating a Responsible Sourcing Tool.

<sup>359</sup> <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/findings>

<sup>360</sup> <https://www.dol.gov/agencies/ilab/strengthening-social-compliance-project>

<sup>361</sup> <https://www.usaid.gov/indonesia/press-releases/may-31-2023-united-states-invests-indonesian-coffee-and-cocoa-producing-communities>

Stakeholder Type	Stakeholder Name	Role
International organizations and cooperation agencies	World Vision Indonesia	Humanitarian organization implementing the CSO Empowerment Project to strengthen CSO capacity to increase supervision and implementation of child-friendly districts, using the Citizen’s Voice and Action approach. The European Union financially supports this project. <sup>362</sup>
International organizations and cooperation agencies	Global March Against Child Labour	A worldwide network of trade unions, teachers’ organizations, and CSOs supporting advocacy, policy change, research, political will strengthening, and awareness interventions, with the aim of creating an environment in which the rights of children are protected and promoted and of eradicating child labor by 2025.
International organizations and cooperation agencies	Elimination of Child Labor in Tobacco Growing (ECLT) Foundation	An independent foundation collaborating with relevant stakeholders to eliminate child labor. The ECLT developed the Strengthening Stakeholder Cooperation and Coordination against Child Labor in Agriculture in Indonesia project, in which child-friendly villages are a key component, aiming to provide children with a safe and secure environment in which to play, grow, and learn; access to quality education; and a platform for children’s voices to be heard and accepted by adults.
International organizations and cooperation agencies	United National Children’s Fund (UNICEF) Indonesia	A national office of UNICEF, promoting rights of children, including the right to education and protection from abuse and exploitation.
International organizations and cooperation agencies	Rainforest Alliance	An international NGO that aims to protect forests, improve farmer livelihoods, promote human rights, and address climate change. The alliance provides annual data on its certification program at the country level for the cocoa sector, as well as child labor and forced labor sector risk maps, including for the cocoa sector. The Rainforest Alliance, along with the Kalimajari Foundation, launched a pilot program to promote income for cocoa farmers in Indonesia.
International organizations and cooperation agencies	Global March Against Child Labour	A worldwide network of unions and CSOs aiming to eliminate and prevent child labor and trafficking and promote access to education.
International organizations and cooperation agencies	Save the Children Indonesia	A non-profit organization in Indonesia providing assistance to children and families, responding to natural disasters, promoting access to school, and providing skills training for youth. Save the Children is partnering with Mondelez in Indonesia to support cocoa-farming communities with the Cocoa Life program. <sup>363</sup>

<sup>362</sup> <https://wahanavisi.org/id/proyek-kampanye/cso-empowerment-project>

<sup>363</sup> <https://www.savethechildren.org/us/about-us/become-a-partner/corporations/mondelez>

Stakeholder Type	Stakeholder Name	Role
National civil society organization	JARAK (Non-governmental organization (NGO) Network for Elimination of Child Labor in Indonesia)	A network of NGOs to eliminate child labor, established in 1997, to influence policy on child labor, raise awareness, and mobilize resources.
National civil society organization	Rikolto Indonesia (formerly VECO)	An NGO focused on supporting smallholder farmers in addressing rural poverty, improving production, and empowering farmer groups.
National civil society organization	Yayasan Kalimajari (Kalimajari Foundation)	A CSO in Indonesia working to empower farmers and communities to have better bargaining power and partnerships. Work includes the Sustainable Cacao Program to empower cocoa farmers and cooperatives in Sulawesi, Bali, Kalimantan, Papua, and Sumatra. The foundation collaborates with the Rainforest Alliance in an initiative to support additional cocoa cooperatives. <sup>364</sup>

## 5.6 Efforts to Address Child Labor and Forced Labor in Cocoa Supply Chains

This section examines the current efforts by government, industry, international and national cooperation agencies, and workers’ organizations (presented in Exhibit 24) to address child labor and forced labor in cocoa supply chains in Indonesia, including related challenges. We map these efforts across the Systems Framework to Reducing Child and Forced Labor (Exhibit 3), to analyze whether the country case is employing efforts comprehensively and sufficiently to prevent and reduce child labor and forced labor, and assess where there may be gaps.

### 5.6.1 Legal and Policy Frameworks, Data, and Governance

This dimension shows that, to address child labor and forced labor, countries need to have legal and policy frameworks that reflect international laws on child labor and forced labor that support coordinated multistakeholder actions to prevent and address child labor and forced labor generally and the cocoa sector specifically. This dimension also reinforces a need for data collection mechanisms that allow for consistent and accurate child labor and forced labor statistics for prevalence monitoring.

Exhibit 24, below, demonstrates that Indonesia has implemented a wide range of efforts over the years to establish the legal and regulatory environment, policy and governance environment, and data collection and management structures to prevent and address child labor and forced labor in the country. However, as is highlighted in their challenges, national

<sup>364</sup> <https://www.rainforest-alliance.org/in-the-field/heart-soul-and-chocolate-meet-balis-champion-for-cocoa-policy-reform>

policies are in the process of being updated, and multistakeholder platforms are beginning to examine the cocoa sector after focusing on child labor and forced labor in other agricultural sectors.

#### Exhibit 24. Efforts in Establishing the Enabling Environment in Indonesia

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
<b>Legal and Regulatory Frameworks</b>		
International Labour Organization (ILO), Government of Indonesia	Ratified <ul style="list-style-type: none"> <li>• ILO Convention No. 182 on the Worst Forms of Child Labour and Convention No. 138 on the Minimum Age for Employment</li> <li>• ILO Convention No. 29 concerning Forced or Compulsory Labour</li> <li>• ILO Convention No. 105 concerning the Abolition of Forced Labour</li> </ul>	Indonesia has yet to ratify several relevant international conventions, including the ILO 2011 Convention 189 on Domestic Workers, P029— Protocol of 2014 to the Forced Labour Convention, 1930, and ILO Convention No. 141 on Rural Workers’ Organization.
Government of Indonesia	Provisions on child and forced labor in: <ul style="list-style-type: none"> <li>• Manpower Law (2003), which sets a minimum employment age of 15, explicitly prohibits children ages 15 to 18 from engaging in hazardous work, and bans forced labor.</li> <li>• Child Protection Law (2014), dedicated to safeguarding children’s rights and preventing their exploitation. The law reinforces the government’s role in ensuring a secure environment for children and actively preventing their involvement in harmful labor practices.</li> <li>• Anti-Trafficking Law (2007) Number 21, prohibits trafficking in persons, especially women and children (under age 18 years)</li> </ul>	<ul style="list-style-type: none"> <li>• No challenges noted.</li> </ul>



Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
<b>Policy Frameworks and Governance</b>		
Government of Indonesia, Ministry of Manpower, International Labour Organization (ILO)	<b>Roadmap towards a Child Labor-Free Indonesia (2013–2022)</b> exemplifies a strategic plan developed in collaboration with the ILO. While this roadmap concluded in 2022, the Ministry of Manpower has taken the lead in coordinating the development of a new roadmap. This renewed effort involves multiple ministries and organizations, demonstrating a concerted approach to eradicating child labor. <sup>365</sup>	<ul style="list-style-type: none"> <li>• Lack of targeting child labor and/or forced labor within the cocoa sector.</li> <li>• New roadmap after 2022 still under development.</li> </ul>
Government of Indonesia, Industry, non-governmental organizations (NGOs)	<b>Program for Action to Accelerate the Elimination of Child Labor in Agriculture (PAACLA)</b> , a national, multistakeholder, private–public partnership created in 2018, composed of government agencies, private companies, and NGOs. PAACLA is engaged in developing a new national roadmap on child labor in Indonesia. PAACLA is active in the tobacco, palm oil, and cocoa sectors. A government respondent reported that PAACLA connected government officials and large cocoa companies. Save the Children Indonesia was added as a member of PAACLA in November 2023 with the intent to focus on combating child labor in the cocoa sector. <sup>366</sup>	PAACLA’s main activities have focused on the tobacco sector with plans to increase engagement in the cocoa and other sectors. <sup>367</sup>

<sup>365</sup> Roadmap Towards a Child Labour-Free Indonesia in 2022. Ministry of Manpower, Republic of Indonesia.

<sup>366</sup> [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms\\_377170.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_377170.pdf)

<sup>367</sup> <https://www.paaclaindonesia.org/save-the-children-resmi-bergabung-menjadi-anggota-baru-paacla-indonesia/>

<sup>367</sup> [https://www.paaclaindonesia.org/wp-content/uploads/2021/08/MID-YEAR-REPORT-OF-PAACLA-ENGLISH\\_bahan-posting.pdf](https://www.paaclaindonesia.org/wp-content/uploads/2021/08/MID-YEAR-REPORT-OF-PAACLA-ENGLISH_bahan-posting.pdf)

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Government of Indonesia	<p><b>Indonesia National Plan of Action Against Trafficking in Persons</b> focuses on prevention, protection, and prosecution. The plan was first adopted in 2011 and has been revised several times since then. The current plan covers the period from 2020 to 2024, according to interviews.</p> <p>A National Anti-Trafficking in Persons Task Force coordinates anti-human- trafficking efforts across 21 ministries and government agencies. The task force is still functional, according to interview respondents<sup>368</sup></p>	Unclear regarding efforts specific to the cocoa sector.
<b>Data Collection and Management</b>		
Indonesian Bureau of Statistics (BPS)	<p><b>Child Labor in Indonesia 2022 Before and During the COVID-19 Pandemic (2023).</b> Uses data from National Labour Force Survey (Sakernas), 2017–2022.</p>	<ul style="list-style-type: none"> <li>• 10-year gap in child labor survey data from BPS.</li> <li>• Lack of data specific to child labor in the agricultural sector, including the cocoa sector in Indonesia.</li> </ul>
BPS, ILO	<p><b>Working Children in Indonesia 2009 Report.</b> Findings from first Indonesia Child Labour Survey, a sub-sample of the 2009 National Labour Force Survey (Sakernas).<sup>369</sup></p>	<ul style="list-style-type: none"> <li>• No known challenges.</li> </ul>
U.S. Department of State	<p><b>2023 U.S. Department of State Trafficking in Persons Report on Indonesia.</b> Found increased investigations, prosecutions, and convictions for suspected trafficking crimes, including forced labor on a palm oil plantation.<sup>370</sup></p>	<ul style="list-style-type: none"> <li>• Lack of official statistics or studies on forced labor in Indonesia from the government.</li> </ul>

<sup>368</sup> <https://www.state.gov/reports/2023-trafficking-in-persons-report/indonesia/>

<sup>369</sup> [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms\\_123585.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_123585.pdf)

<sup>370</sup> 2023 Trafficking in Persons Report: Indonesia. <https://www.state.gov/reports/2023-trafficking-in-persons-report/indonesia/>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
U.S. Department of Labor’s Bureau of International Labor Affairs (USDOL-ILAB)	<p><b>Findings on the Worst Forms of Child Labor.</b> The Findings on the Worst Forms of Child Labor is an annual USDOL-ILAB report that documents and analyzes the efforts of certain countries to eliminate the worst forms of child labor through legislation, enforcement mechanisms, policies, and social programs.<sup>371</sup> For 2022, the report found moderate advancement in efforts to eliminate the worst forms of child labor and children’s performing dangerous tasks in plantation agriculture, such as in palm oil and tobacco sectors.</p> <p><b>List of Goods Produced by Child Labor or Forced Labor.</b> The USDOL-ILAB “maintains a list of goods and their source countries which it has reason to believe are produced by child labor or forced labor in violation of international standards.” As of September 2022, the list comprises 159 goods.<sup>372</sup></p>	<p>Findings:</p> <ul style="list-style-type: none"> <li>Insufficient funds and personnel for the Ministry of Manpower to fully enforce labor laws, despite increases in funding for the labor inspectorate and increased number of labor inspectors.<sup>373</sup></li> </ul> <p>Findings:</p> <ul style="list-style-type: none"> <li>Cocoa is not on the list for Indonesia.</li> </ul>
Verité	<p><b>Forced Labor Commodity Atlas.</b> Verité, which is an independent, non-profit civil society organization (CSO), documents the relationship between 43 commodities and their respective forms of forced labor and other exploitation “at the base of global supply chains” in an interactive map.<sup>374</sup></p>	<p>Indonesia is not listed as one of the countries where cocoa is reportedly produced with child labor and forced labor.</p>
Verité, United States Department of State	<p><b>Responsible Sourcing Tool (RST).</b> Created through collaboration between Verité and the U.S. Department of State’s Office to Monitor and Combat Trafficking in Persons, the RST “aims to provide useful, downloadable due diligence and risk-management tools” to prevent and combat forced labor in global supply chains.<sup>375</sup></p>	<p>Indonesia is not listed as one of the countries where cocoa is reportedly produced with child labor and forced labor.</p>

<sup>371</sup> <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/findings>

<sup>372</sup> [https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods?tid=5708&field\\_exp\\_good\\_target\\_id=All&field\\_exp\\_exploitation\\_type\\_target\\_id=1=All&items\\_per\\_page=10](https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods?tid=5708&field_exp_good_target_id=All&field_exp_exploitation_type_target_id=1=All&items_per_page=10)

<sup>373</sup> [https://www.dol.gov/sites/dolgov/files/ILAB/child\\_labor\\_reports/tda2022/Indonesia.pdf](https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2022/Indonesia.pdf)

<sup>374</sup> <https://verite.org/commodity-atlas/>

<sup>375</sup> <https://www.responsible sourcingtool.org/about-rst/>

Beyond the specific efforts and challenges described in the table above, there are general challenges and factors related to the dimension of legal and policy frameworks, governance, and data. These overall challenges concern government priorities, confirmed child labor in other agricultural sectors, resource constraints, need for a new national plan, and data availability.

**Government priorities.** The majority of participants engaged in the study hold the view that the Indonesian government prioritizes addressing child labor within the agricultural sector. In support of this, they reference the PAACLA as indicative of this commitment, as well as the Roadmap toward a Child Labor-Free Indonesia (2013–2022). In addition, stakeholders at the national level believe that the government’s initiatives to counter child labor and forced labor in the cocoa sector are already aligned with the legal and policy framework established by the government. However, the cocoa sector in Indonesia is overshadowed by larger sectors. Indonesia mainly exports coal, palm oil, and natural gas, which together generate more than USD\$60 billion annually. In 2021, Indonesia exported USD\$1.3 billion in cocoa products. Such imbalance results in less attention and fewer resources dedicated to addressing labor issues within the cocoa industry. Forced labor, however, does not seem to have been or be a priority area of concern on the country’s political agenda, according to respondents interviewed and documents reviewed.

**Confirmed instances of child labor in agriculture.** Child labor has been identified in various sectors such as palm oil, tobacco, and sugarcane.<sup>376</sup> These sectors attract the majority of initiatives and resources aimed at combating child labor because of their substantial size and importance in exports. This concentration of efforts in other sectors may hinder potential interventions in the cocoa sector.

**Resource constraints in government agencies.** Indonesian agencies responsible for labor issues face budgetary and technical constraints, hindering their ability to effectively combat child and forced labor. Resource and budget limitations are also prevalent at the provincial and local government levels in areas where cocoa production is a primary activity, notably on the Island of Sulawesi. The vast and dispersed nature of cocoa farming in Indonesia, particularly in top cocoa-producing regions like Sulawesi, complicates efforts to regulate and monitor labor conditions. Additionally, the informal nature of cocoa production often places cocoa farms outside the scope of labor inspections, creating an environment in which child labor may go undetected and unaddressed.

**Multistakeholder engagement, need for new national action plan.** Efforts such as the PAACLA platform and Roadmap towards a Child Labor-Free Indonesia (2013–2022) involve multiple

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<sup>376</sup> U.S. Department of Labor’s 2021 Findings on the Worst Forms of Child Labor, Ecuador.

ministries and organizations, demonstrating a concerted approach to eradicating child labor. The roadmap concluded in 2022. While some interviewees have indicated that the Ministry of Manpower has assumed the role of coordinating the development of a new roadmap, as of the writing of this report, there is no indication that the government possesses a national plan or strategy to combat child labor. Currently, the absence of a comprehensive strategy makes it challenging to streamline relevant government initiatives and allocate necessary resources effectively for addressing child labor.

**Data collection and monitoring.** While there is recent nationwide survey data available for child labor, there is a need for more data on child labor in agriculture, specifically in the cocoa sector. There is a lack of official statistics on forced labor, including in the cocoa sector. Additionally, there is a lack of independent statistics or studies on child labor and forced labor within the Indonesian agriculture sector,<sup>377</sup> specifically in the cocoa sector.<sup>378</sup>

### 5.6.2 General Education/Vocational Skills

This dimension recognizes the efforts to support school attendance and retention as an important piece of a systems approach to preventing and addressing child labor and forced labor in general and in the cocoa sector specifically. Efforts aimed at keeping children engaged in school support help create push–pull factors for children at risk to be engaged in labor to prevent them from entering labor. Exhibit 25 highlights several programs and laws that use education explicitly to combat child labor implemented by the government.

#### Exhibit 25. Efforts Related to General Education and Vocational Skills in Indonesia

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Government of Indonesia	<b>2003 Education Law, Number 20.</b> This law makes education compulsory and free for all children up to the age of 15. <sup>379</sup> This highlights the importance of ensuring access to quality education for all children, and means that all children are legally required to attend school and are not allowed to work instead.	<ul style="list-style-type: none"> <li>No challenges noted.</li> </ul>

<sup>377</sup> The researchers found only a few sector-specific studies, such as one in the tobacco sector (commissioned by the ECLT Foundation in 2020) and another in the palm oil sector by Amnesty International, published in 2016.

<sup>378</sup> In 2017, Embode published “Children at the Heart: Assessment of Child Labour in Indonesia’s Cocoa Sector and Recommendations to Mondelēz International.” The study was commissioned by Mondelēz International. The methodology of the study relied on qualitative information and interviews with children and community members from communities participating in Mondelēz’s Sustainability Program, Cocoa Life. Qualitative data on child labor were based on 2009 estimations.

<sup>379</sup> Act of the Republic of Indonesia, number 20, year 2003, on national education system. <https://planipolis.iiep.unesco.org/en/2007/act-republic-indonesia-number-20-year-2003-national-education-system-4216>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Government of Indonesia, Ministry of Social Affairs	<p><b>Family Hope Program</b><sup>380</sup> (<b>Program Keluarga Harapan</b>) and <b>Child Social Welfare Program</b><sup>381</sup> (<b>Program Kesejahteraan Sosial Anak</b>). These social protection programs offer conditional cash transfers and are important in supporting families with at-risk children. By offering cash assistance contingent upon children’s access to education and health care services, these programs provide a strong incentive for families to prioritize education over child labor. Children engaged in labor are required to cease their work in order to be eligible for these programs.</p>	<ul style="list-style-type: none"> <li>• No challenges noted.</li> </ul>
Government of Indonesia, Ministry of Education and Culture	<p><b>Smart Indonesia Program (Program Indonesia Pintar)</b>. The Ministry of Education and Culture administers this program to aid children from disadvantaged backgrounds by providing financial support for school-related expenses like uniforms, supplies, and transportation, thereby increasing access to quality education and further discouraging child labor.</p>	<ul style="list-style-type: none"> <li>• No challenges noted.</li> </ul>

Overall challenges with schooling include the COVID-19 pandemic, lack of access to education, and economic barriers to education.

**COVID-19 pandemic.** The COVID-19 pandemic has exacerbated vulnerabilities among children, especially in rural areas with limited internet connectivity. School closings during the pandemic deprived children of educational opportunities for extended periods, making them more susceptible to labor practices. According to a World Bank study, schools were fully or partially closed for approximately 644 days, or about 21 months during the pandemic.<sup>382</sup>

**Access to schools.** Limited access to quality education is a significant driver of child labor in Indonesia. If children are unable to attend school or if they lack access to adequate educational opportunities, they may become more susceptible to engaging in informal cocoa farming. Despite Indonesia’s making education compulsory and free, in many rural cocoa-producing areas, the

<sup>380</sup> <https://kemensos.go.id/program-keluarga-harapan-pkh>

<sup>381</sup> Integrated Child Welfare Services: Reaching the Most Vulnerable Children in Indonesia. MOSA and UNICEF. Undated.

<sup>382</sup> World Bank (2023). The Invisible Toll of COVID-19 on Learning. Indonesia Economic Prospects (IEP) Report. <https://documents1.worldbank.org/curated/en/099062323023530087/pdf/P179556020fd80030087730cbc843df07de.pdf>

reality is often different. There are higher out-of-school rates in rural areas (10 percent of children ages 7 to 18 years, compared to 7.6 percent overall).<sup>383</sup> Factors such as inadequate education infrastructures, a shortage of qualified teachers, and insufficient educational materials can adversely affect education quality. Poor road conditions can also hinder children’s ability to reach schools, increasing the likelihood of school dropout and subsequent involvement in child labor on cocoa farms.

**Economic barriers to education.** Even though education is free in Indonesia, many families in cocoa communities may struggle with costs associated with schooling, such as uniforms, transportation, and books. Consequently, children may be enrolled in schools but unable to attend regularly. This precarious situation not only impedes their educational development but also increases the likelihood of their dropping out and engaging in labor to support their family’s income.

### 5.6.3 Economic Empowerment and Poverty

Poverty is seen as a root cause and driver of child labor and forced labor in cocoa supply chains. As a result, efforts to support the economic empowerment of cocoa farmers are one important piece of a robust system of push–pull factors that disincentivize and reduce reliance on child labor and forced labor, and make progress toward its eradication.

In Indonesia, as we previously discussed, cocoa-producing areas are typically characterized as being marked by high levels of economic vulnerability. As highlighted in Exhibit 26, there appear to be some economic empowerment efforts across multiple types of stakeholders. Cooperatives and international and national NGOs supporting cooperative formation play a key role in promoting farmers’ economic empowerment and bargaining power. There were limited examples of cooperatives’ registering with the government, though in the example of the AMANAH cooperative, farmers received 50 percent higher prices for their cocoa beans. While there are government-sponsored farmer groups (*poktan*) that provide assistance with agricultural inputs and techniques, as well as local associations of farmers’ groups (*gapoktan*), there are fewer farmer cooperatives (*pukoptan*), and there are some negative perceptions and less trust in cooperatives because of their lack of transparency and because of previous small cooperatives’ not running well.<sup>384,385</sup> In the private sector, according to some respondents, companies are committed to addressing child labor and partner with an estimated 10–12

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<sup>383</sup> <https://www.unicef.org/indonesia/sites/unicef.org.indonesia/files/2020-06/The-State-of-Children-in-Indonesia-2020.pdf>

<sup>384</sup> Murwito, S., Mulyati, S., (2013). Needs Assessment of Cocoa Business Development Using the Value Chain Approach & National Movement of Cocoa Production and Quality Improvement (GERNAS KAKAO). Case study on Sikka Regency, East Nusa Tenggara. KPPPOD, Ford Foundation, Regional Autonomy Watch. Guntur Setiabudi, South Jakarta, Indonesia.

<sup>385</sup> Ambarwati, A., Chazali, C., “Chapter 13: The Long Road to Becoming a Farmer in Kebumen, Central Java, Indonesia.” *Becoming a Young Farmer: Young People’s Pathways Into Farming: Canada, China, India, and Indonesia*. Srinivasan, S. (2024).

percent of cocoa partners in adopting child labor policies, though this was lower than efforts in the tobacco sector and palm oil sector, with 20 percent and 40–60 percent of farmers estimated to be engaged. Government, private sector, and international donor efforts focus on technical assistance with good agricultural practices to increase cocoa production and improved access to credit with the goal of improving farmer livelihoods.

### Exhibit 26. Efforts Related to Economic Empowerment in Indonesia

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Government of Indonesia	<p><b>National Program for Improvement of Production and Quality of Cocoa (Gernas Pro Kakao).</b> This program launched in 2009 to increase cocoa production, income for farmers, and economic groups in cocoa-producing regions. This also included replacing cocoa trees.</p>	<ul style="list-style-type: none"> <li>• Evaluation of program effects needed.</li> </ul>
Mars	<p><b>Cocoa for Generations.</b> This is a sustainability strategy launched in 2018, that includes goals of sustainable cocoa production, responsible sourcing, child protection, increasing farmer income, and improving the livelihoods of cocoa farmers and their communities.<sup>386</sup></p>	<ul style="list-style-type: none"> <li>• Need for more data on scale and scope of project reach and effects.</li> </ul>
Mars, U.S. Agency for International Development (USAID), Institute for Development Impact	<p><b>Advancing Cocoa Agroforestry toward Income, Value and Environmental Sustainability (ACTIVE),</b> is a Global Development Alliance partnership to promote cocoa-growing practices to combat climate change, promote resilience, increase farmer incomes, and support high-quality cocoa production. The project aims to reach 9,000 cocoa farmers, and in the first year (2022), provided crop insurance to 1,475 cocoa farmers.<sup>387</sup></p>	<ul style="list-style-type: none"> <li>• Program still in progress; need for more data on effects on economic empowerment outcomes.</li> </ul>

<sup>386</sup> <https://www.mars.com/sustainability-plan/cocoa-for-generations>

<sup>387</sup> <https://www.usaid.gov/indonesia/fact-sheets/usaid-active-sustainable-cocoa-agroforestry-climate-change-resilience>



Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Cargill	<p><b>Cocoa Promise</b> is a program to support sustainable cocoa production and improve the livelihoods of cocoa farmers and their communities.<sup>388</sup> The program focuses on three key areas: supporting cocoa farmers by providing training and resources to increase their yields, quality, and sustainability; ensuring sustainability by sourcing cocoa beans sustainably and promoting environmentally friendly farming methods; and building stronger communities by working with local organizations and governments to improve education, health, and community development initiatives in cocoa-growing areas.</p>	Lack of data on scale and scope of project reach and effects.
Barry Callebaut	<p><b>Forever Chocolate.</b> The company engages with 40,000 farmers in Indonesia.<sup>389</sup> The company has started making digital premium payments to cocoa farmers in Indonesia with a pilot in 2023, and 1,200 farmers are now enrolled in the new digital payment system providing income records.<sup>390</sup> The company also works to help farmers increase productivity.</p> <p><b>Village Savings and Loan Associations (VSLAs).</b> VSLAs are self-help groups that offer financial services to their members, including savings, loans, and insurance. Barry Callebaut assists 200 farmers, predominantly women.</p>	Lack of data on project effects.

<sup>388</sup> <https://www.cargill.com/sustainability/cocoa/the-cargill-cocoa-promise>

<sup>389</sup> <https://www.barry-callebaut.com/en/group/media/news-stories/positive-growth-momentum-indonesia>

<sup>390</sup> <https://www.barry-callebaut.com/en/group/media/news-stories/how-digital-payments-contribute-sustainable-cocoa-farming>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Mondelēz	<p><b>Cocoa Life</b> in Indonesia included 40,000 cocoa farmers trained or coached in agriculture practices, support for 1,300 VSLAs, community action plan projects, business management training, community members and farmers educated about child labor and forced labor.<sup>391</sup></p>	<p>Need for more data on scale and scope of project reach and effects.</p>
Kalimajari Foundation, Rainforest Alliance, Netherlands Enterprise Agency	<p><b>Transforming the Cocoa Sector in Indonesia through Value Addition for Smallholders (TRACTIONS) (2020–2025).</b> This is a pilot program working with seven farmer cooperatives across Indonesia to help farmers improve incomes through improved cocoa quality and production and improved partnerships.<sup>392</sup></p>	<p>Program underway; unclear what the effects have been for cocoa farmer prices and incomes.</p>
Rikolto Indonesia (formerly VECO), Wahana Sukses Pertanian Terpadang, AMANAH cooperative	<p><b>Collective Marketing for the Cocoa Sector, Sustainable Agriculture Chain Development program.</b><sup>393</sup> Rikolto and Wahana Sukses Pertanian Terpadang provided support for the AMANAH cooperative and farmers in Polewali Mandar district in West Sulawesi, to promote collective marketing of certified cocoa to increase incomes for farmers and improve cocoa quality. The cocoa farmer cooperatives supported were able to communicate directly with a cocoa-buying company instead of working through a middleman and received 50 percent higher prices for cocoa beans.</p>	<ul style="list-style-type: none"> <li>• Challenges with the efforts included dependence on non-governmental organization (NGO) support, especially for the cooperative to negotiate with cocoa company buyers; lack of access to credit and capital; delays in getting payments to members; difficulty recruiting qualified staff in rural areas. Other challenges included costs for farmers associated with attending cooperative meetings and membership fees.</li> <li>• Lack of data on whether the farmers in the cooperative continued to receive higher prices for cocoa beans, since the support was provided in 2013.</li> </ul>

<sup>391</sup> <https://www.cocoalife.org/in-the-cocoa-origins/cocoa-life-in-indonesia/>

<sup>392</sup> <https://www.rainforest-alliance.org/in-the-field/tractions-project/>

<sup>393</sup> [https://assets.rikolto.org/paragraph/attachments/inside\\_story\\_from\\_an\\_indonesian\\_cocoa\\_farmer\\_organization.pdf](https://assets.rikolto.org/paragraph/attachments/inside_story_from_an_indonesian_cocoa_farmer_organization.pdf)

#### 5.6.4 Child Protection and Child and Forced Labor Monitoring and Remediation Systems

CLMRS are critical multistakeholder efforts to prevent, identify, and remediate child labor and forced labor in cocoa supply chains, with good practices to integrate CLMRS approaches with child protection efforts and into existing government processes. Exhibit 27, below, demonstrates that private sector efforts in Indonesia on CLMRS are much more developed than those in Brazil and Ecuador. Multiple companies have implemented full CLMRS, including some with NGO partners such as Save the Children and Swisscontact. In one case, cocoa processor Cargill and food company Nestlé are collaborating on CLMRS. The government and other companies, such as Barry Callebaut and ofi, provided support for community-based integrated child protection. In most cases of CLMRS and child protection efforts, there were limited data on scope and implementation. In Indonesia, there is a multistakeholder platform, PAACLA, which assessed and mapped child labor in the tobacco sector and is now expanding to work in the cocoa sector.

**Exhibit 27. Efforts in Child Labor Monitoring and Remediation Systems in Indonesia**

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Cargill, Nestlé	<p>In Indonesia, in collaboration with Save the Children, Cargill covered 5,000 households in the Bone and Wajo communities of South Sulawesi through a Child Labor Monitoring and Remediation Systems (<b>CLMRS</b>) program.<sup>394</sup> This program served as a continuation of an initial child labor risk assessment conducted in 2019–2020 in the Indonesian supply chain and aims to implement a comprehensive monitoring and remediation strategy to safeguard children and their rights. Cargill has covered 9,000 households through the CLMRS program as of 2023.<sup>395</sup> Under Cargill Cocoa &amp; Chocolate’s Community Wellbeing goal, Cargill intends to implement community-based interventions that directly improve children’s well-being in Indonesia, along with CLMRS, by 2025.<sup>396</sup></p> <p>Cargill and Nestlé announced a partnership in 2021 to broaden the CLMRS to cover more cocoa-farming households in both supply chains.<sup>397</sup></p>	<ul style="list-style-type: none"> <li>• The results and impacts of CLMRS program are not publicly disclosed.</li> <li>• It is also unclear how exactly Cargill is implementing further initiatives such as the community-based interventions.</li> </ul>

<sup>394</sup> <https://www.cargill.com/doc/1432218790341/2022-esg-sustainable-supply-chains-cocoa.pdf>

<sup>395</sup> <https://www.cargill.com/2023/cargill-cocoa-promise-10y>

<sup>396</sup> <https://www.cargill.co.id/en/2020/cargill-advances-child-protection-efforts-in-direct-cocoa-supply>

<sup>397</sup> <https://www.cargill.com/2021/cargill-and-nestle-strengthen-support-to-indonesian-cocoa>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
ofi	As reported by ofi’s representatives, a <b>human rights assessment</b> was conducted in Indonesia as part of ofi’s commitment to responsible cocoa production. ofi has introduced various initiatives in Indonesia, including the implementation of a <b>CLMRS</b> program, which is currently covering 70,000 families in Sulawesi Island and the Lampung province.	<ul style="list-style-type: none"> <li>• There are gaps in data on effectiveness and impact.</li> </ul>
Mondelēz	In Indonesia, <b>Cocoa Life</b> works with international non-governmental organizations (NGOs) such as Swisscontact and Save the Children to support cocoa communities in addressing child labor. As of 2022, 280 communities that they work with have integrated <b>CLMRS</b> . <sup>398</sup>	<ul style="list-style-type: none"> <li>• Mondelēz has not published any information regarding the effectiveness of the CMLRS in tackling child labor within the cocoa sector in Indonesia.</li> </ul>
Mars	In collaboration with Cargill and Save the Children Indonesia, Mars supports the implementation of <b>CLMRS</b> in the South Sulawesi communities of Bone and Wajo. Supply chain staff and cocoa collectors are also being trained in the risks of hazardous child labor and in monitoring and referral mechanisms. The program is also engaging local governments to build their awareness and establish the links in reporting and remediation of child labor, and child protection in general with government systems. <sup>399</sup>	Mars’s role, the current operational status of these initiatives, and their effectiveness in addressing child labor within the cocoa sector are uncertain.

<sup>398</sup> <https://www.cocoalife.org/in-the-cocoa-origins/cocoa-life-in-indonesia>

<sup>399</sup> Respecting Human Rights in the Cocoa Supply Chain. Mars Wrigley. Cocoa for Generations 2020. <https://www.mars.com/news-and-stories/articles/respecting-human-rights-in-the-cocoa-supply-chain>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Barry Callebaut	<p><b>Child Protection Committees (CPCs).</b> The company provides support for these community-based groups, composed of volunteers trained to identify and address child labor in cocoa farming communities. Barry Callebaut collaborates with CPCs to provide training, support, and resources to help prevent and remediate child labor. Barry Callebaut established 13 CPCs and supports an additional 41 previously established CPCs. Barry Callebaut works with local governments and community leaders within the CPCs.<sup>400</sup> Additionally, the company has conducted sensitization and awareness raising about child labor, and developed training modules for farmers that included child labor protection. The company conducted a human rights impact assessment in Indonesia in 2021 to strengthen the company's due diligence process to identify and address child labor and human rights risks in the value chain.</p>	<p>Though Barry Callebaut uses CLMRS in the cocoa sector in West Africa to monitor child labor cases and provide remediation services, it has not integrated CLMRS for the cocoa sector in Indonesia. There is a gap in data on the effects of the CPCs. Additionally, CPCs may have limited accountability, given that the groups are volunteer-led.</p>
Government of Indonesia	<p><b>Community-Based Integrated Child Protection (Panduan Perlindungan Anak Terpadu Berbasis Masyarakat),</b> is a government program for groups of citizens at the community level to work to promote child protection.</p>	<p>Unclear what the reach has been for cocoa-growing areas.</p>
ofi, Save the Children, World Vision International	<p><b>Community-Based Integrated Child Protection Programs</b> are supported in 40 communities by the company and NGOs.<sup>401</sup> Moreover, the ofi Agri Supplier Code prohibits the utilization of child labor and forced labor within its supply chain and compels suppliers to implement proactive measures to prevent these violations within their own operations.</p>	<p>Not clear what the proactive measures are in the supplier code and how they are implemented.</p>

<sup>400</sup> Barry Callebaut. Forever Chocolate Progress Report 2022/23. <https://www.barry-callebaut.com/en-US/group/forever-chocolate/sustainability-reporting/download-center-progress-report-202223>

<sup>401</sup> <https://savethechildren.or.id/kaleidoskop-2022/en>; <https://savethechildren.or.id/wp-content/uploads/2022/04/Save-the-Children-Indonesia-Words-without-Violence-8-Good-Practices-Stories-of-School-for-Change-Program-2022.pdf>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
<p>Program for Action to Accelerate the Elimination of Child Labor in Agriculture (PAACLA), Elimination of Child Labor in Tobacco Growing (ECLT) Foundation, Network for Elimination of Child Labor in Indonesia (JARAK)</p>	<p><b>Strengthening Stakeholder Cooperation and Coordination against Child Labour in Agriculture in Indonesia—KESEMPATAN project (Kemitraan Strategis untuk Menghapuskan Pekerja Anak di Pertanian; 2019–2022).</b> The project aimed to strengthen cooperation and coordination among stakeholders, such as national- and local-level government authorities, NGOs, and the private sector. Child-friendly villages are a key component of the KESEMPATAN project, with the aim of providing children with a safe, secure environment in which to play, grow, and learn; access to quality education; and a platform for children's voices to be heard and accepted by adults.<sup>402</sup> The project included social mapping<sup>403</sup> and direct services in East Java and West Nusa Tenggara focused on the tobacco sector.</p>	<p>Unclear if lessons learned will be applied to the cocoa sector, as this project focused more on the tobacco sector.</p>
<p>PAACLA, ECLT, Government of Indonesia</p>	<p><b>The Accelerating Collective Child Labour Actions for Impact</b> project is being implemented to promote elimination of child labor in agriculture, with multistakeholder cooperation including government, private sector, CSOs, unions, business associations, farmer groups, and children's rights organizations. An initial assessment was carried out on companies in the cocoa, palm oil, and tobacco sectors to inform policies for companies in agricultural supply chains to respect human rights in all operations.<sup>404</sup> The project will also aim to strengthen government referral systems through implementing Child Labor Free Zones.<sup>405</sup></p>	<p>The effort started in 2023, so effects and findings remain to be seen.</p>

<sup>402</sup> <https://www.eclt.org/en/news/coming-together-for-a-brighter-future-in-indonesia>

<sup>403</sup> [https://www.paaclaindonesia.org/wp-content/uploads/2020/04/SUMMARY\\_SOCIAL-MAPPING\\_EN.pdf](https://www.paaclaindonesia.org/wp-content/uploads/2020/04/SUMMARY_SOCIAL-MAPPING_EN.pdf)

<sup>404</sup> <https://www.paaclaindonesia.org/paacla-indonesia-luncurkan-asesmen-penerapan-penghapusan-pekerja-anak-di-sektor-pertanian/>

<sup>405</sup> <https://www.tobaccoasia.com/features/advancing-the-fight-against-child-labor-in-tobacco-growing/>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Government of Indonesia, Ministry of Women's Empowerment and Child Protection	<b>Child-Friendly Villages.</b> This program has been pivotal in promoting child protection. Initiated in 2008, this program aims to create environments that are conducive to the growth and development of children. The program also aims to prevent child labor, protect children already engaged in it, and reintegrate those who were involved in child labor into education and protective services.	Unclear what the reach has been for cocoa-growing areas.

There were several challenges regarding implementing efforts to strengthen child protection systems, engage with CLMRS, and address child labor and forced labor in the cocoa sector in Indonesia. The challenges included access to remote areas, resource constraints, and coordination with stakeholders. They are further detailed below:

**Access to Remote Areas.** Many cocoa-growing regions in Indonesia are remote and lack adequate infrastructure. This makes it challenging to deliver services and support to these areas, further complicating efforts to address labor issues.

**Resources for Remediation Measures.** Once child labor is identified with CLMRS, it is important to put remediation measures in place. As informed by some company representatives, this can be challenging, as cocoa-growing regions often lack public services like education, health care, social services, skills training, and other support services. Additionally, CLMRS require ongoing monitoring to ensure that they are effective in addressing child labor. This includes monitoring the implementation of remediation measures and tracking progress over time. However, this challenge has largely been alleviated by engagement of NGOs, although this could pose a risk for sustainability if NGOs stop their efforts.

**Coordination Among CSO, Government, and Private Sector Stakeholders.** Effective coordination is crucial for working together efficiently in the fight against child labor and forced labor. Companies argue that no single company can effectively tackle these challenges alone, as this requires the joint action and collaboration of governments, companies, civil society, and other stakeholders such as development agencies. In Indonesia, there has been greater coordination between government, CSOs, and industry with CLMRS and community-based integrated child protection efforts. For example, the PAACLA multistakeholder platform has promoted cooperation and coordination among stakeholders, such as the government, CSOs, and the private sector, to combat child labor, with a focus on the tobacco sector, and a current project with multistakeholder cooperation including the cocoa sector to inform policies for companies regarding their supply chains.

### **5.6.5 Advocacy, Awareness, and Behavior Change**

This dimension recognizes that workers and communities play an important role in preventing and addressing child labor and forced labor. Efforts related to advocacy and awareness, including behavior change communications strategies, are key to engaging communities and workers to support their change in practice and prevent and address child and forced labor.

Exhibit 28 demonstrates that advocacy, awareness, and behavior change efforts regarding child labor in agriculture have been implemented by unions and international and national NGOs and CSOs in Indonesia. However, few of these interventions have been directly in the cocoa supply chain. In general, there is a lack of worker organization representation in cocoa supply chains and in cocoa-producing regions generally, limiting possible efforts by worker organizations in cocoa. A few companies reported having sensitization- and awareness-raising campaigns on child labor in the cocoa supply chain, but there were few details on the scope of these efforts.



## Exhibit 28. Advocacy, Awareness, and Behavior Change Efforts in Indonesia

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Serikat Petani Indonesia—Indonesian Peasant Union (SPI)	SPI aims to make agrarian reform a key political priority through launching awareness-raising campaigns and building wider public support; building strategic alliances to increase the pressure and push for change in various political forums; mobilizing to put pressure on policymakers; lobbying key political figures and policymakers at the executive and legislative levels to influence decision making or to make proposals for the policy agenda; and participating in forums to express opinions when policy is being formulated.	Depending on specific regions and sectors, SPI is low level of grassroots organizing. Additionally, SPI works in brown sugar, coffee, cooking oil, palm sugar, and rice sectors, but its efforts in the cocoa sector are unclear.
All-Indonesian Plantation Workers' Trade Union Federation (FSPPP-SPSI—Federasi Serikat Pekerja Pertanian Perkebunan Seluruh Indonesia)	FSPPP-SPSI participated in a 2022 International Labour Organization (ILO) training on advocating for worker rights through collective bargaining and dispute resolution. The organization also endorsed a 2024 presidential candidate based on his work advocating for workers in the agriculture sector.	The ILO training was specific to the palm oil sector. It is unclear whether efforts have impacted the cocoa sector in Indonesia or what the organization's specific works are in the cocoa sector.
The Confederation of All Indonesian Workers' Union (KSPSI—Konfederasi Serikat Pekerja Seluruh Indonesia)	KSPSI participated in a 2022 ILO training in advocating for worker rights through collective bargaining and dispute resolution. KSPSI is part of ILO-supported trade unions' network to foster a common voice against child and forced labor. The organization also endorsed a 2024 presidential candidate based on his work advocating for workers in the agriculture sector. KSPSI is advocating for labor law reform, particularly fighting to reform the Job Creation Law, which the union says contains regressive labor laws.	The ILO trainings were specific to the palm oil and fishing sectors, respectively. It is unclear whether efforts have impacted the cocoa sector in Indonesia or what the organization's specific works are in the cocoa sector. In 2023, the Indonesian Constitutional Court rejected the challenge from KSPSI and other trade unions on the validity of the Job Creation Law.

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
The Confederation of All Indonesian Trade Unions (KSBSI—Konfederasi Serikat Buruh Seluruh Indonesia)	KSBSI participated in a 2022 ILO training in advocating for worker rights through collective bargaining and dispute resolution. Part of ILO-supported trade unions network to foster common voice against child and forced labor, KSBSI is advocating for labor law reform, particularly fighting to reform the Job Creation Law, which the union says contains regressive labor laws. KSBSI is also part of a special governmental task force dedicated to monitoring Indonesia’s progress on UN Sustainable Development Goal 8 concerning decent work and sustainable economic growth.	The ILO training was specific to the fishing sector. It is unclear if efforts have impacted the cocoa sector in Indonesia or what the organization’s specific works are in the cocoa sector. In 2023, the Indonesian Constitutional Court rejected the challenge from KSBSI and other trade unions on the validity of the Job Creation Law.
Global March Against Child Labour	<b>Supporting Action Against Child Labour in Asia.</b> In Indonesia, Global March Against Child Labour, a worldwide network of trade unions, and teachers’ and civil society organizations, is supporting advocacy, policy change, research, political will strengthening and awareness interventions, with the aim of creating a “viable socio-economic-political environment where rights of boys and girls are protected and promoted; and child labour is eradicated by 2025.” <sup>406</sup>	Unclear if any actions focused on the cocoa sector.
JARAK (NGO Network for Elimination of Child Labor in Indonesia)	A network of NGOs to eliminate child labor, established in 1997 to influence policy on child labor, raise awareness, and mobilize resources. The network also has awareness-raising campaigns promoting dialogue on child labor across Indonesia.	Need for more resources and information regarding actions in the cocoa sector.

<sup>406</sup> <https://globalmarch.org/supporting-action-against-child-labour-in-asia/>

Stakeholder	Effort	Challenges, Limitations, Findings, and Recommendations
Barry Callebaut	According to a representative from Barry Callebaut in Indonesia, the company is addressing child labor in the Indonesian cocoa sector through various initiatives in four provinces: Lampung, West Sulawesi, South Sulawesi, and Southeast. These initiatives worked with cocoa farmers, government officials, national NGOs, and other stakeholders to include sensitization to and increasing awareness of the issue of child labor in the cocoa sector, importance of schooling, and putting on training modules for farmers on child labor and human rights.	It is unclear how many people are being reached and how the initiatives are engaging all stakeholders.
ofi	The company organizes initiatives to raise awareness and promote understanding of child labor among all participants in the cocoa supply chain, including farmers, intermediaries, and their own employees. Additionally, ofi conducts sensitization campaigns on child labor in cocoa community schools.	The geographical scope of this initiative is unclear, along with how many people are being reached. The impact of initiatives is also unclear.

Regarding advocacy for and raising awareness of child labor and forced labor in Indonesia, there were examples of efforts from unions, the private sector, and international organizations and NGOs. There was a lack of data on industry efforts in the cocoa sector. Among NGOs and unions, there was limited engagement noted specifically focusing on the cocoa sector. Reasons for limited engagement in addressing child labor and forced labor in the cocoa sector among unions include low unionization rates, informal labor arrangements, geographic isolation of farmers, and lack of awareness among cocoa farmers.

Indonesia’s main union confederations include KSPSI and KSBSI, which represent millions of workers across various sectors and regions. Particularly, SPI and FSPPP-SPSI—the latter affiliated with KSPSI—represent agricultural workers. These organizations advocate for worker rights and interests in labor law, social security, minimum wage, occupational safety and health, gender equality, and social dialogue. The unions also participate in national and international worker solidarity movements. The unions face many challenges in their work, such as anti-union practices, precarious employment, weak bargaining power, and low unionization rates.

According to a 2022 Indonesia Bureau of Statistics report,<sup>407</sup> the overall unionization rate in the country in 2022 was 11.8 percent. While there were higher rates of unionization in the service and industrial sectors, agricultural workers only had a 2.7 percent unionization rate. Of almost 9 million farmers across all sectors, only about 235,500 were registered in a union.

This disparity in unionization levels can be attributed to the structural characteristics of the agricultural sector, which is predominantly composed of small-scale farming practices. As previously noted, 93 percent of Indonesia's farms are smallholder family farms.<sup>408</sup> Family farms maintain an informal business structure, making unionization challenging. Low unionization rates can also be attributed to the lack of awareness of worker rights or access to union resources.

Indonesian unions have been raising awareness of worker rights on several levels from grassroots campaigns to national campaigns. Unions are also working to specifically address child labor in agriculture and other food sectors. Unions have participated in initiatives to combine resources to tackle child and forced labor in fisheries. Additionally, unions representing coffee, brown sugar, cooking oil, rice, palm sugar, and palm oil have attended ILO trainings on advocating for general worker rights through collective bargaining and dispute resolution. Because Indonesian agricultural unions typically represent multiple sectors, trainings and advocacy work in other sectors are likely to impact union advocacy for the cocoa sector, as well. Since cocoa farms are in rural areas, and mostly informal, there has been limited engagement of unions in the cocoa sector. However, the Federation of Forestry, Plantation and Agriculture Trade Unions participated in activities held by the government of Indonesia and PAACLA on addressing child labor.

## 5.7 Conclusions for Indonesia

1. **Data reveals there has been a decline in overall child labor but the lack of data on forced labor makes it challenging to determine the extent of the situation.** There has been a notable reduction in child labor overall nationally, with the number of child laborers decreasing from over 4 million in 2009 to 1.05 million in 2021. This decline indicates progress in addressing child labor issues. However, Indonesia remains a country with a high prevalence of forced labor, ranking among the top 10 countries globally in this regard. There was a lack of official statistics regarding forced labor, including in the cocoa industry, and a lack of specific data for the cocoa sector for child labor for identifying the extent of these labor issues in the cocoa sector and determining what actions, if any are needed.

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<sup>407</sup> Indicators of Decent Work in Indonesia, 2022

<sup>408</sup> Small Family Farming in Indonesia - a country specific outlook. Food and Agriculture Organization of the United Nations FAO

- 2. There appears to be higher risk of child labor in the growing, harvesting, fermenting, and drying stage of cocoa production and value chain due to challenges for farmers to obtain good prices for cocoa beans.** However, there are indications that child labor in the Indonesian cocoa sector is primarily a family-based phenomenon, with children assisting in cocoa farming mainly outside school hours. This suggests that child labor is prevalent in family settings rather than in work on others' farms or farm estates. Although there was much lower risk seen for child labor or forced labor practices in the processing, fermentation, manufacturing, distribution, and marketing stages of the cocoa supply chain, these stages can still affect farmers in the farming and cultivation stage, for example with prices paid for cocoa beans by middlemen.
- 3. Cocoa production in Indonesia has been declining over the last two decades despite greater investment in in-country cocoa processing capabilities.** Cocoa production in Indonesia has seen a significant decline, dropping from 450,000 tons in 2005–2006, to 375,000 tons in 2012–2013 to 180,000 tons in 2021–2022. Some farmers have switched to other crops or sectors because of aging cocoa trees, insect and disease outbreaks, and low prices for cocoa. There has been an increase in cocoa-processing facilities in Indonesia following export tariffs on cocoa beans in 2010.
- 4. Strong government commitment to address child labor with a new national plan under development.** The Indonesian government has shown commitment to combating child and forced labor by ratifying international conventions and establishing legal frameworks and social programs. The national plan to eliminate child labor ended in 2022, with current efforts underway to develop a new plan. Additionally, the government has led efforts in child protection, including child-friendly villages and community-based child integration protection programs.
- 5. There is strong multistakeholder engagement with the private sector, CSOs, NGOs, and government on CLMRS and child protection efforts.** Multistakeholder platforms such as PAACLA are engaged in developing the new national plan to eliminate child labor, as well as projects to address child labor in agricultural sectors, such as cocoa. Industry efforts by prominent cocoa companies primarily concentrate on support for CLMRS and community-based integrated child protection, as well as promotion of agricultural techniques and access to credit. Many companies have partnered with NGOs and multistakeholder platforms in implementing programs and CLMRS. These initiatives face limitations in terms of their scope, and the absence of comprehensive data makes it difficult to assess their effectiveness.
- 6. Workers' organizations and unions have some, albeit limited, engagement in the cocoa sector.** Indonesia's rural agricultural sectors, where most cocoa farming occurs and labor is informal, there is a limited presence of unions and workers' organizations, despite engagement of unions in addressing child labor. This lack of representation

significantly impacts the effectiveness of efforts to address labor issues in the cocoa sector, leaving workers vulnerable to exploitation. There was limited evidence of worker organization engagement in tackling child labor or forced labor concerns within the Indonesian cocoa sector, beyond some participation by unions in activities held by the government and PAACLA on combating child labor.

7. **There are examples of successful cooperatives in the cocoa sector but there is hesitation on transparency and effective operations.** There were examples of cooperatives working in the cocoa sector registering with the government. Some cooperatives, especially those receiving support from NGOs and CSOs, were able to receive higher prices paid to farmers for cocoa beans. There were some negative perceptions and mistrust of cooperatives because of perceived lack of transparency and previous cooperatives' not being well run.
8. **The risks identified for potential increases in child labor and forced labor in Indonesia's cocoa supply chain include economic challenges, access to education, climate change, and global crises.** Economic challenges and limited access to education in Indonesia are drivers of child labor. The COVID-19 pandemic has further increased vulnerabilities in many communities, leading to heightened risks of child labor and forced labor. Climate change and global crises pose additional risks, potentially increasing the reliance on child and forced labor because of economic pressures.

## 5.8 Recommendations Related to Indonesia

The study provides recommendations based on the findings and conclusions.

1. **Collect official forced labor data, including for the cocoa sector.** There is a need for official data on forced labor. While there are regular national surveys gathering data on child labor, there is a need for data specifically in the cocoa sector, as well, to better understand the extent of the issue and tailor any interventions.
2. **Integrate child labor in Indonesia's new roadmap.** As Indonesia has embarked on developing a new roadmap to combat child labor, it presents a unique opportunity to mainstream child labor research, prevention, and remediation efforts within the cocoa sector. By embedding child labor eradication objectives strategies in the cocoa sector in the roadmap, Indonesia can effectively tackle this issue while simultaneously promoting sustainable cocoa production.
3. **Continue multistakeholder platforms such as PAACLA and build impact by including the cocoa sector.** The Partnership for Action Against Child Labour in Agriculture (PAACLA) is an initiative aimed at addressing child labor in the agricultural sector in Indonesia. It unites government agencies, private companies, and non-governmental organizations to combat child labor in sectors such as tobacco and palm oil. PAACLA

started a new project in 2023 which includes the cocoa sector. In continuing, and building on this work, PAACLA could capitalize on its collective multistakeholder approach to tackle child labor in cocoa production. Integrating the cocoa sector into PAACLA's initiatives can contribute to the elimination of child labor.

4. **Enhancing legal and awareness frameworks to combat forced labor in Indonesia's cocoa sector.** The government should consider revising and expanding its legal framework to explicitly prohibit forced labor. This should include closing the existing legislative gaps, particularly banning forced labor and commercial sexual exploitation of children. Further efforts should be made to ratify key international labor standards related to forced labor, such as the ILO Protocol of 2014 to the Forced Labour Convention, 1930.
5. **Promote, expand, and scale implementation of CLMRS with support from the private sector and coordination with NGOs and government.** International companies have launched initiatives like technical assistance for farmers and the CLMRS, in many cases partnering with NGOs, but transparency regarding their impact is lacking. More data are needed on industry experiences engaging in CLMRS, as well as commitment to share data and expand implementation. Should cases of child labor or forced labor be detected, the sectors of industry with the greatest access to technical resources could develop their own capacities to support the sectors where these problems have been identified in a way that can contain and eliminate them, as well as coordinate with the national government on remediation services, given the presence of child-friendly villages and community-based child integration protection programs.
6. **Promote engagement of workers' organizations and unions.** Workers' organizations and unions in Indonesia have been instrumental in raising awareness and advocating for labor rights. These organizations participate in national initiatives against child and forced labor and contribute to policy formulation. However, their influence is limited in the informal agricultural sector, including the cocoa sector. This limitation stems from the absence of specific unions for cocoa workers and the prevalence of informal labor arrangements.
7. **Provide training and support for cooperatives to build capacity.** Providing capacity building and training support for cooperatives could help address some negative perceptions regarding cooperatives such as previous cooperatives' lacking transparency and not having run effectively.

## 6. Overall Conclusions

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The country cases were diverse, with Ecuador and Indonesia's having primarily smallholder cocoa farmers compared with Brazil, which had larger cocoa estates in the cocoa value chain. In all three countries, the highest risk for child labor and forced labor is in the farming and cultivation stage, primarily related to poverty and informal and small family farming for child labor. For forced labor in Brazil, risks were due to poverty, migration, debt bondage schemes, and informal labor agreements. While there were lower risks for child labor and forced labor in processing and manufacturing and distribution stages of the cocoa value chain, factors such as middlemen and low prices paid to farmers could affect the risk of child labor and forced labor in the farming and cultivation stage. Additionally, in Ecuador, cocoa production is increasing, though there is limited domestic demand and primarily an export market. In Indonesia, cocoa production has been decreasing, but it is still mostly an exporting market but with increasing processing of cocoa before exporting. For Brazil, cocoa production is also decreasing, but there is high in-country consumer demand and capacity for processing and manufacturing.

There have been different results from key stakeholder efforts in addressing child labor and forced labor in the cocoa sector in the three countries. In Ecuador, it appears that the issue is not a top priority, and there are limited efforts across stakeholders, given larger context challenges, with some risk that child labor will increase because of cocoa sector growth and agricultural trends. For Brazil, with decreased cocoa production, interest and efforts in child labor and forced labor seem to have waned but have been regaining momentum in the last year, especially with recent court cases on forced labor in the cocoa sector; however, there are limited efforts, despite a high risk for forced labor and the potential for child labor to grow in the cocoa sector. In Indonesia, while there is decreased cocoa production, there is high public and perceived commitment to addressing child labor and forced labor, along with many efforts across stakeholders on the issue and specifically in cocoa, notably on economic empowerment of farmers, as well as across the spectrum of stakeholders. Overall, in Indonesia, the situation and risk factors for child labor and forced labor appear to be improving and there are more established and integrated CLMRS in place; in Brazil, there are concerns that forced labor in the cocoa sector should be prioritized; and in Ecuador, with increasing cocoa production, there may be a need in the near future for more support and additional data collection and research studies.



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## Appendix B. Participants

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# Appendix C. Protocols

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