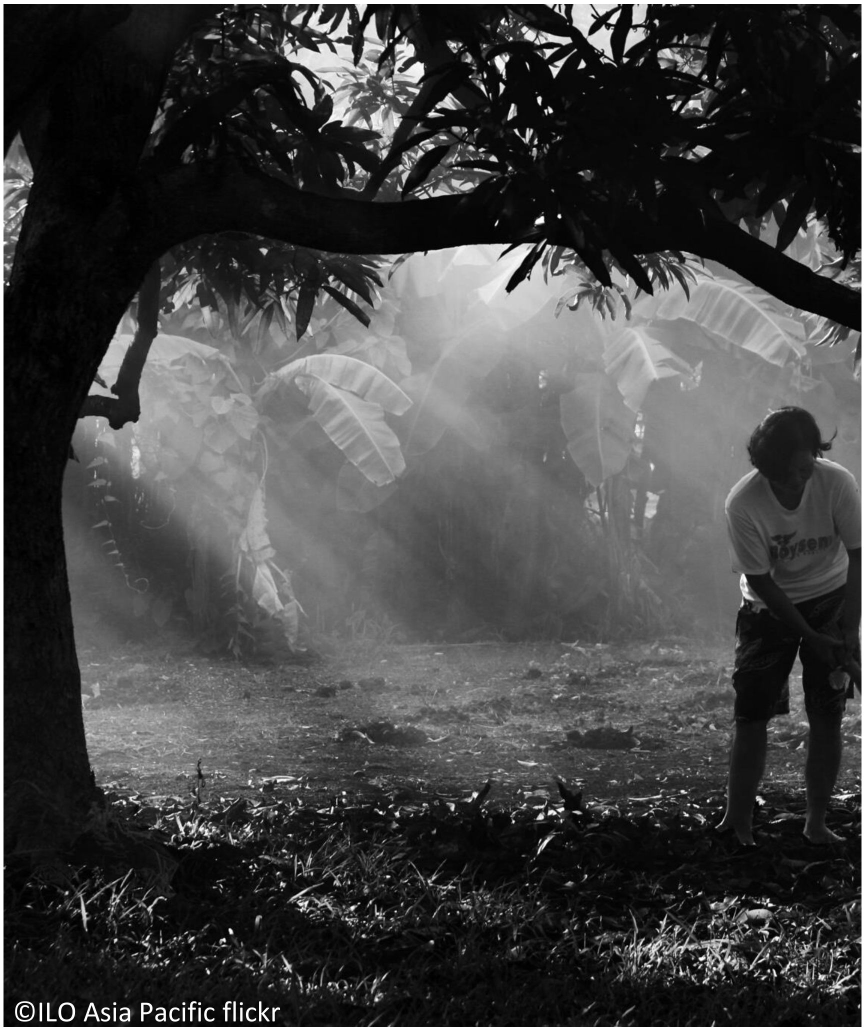

©ILO Asia Pacific flickr

ILO STUDIES IN PHILIPPINES' AGRICULTURAL SECTOR

Synthesis and key policy recommendations

ABSTRACT

This compendium of 5 ILO studies on the Philippines' agricultural sector includes synthesis and recommendations derived through a tri-partite dialogue towards upgrading the social and economic conditions of labour stakeholders.

Prof. Dynah Avigail T. Basuil, PhD

Table of Contents

List of Acronyms

ATI	Agricultural Training Institute
CARL	Comprehensive Agrarian Reform Law
CARP	Comprehensive Agrarian Reform Program
CBA	Collective Bargaining Agreement
CDA	Cooperative Development Authority
CLOA	Certificate of Land Ownership Award
COO	Certificate of Origin
CPRS	Client Profile and Registration System
CSO	Civil Societal Organization
CSR	Corporate Social Responsibility
DA	Department of Agriculture
DAR	Department of Agrarian Reform
DICT	Department of Information and Communications Technology
DOLE	Department of Labor and Employment
DTI	Department of Trade and Industry
EMB	Export Management Bureau
EOPBA	Exclusive Option to Purchase Bananas Agreement
FTA	Free Trade Agreements
FTE	Full Time Employment
GAP	Good Agriculture Practice
GMP	Good Manufacturing Practice
GSP	Generalized System of Preferences
HACCP	Hazard Analysis and Critical Control Points
ILO	International Labour Organization
ILS	International Labour Standards
ITC	Industry Tripartite Council
MARB	Mampising Agrarian Reform Beneficiaries Multi-Purpose Cooperative
MNE	Multinational Enterprise
MSME	Micro, Small, and Medium Enterprise
NGO	Non-Governmental Organization
NCP	National contact point
NTCP	Non-traditional Coconut Products
NTM	Non-Tariff Measure
OECD	Organization for Economic Co-operation and Development
OPEC	Organic Producers and Exporters Corporation
OSH	Occupational Safety and Health
PCA	Philippines Coconut Authority
PEZA	Philippine Economic Zone Authority
R&D&E	Research, Development, & Engineering
RBC	Responsible Business Conduct
SSS	Social Security System
TIPC	Tripartite Industrial Peace Council
VCO	Virgin Coconut Oil
VSS	Voluntary Sustainability Standards

1. Executive Summary

The present document provides a synthesis and analysis of decent work practices from the perspective of Responsible Business Conduct (RBC)/Corporate Social Responsibility (CSR) of five sectorial and thematic studies carried out by the International Labour Organization (ILO). Three of these studies covered the pineapple, cavendish banana, and three (virgin coconut oil, coco sugar and coco coir/peat) non-traditional coconut products (NTCPs) agro-food supply chains. One study focused on mandatory trade requirements and certifications and another on traceability as a mechanism to make transparent the environmental, economic, and social outcomes of production practices in the agricultural sector.

The agriculture sector in the Philippines constitute a major source of employment (~25%) in the country. However, an important proportion of agricultural workers live under poverty conditions. This contrasts to the increases in productivity and exports documented on the studies on agro-food supply chains carried out by the ILO. These studies highlighted that pineapple, cavendish banana, and the three NTCPs are important contributors to the Philippine exports. The pineapple and cavendish banana are considered mature industries dominated by multinational enterprises (MNEs); and NTCPs are positioned as a strong alternative for decent employment over the traditional coconut product sector, which is currently facing important market price declines.

Supply chains have an impact on the dynamics and functioning of economies, investment, trace, the labour markets and labour relations. When it comes to agriculture, supply chains remain very important for transforming economic growth into social upgrading, this is particularly the case for workers in the lower tiers of supply chains in agriculture. The International Labour Organization (ILO) plays a key role in setting labour standards but also in advising governments and social partners in the design and implementation of projects, programmes and policies aimed at allowing workers in the agriculture sector to enjoy decent working conditions, facilitating both economic and social upgrading while ensuring respect for international labour standards and implementation of socially responsible labour practices.

In terms of decent work conditions, the three agro-food subsectors generally complied with national labour regulations with regards to regular/formal employees. However, deficiencies in compliance on labour standards and occupational safety and health (OSH) standards and other employee's benefits were often reported.

Importantly, contract labour and informal work arrangements dominated the agro-food supply chains, which were attributed to the seasonality of the industry, high labour costs, and perception of the unskilled nature of the work. Important issues of informal work were the workers' insecure status on daily minimum wage compensation, observance of statutory benefits, or continuation of employment. Furthermore, the extent of informal work in the agro-food sector in the Philippines has been unknown, escaping labour regulation and enforcement.

There is a special type of working arrangement where farmers as agrarian reform beneficiaries (ARBs) inherited a triple identity as landowners, workers, and managers; thus, complicating labour-related matters. For instance, when ARB and non-ARB landowners organized into cooperatives to enter leasing or growership agreement with MNEs, farmers, whom often were the workers of their own lands, were seen as owners, a situation that supplants their rights as workers. It was also reported that leasing and growership agreements have typically favoured MNEs, imposing further constraints to the farmers. For instance, compliance on labour standards and OSH standards do not cover workers in the growership arrangements or in indirectly managed operations. Worth to note were financial pressures imposed by MNEs when they provided inputs to farmers who must pay interests on these inputs irrespective of crop failure due natural calamities or low yield; this could lead to farmers renouncing to their entitlements to escape debt. This was not typically the case of coco-based products, where farmers get interest-free advances in exchange for future harvests, borne from nature of the crop and industry operations (wherein processors cannot store inventory which can affect the characteristics of the coconut, including its weight). Additionally, farmers' family and/or community members (children included) often engaged in unpaid working activities to aid farmers to comply with commitments/needs to supply/sell their produce.

Wages of lower skilled agriculture workers were typically pegged to the government-determined regional daily minimum wage, which was close to the poverty threshold. One could posit that once training was provided to agriculture workers, then they should have access to better paying jobs in the industry. However, this was not the case as training was limited to regular employees and jobs for skilled workers were limited.

On average, the earnings derived from the produce of landowner farmers also typically fall under the poverty threshold, and this was associated to low price paid for their product, production inefficiencies, and/or limited land area (~1.25 hectares per farmer) to achieve economies of scale. In many instances, these issues were associated with inefficiencies on the implementation of the agrarian reform and government support.

The prevalent practice of contractual labour in agriculture also circumvented the agricultural worker's constitutional right to secure tenure and posed challenges for exercising the right to freedom of association and collective bargaining; thus, limiting opportunities to gain higher pay and benefits, upward mobility, and opportunities for developing new skills. This point was further compounded by the existence of divided and fragmented labour organizations, as stated for the case of the banana industry in Mindanao. In general, the number of females performing agricultural work was less than the number of males. However, other than the physically demanding nature of agricultural work, the factors affecting this trend were less documented.

From the analysis of the studies on agro-food supply chains carried out by the ILO, one can conclude that labour conditions in these supply chains are far from complying with ILO standards. Hence, the next step corresponded on how to address the issues raised by the analysis of the ILO studies with the inclusive role of RBC/CSR.

The ILO study on of the banana Cavendish industry in Davao included four RBC/CSR examples as evidence of private enterprises capable of providing good and fair working conditions to workers, their families, and their communities; in the process, gaining business advantages, as exemplified by the case of Tadeco, the MNE supplier, which has been a Good Agricultural Practice awardee.[1]

Mandatory trade requirements and voluntary certifications constituted important market requirements, particularly in exports, for business continuation or expansion of the three agro-sectors covered in the ILO studies. Many of the requirements for certifications were aligned with the ILO MNE declaration[2]; hence, they became enabling mechanisms to promote social and economic upgrading through decent working

1 Retrieved from https://www.anflocor.com/tadeco as of September 15 2021.
2 Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (2017), The provisions of the MNE Declaration are provided in Annex 1.

conditions. However, compliance to these requirements to producers were costly, often hampered by burdensome operational processes, lack of procedural transparency, and limitations in infrastructure and resources at the national level. In this respect government support is essential with a special focus in simplification and/or abolishment of unnecessary regulatory burdens on business activities to warrant competitiveness of these agricultural sectors in the export markets.

Traceability emerges as a tool for enterprises and governments to make transparent the processes involved in production value chains. From the ILO study on traceability, it was found that from a set of 77 digital traceability cases around the world, 35 were not only assessing the effectiveness of traceability programs over food provenance and quality assurance but also tapped into uncovering social and environmental issues existing in the supply chains. Among these 35, 18 studies addressed labour related issues such as slavery or forced labour, child labour, and other unsustainable labour practices. Furthermore, agriculture organizations and platform providers constituted most initiators on the implementation of traceability initiatives while participation of governments is poor. There are environmental, organizational, and technological factors that are important to meet for a traceability system to be successful; hence, participation of all the relevant actors is important. Nonetheless, the reported cases were still in initial phases and their benefits have not been assessed.

From the summary and based on the analysis of the five ILO case studies and inputs from ILO officials and participants of the Tripartite dialogue, this report proposes recommendations for the relevant actors, including employers and worker's organizations, the United Nations System in the Philippines and the Philippine government, whose actions may bring the agricultural industry closer to the goal of providing decent working conditions to its workers and the implementation of International Labour Standards at every level of the supply chains hereby analysed and in general to the Agriculture sector.

For employers

It is imperative that agro-food employers that commit to implementing decent working conditions discern the inherent value of their responsible business practices as an investment for business continuity and competitive advantage when serving markets where social responsibility is expected. This transformation towards responsible labour practices should be done with the help of partners such as: MNE buyers operating in in countries which legislative regimes that emphasize RBC/CSR and provide support and incentives for the implementation through value chains, companies (through industry associations/ chambers of commerce) undertaking and international organizations (e.g. ILO, UN Women, UNDP, etc.) advocating similar initiatives, and workers and farmer suppliers into associations (for both formal and informal workers) and cooperatives facilitating collective dialogue in co-creating solutions to challenges around labour issues.

Specific actionable recommendations include:

1) For individual employers including cooperatives, establish social dialogue mechanisms at each level with the goal of embedding RBC in operations like:
    - With senior management of MNEs – Buyers Forum to understand their RBC expectations of local suppliers and how supplier audits can be used to incentivize (rather than penalize) underperforming suppliers to transform their practices;
    - With own senior management to incorporate RBC in code of conduct (using ILO Tripartite Declaration for MNEs as a resource) of relevant stakeholders, employees and suppliers alike, including mechanisms to monitor and assess performance in exemplifying RBC;

- o With all employees and suppliers to assess training needs in implementing RBC in code of conduct and incentivize workers to upskill, leveraging on TESDA to provide free training;
- o With civil society organizations, including United Nations/ILO and academic/training institutions, to design customized capacity building modules that address training needs; and,
- o With industry peers and fellows, to share best practices and challenges when embedding RBC in operations.

2) For employer groups, enable members to embed RBC in operations by:
    - o Creating platforms that convene employer members, within themselves and between themselves and other stakeholders like employee groups, government/development agencies, civil societal organizations (CSOs), etc. to address RBC challenge and champion RBC success;
    - o Developing and implementing development services for SMEs and micro economic units in different sectors that are adapted (language and sector-wise), delivered practically, and easily accessible; and,
    - o Actively advocating to government, the adoption of national strategy/policy (i.e., National Action Plan) aimed at promoting RBC in all its dimensions (labour, environment, gender equality, among others).

For worker's organizations

Workers must find strength in numbers and form workers organizations or unions to improve their working conditions and provide them with a dignified existence. Unions through collective bargaining agreements must establish negotiations with MNE buyers to include a set of standards for employment in all aspects of the supply chain including for workers under the growership arrangement and to improve wages and rewards by linking them with productivity. Also, union leaders must enable and empower to build enduring ties with employers and promote in conjunction with the government innovations in labour-related solutions.

Specific actionable recommendations include:

1) Create customized channels (e.g. in native language) through new technology and social media platforms to communicate with workers in the lower tiers of this sector (e.g., informal workers) on the advantages of membership in worker organizations and forge stronger ties among member workers.
2) Elect/appoint representatives who can promote dialogue and partnerships, including federation, among worker's organizations to eliminate fragmentation and with employers/employer groups to foster symbiotic (where both parties benefit), cooperative relationships; effectively strengthening the workers' voice towards improving working conditions.
3) Actively advocate to government the adoption of national strategy/policy (i.e., National Action Plan) aimed at promoting RBC in all its dimensions (labour, environment, gender equality, among others) and the review of legislation regulating contractualisation and informality to promote security of tenure.
4) Collaborate with government units (like BLR and DAP), ILO, and other CSOs/NGOs to develop a leadership program for future union leaders- with new competencies on building resilient, globally networked, future-oriented, technology savvy worker organizations.

<u>For government agencies and policy makers</u>

Decent working conditions to its marginalized workers, particularly in the agro-food sector, is instrumental for the Philippine government to promote social justice and development. Corresponding lead government agencies must provide support to farmers to achieve the proper implementation of the comprehensive agrarian reform program (CARP); promote and provide support for exporting supply chains to enter into markets where regulations expect responsible business practices which incentivize social and economic upgrading of agricultural work; streamline policies around data requirements on employment arrangements (regular, seasonal, informal, project, and probationary employment) to ease the burden for agricultural workers to enter into employment and encourage supplier companies/cooperatives to keep accurate records of labour costs in the agriculture production; begin investing in technological systems that make data transparent to all stakeholders, through traceability and certification systems; and, strengthen implementation and enforcement of labour policies aligned with international labour standards on decent work.

Specific recommendations to expedite the economic and social upgrading in the agriculture sector include:

1) Create an inter-institutional committee or working group led by DOLE to coordinate the aspects of responsible business practices in the agricultural sector.
2) Promote a human-centred economic growth by crafting a National Action Plan on Business and Human Rights as per the United Nations Guiding Principles. This should emphasize the creation of an action plan for transitioning rural/informal workers to the formal economy.
3) Creation of an action plan for transitioning rural/informal workers to the formal economy.
4) For the Department of Agrarian Reform (DAR) in collaboration with the Agricultural Training Institute (ATI) or PCA to formulate programs for farmers/ARBs as entrepreneurs with the inclusion of RBC, this should include relevant technical skills in the corresponding sectors.
5) For the Department of Trade and Industry (DTI) and its attached bureau, the Export Management Bureau (EMB) to craft a strategic export plan with a comprehensive support program for exporters, emphasizing markets with national regulations promoting responsible business (e.g., EU with mandatory legislation on supply chain due diligence).
6) To improve occupational safety and health practices in the agriculture industry by:
   - Implementing OSH targeted inspections, compliance and incentive campaigns;
   - Providing OSH budget to support its programs including incentives and technical assistance to relevant sector organizations (e.g. PCA); and,
   - Providing general OSH training followed by subsector specific training to cover specific process characteristics of specific agricultural products(e.g. VCO, coco sugar and coco coir).
7) To strengthen labour compliance programs in the agriculture industry by:
   - Capacitating DOLE labour inspectors in partnership with ILO (or their local partners in the Philippines) on international labour standards and third-party evaluators like SEDEX on assessment skills;
   - Establishing a closer coordination and information sharing between third party assessments and certification bodies, including private sector compliance and labour inspectorate, along with ensuring common approaches for assessing compliance;
   - Providing sector-specific training to labour inspectors so that they can be more aware with industry peculiarities; and.
   - Capacitating labour inspectors as technical advisors and not only as auditors.

:

8) To adopt traceability systems in the agriculture industry to improve labour conditions by:
    - Identifying and establishing (lead by DTI, in consultation with employer and worker groups) minimal/basic traceability standards required for compliance of existing trade agreement requirements and incoming legislation with international trading partners (e.g., German law to be in effect in 2023 and which requires companies to report human rights and environmental abuses along their direct supply chain, and the works of European Union mandatory legislation on supply chain due diligence); and,
    - Implementing or supporting an existing tripartite system (e.g. Tripartite Plus) to establish a traceability system to monitor working conditions in the agricultural sector.

For civil society organizations, including academic institutions and think tanks

Different civil society organizations (CSOs), academic institutions and think tanks can provide support to uplift the state of agricultural workers labour conditions through knowledge creation via well-designed studies and knowledge sharing via capacity building training and dissemination of findings.

Specific recommendations include:

1) Encourage inquiry, through well-supported/funded projects, on the labour conditions in the agriculture sector specifically the challenges when embedding RBC in companies and effective mechanisms for building multi-stakeholder engagement and partnership between the main actors.
2) Build academic/research programmes across different disciplines, that mainstream evidenced-based implementation of RBC in the agriculture sector within curricula.
3) Provide platforms as "safe havens" for honest, judgment-free conversations on non-compliant practices enroute to incorporating RBC and BHR principles, which can also serve as training and field study contexts.
4) As repository and guardian of knowledge, manage data collected on RBC-related metrics made available to all interested parties and stakeholders.
5) Promote the creation of distinct scholarship programs to benefit farmer and worker's children with priority on innovations in agri- product development marketing and technology including Master and PhD research thesis grants. This can also include the inclusion of training in agro technology in technical vocational schools.
6) CSOs should be more proactive in the observance and implementation of governance.

For the United Nations System, including the International Labour Organization

Continuous support on capacity building and policy accompaniment in shaping Philippines own agenda on business and labour/human rights.

Specific recommendations include:

1) Promoting inter-institutional dialogue (sector specific and in general) to enhance coordination and policy coherence.
2) Facilitating the exchange of RBC experiences and challenges with other countries in ASEAN and in general in the Asia Pacific Region.
3) Providing support to the national government to start dialogues and explore the possibility of drafting a National Action Plan on Business and Human Rights for the Philippines.

4) Supporting to workers organisations to reach out to workers in the informal tiers of the supply chains in the agriculture sector.
5) Supporting CSOs/NGOs to systematically study, through rigorous field research, the relevant factors in facilitating and impinging the implementation of labour-related RBC in the agriculture industry.

2. Introduction

The "Responsible Supply Chains in Asia" project is a partnership between the European Union, the International Labour Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD). The objective of the programme is to promote corporate social responsibility (CSR) /responsible business conduct (RBC) with the aim to enhance respect for human rights, labour (decent work), and environmental standards by businesses in sectors with strong trade linkages with Europe and engaged in supply chains in Asia. The project takes as a policy framework the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (ILO MNE Declaration, 2017) and the OECD Guidelines for Multinational Enterprises (2011).

CSR/RBC from the perspective of labour is important due to several reasons, among which one can cite:

- An increase attention is paid by investors on the non-financial aspects (e.g. CSR) of companies;
- An increasing number of trade and investment agreements with sustainability clauses referring to international labour rights and decent work;
- A growing demand for transparency and due diligence on social, environmental and ethical issues wherein investors, employees and consumers want reliable data in order to have a more holistic assessment of the practices of companies they transact with; and,
- A growing scientific evidence showing that implementation of RBC practices at the company level increases productivity and competitiveness of companies.

The "Responsible Supply Chains in Asia" project in the Philippines focuses on the agriculture sector particularly food commodity. This report is a compendium that synthesizes and analyses the following sectorial and thematic studies carried out by the ILO:

1) The future of work in agro-food value chains: Social upgrading in the Philippines' pineapple production;
2) Trade and Value Chains in Employment-Rich Activities (TRAVERA): A study of selected non-traditional coconut products in the Philippines;
3) Study on Fruit and Vegetable Industry and Corporate Social Responsibility/Responsible Business Conduct Toward Social and Economic Upgrading: The Banana Industry in Davao Region;
4) Study on Mandatory Requirements and Voluntary Certifications for Agro Food Exports toward Safe, Fair and Sustainable Food Supply Chains in Asia; and,
5) Study on Innovations and Challenges in Digital Traceability: Towards Safe, Fair and Sustainable Food Supply in Southeast Asia.

The synthesis and analysis are performed from the perspective of CSR/RBC in terms of promoting decent work and implementing socially responsible labour practices.

The following important labour related concepts and definitions are reproduced in order to set the scenario of the analysis of this work.

As defined by ILO (1999), decent work is 'productive work for women and men in conditions of freedom, equity, security and human dignity'. It refers to opportunities for work that are productive and deliver a fair income; provide security in the workplace and social protection for workers and their families; offer better prospects for personal development and encourage social integration; give people the freedom to express their concerns, to organize and to participate in decisions that affect their lives; and guarantee equal opportunities and equal treatment for all.

This definition is in line with the ILO MNE declaration general policies on:

1) Employment: employment promotion, social security, elimination of forced or compulsory labour, effective abolition of child labour, equality of opportunity and treatment and security of employment;
2) Training; and,
3) Conditions of work and life: wages, benefits and conditions of work, safety and health, industrial relations, freedom of association and the right to organize, collective bargaining, consultation and access to remedy and examination of grievances.

"Social upgrading is framed in ILO's Decent Work Agenda, as an undertaking which encompasses employment, standards and rights at work, social protection and social dialogue.[3] Economic upgrading "is the process by which economic actors – firms and workers – move from low-value to relatively high-value activities in global production networks" and social upgrading".[4]

This document aims at synthesizing these five studies, identifying the key points in their analysis, as well as their recommendations, as such this document is based on entirely on research previously carried out in the context of projects/programmes managed by the ILO. The synthesis of the studies in question intends to provide the ILO and its constituents in the Philippines with an overview of the research carried out in the agriculture sector in the Philippines by the ILO during the last five years. Additionally, the recommendations of this document aim at providing inputs for the design, development and roll out of actions aimed at promoting socially responsible labour practices and implementing the Decent Work agenda in the agriculture sector in the Philippines.

3. STUDY 1. The future of work in agro-food value chains: Social upgrading in the Philippines' pineapple production

3.1. Overview

In 2015, the value of pineapple exported by the Philippines accounted for 11.2% of the value of total agricultural exports mainly directed to North America, followed by East Asia and the Pacific, and Europe. In the global pineapple export market, Philippines competes with Indonesia and Thailand but shows a higher comparative advantage over competitors, partly due to the preferential trade terms secured for these products.

3 Cited in an ILO publication by Barrientos S., et. al. Capturing the Gains: Economic and Social Upgrading in Global Production Networks: Developing a Framework for Analysis (2012). Retrieved from: capturingthegains.org/pdf/ctg-wp-2010-03.pdf

4 Cited in an ILO publication by Barrientos S., et. al. Capturing the Gains: Economic and Social Upgrading in Global Production Networks: Developing a Framework for Analysis (2012). Retrieved from: capturingthegains.org/pdf/ctg-wp-2010-03.pdf

From 2010 to 2015, Mindanao[5], with Northern Mindanao as the major contributor, has consistently registered more than 88 percent of the total Philippine pineapple production. Based on the 2014 pineapple production data, Bukidnon and South Cotabato are the top provinces in terms of plantation areas with 23,000 and 23,346 hectares, respectively.

The local pineapple production system is dominated by two MNEs- Del Monte Philippines Inc., (Del Monte) with 23,000 hectares of operations in Bukidnon and Dole Philippines (Dolefil) with 16,571 hectares of operations in South Cotabato. MNE estimates of their own, along with that of enterprises producing for their brands, direct and indirectly hired employees put the number of employed persons at the pineapple industry at over 40,000. Other enterprises are engaged in growership, packing, and marketing of pineapple for the two MNEs, and in some instances (e.g. Lapanday Foods Diversified Products Corporation) export their own Philippine brands.

Due to restrictions on ownership of land, the MNEs have been dependent on contracted land for production under the following schemes: the predominant long-term lease agreements with ARBs and the contractual arrangements with commercial growers and cooperatives of small growers. Many ARBs (with 88% of qualified beneficiaries being male according to 2002 census) formed farmer associations and cooperatives (or ARBCs) and entered into agri-business venture arrangement (AVAs) that involved leasing their land holdings long term to MNEs. Leasing of land also could be combined with work opportunities through grower contracts or work contracts.

While a major source of pineapple, Mindanao is also the region beset with poverty. The agro-food industry in the Philippines and specifically the pineapple value chain (Annex 2) is characterized by a large proportion of workers being linked to small-scale production and low-skilled, labour-intensive work. Nonetheless, the following factors appear to support an upgrading in the pineapple value chain in Mindanao: (a) large scale, export market-based, and growing volume of pineapple production; (b) a readily available relatively low-cost work force (most number of farmer-ARBs formed as collective production units in the value chain through state-recognized AVAs as modalities to integrate to the MNEs supply chains); (c) government tax incentives for export oriented industries; and (d) zero-tariff for pineapple products such as juice (previously at 28.5 percent), preserved fruits (previously 6 to 9 percent), fruit jams and jellies (previously at 20 percent) under the EU-GSP+.

3.2. Land lease agreements in pineapple production

As of March 2014, Department of Agrarian Reform (DAR) indicated that ARB lands under the comprehensive agrarian reform law (CARL or Republic Act No. 6657 of 1988) account for about 25 percent of all land for agribusiness operations (16% of the area dedicated to pineapple) and are primarily organized into AVAs with MNEs. The comprehensive agrarian reform program (CARP) under the various AVAs[6] made many landless farmworkers, who were formed into ARBCs, the landowners of the land they

---

5 Mindanao is divided into six administrative regions: Zamboanga Peninsula, Northern Mindanao, Caraga, Davao, Soccsksargen, and Bangsamoro.

6 AVA modalities (joint venture agreement, land lease, growership, management contract, build-operate-transfer scheme, productions-processing and marketing agreement, and service contract) are meant to: (1) channel investment of financial and other resources of the private sector to agrarian reform areas and spur agricultural development; (2) boost productivity and increase the income of smallholder farmers and labourers, farmer organizations or cooperatives; and (3) hasten the transformation of the ARBs into farmer-entrepreneurs

previously worked on. Their employers, the agricultural enterprises or MNEs, were transformed into lessors (now leasing from ARBs, previously from government) or buyers of crops.

Land reform altered the agribusiness production from centralized to quasi-centralized plantation model with the ordinary farmworker transformed as ARB, cooperative member, and at the same time, grower, or worker of their MNE lessee. To maintain the quality, quantity, and timeliness of production of pineapples, government policy promoted new business arrangements between ARBs and MNEs. Cooperatives of small growers were encouraged to develop AVAs with the major players in the export industry. Leaseback arrangements and contract growing or growership arrangements have been the two most common AVAs between ARBCs and the private pineapple buyer MNEs.

In leaseback, the land is leased, sometimes through cooperatives, with the MNEs managing operations and employing workers in a quasi-centralized plantation model that would resemble pre-land reform practices (with the government as lessor). In this arrangement, farmers retain ownership of the land and receive an annual rent. In most cases, ARBs are recruited to work as paid contractual workers.

In growership contracts, small landowners become members of cooperatives. The cooperatives manage the collective member land based either on collective or individual farming systems. They make collective supply arrangements with MNEs. The growership agreements can range from 5 years to 25 years, although the contracts have been open-ended but binding until the loan is fully repaid.

A third, less common type of arrangement with MNEs is a marketing agreement where the price and quantity to be purchased is usually specified. Inputs are provided by the MNE buyer and deducted from the agreed price. The contracting options open to the MNE-led value chain reflect MNE interest in securing land over a multi-year period for the longer-term growing cycle of pineapple as well as the relatively high equipment investment involved in production.

Pineapple exports have benefited from government support programs, in part through land reform, which set up means by which to maintain access to land and workers at favourable terms to the industry as it grew.

3.2.1. Issues with land lease agreements

Inconsistent definition of who can be ARBs translate to challenges in titling (i.e., issuance of Certificate of Land Ownership Award or CLOA) to ARBs, which contributes to a weak organizational state of ARBCs, thus diminishing the capacity to negotiate for better terms against MNE buyers.

In terms of contracting through AVAs, ARBs yield more favourable leaseback contracts to large MNEs due to long-term lease duration and renewability, subjective rental rates from lack of market-based, inflation-adjusted rental standards, lack of transparency and rights protection of the signing parties in light of updated land reform guidelines, and weak management control of ARBCs.

When contracting through growership AVAs, MNE-led value chains use such AVA for securing access to land, managing costs, and transferring many of the production and market risks to individual member

benefitting from transfer of technology and supply chain relations with large agribusinesses or MNEs' large-scale global operations.

growers in different forms through practices like giving buyers rights to purchase products at pre-set or market prices (whichever is lower), charging growers interest on inputs (frequently required to be purchased from investors)- irrespective of crop failure due natural calamities or low yield, and charging grower management costs when investors take over direct management of production due to dissatisfaction with grower's performance.

These issues hamper opportunities for economic and social upgrading of ARBs. The debt situations are further aggravated as the amounts build up over the life of the contract, to the point where ARBs move to relinquish their entitlements, including eventual land ownership, in order to escape debt.

Finally, the lack of leadership by DAR in the review, approval, and monitoring of AVAs can lead to AVAs lacking DAR approval designated as null or void, which can be a point for the renegotiation of AVAs that favour MNEs and are not abiding to regulations.

3.3. Employment

The agro-food industry accounts for nearly 40 per cent of total employment in the Philippines. However, the agriculture sector has presented steady decrease in labour demand over the years.

Despite increased production in the pineapple sector in the Philippines, the overall agricultural employment shows a declining trend. In Mindanao, for instance, employment figures in agriculture decreased from 4,290,000 in 2011 to 4,084,000 in 2015, which corresponds to 4.8 % decline.

The factors that could be provoking the decrease in employment figures in local agriculture include technological upgrades that increases labour productivity and lessens the need for additional labour, shift to unaccounted informality or informal employment, i.e., unpaid family workers, exiting workers due to more favourable employment in non-agricultural sector and increased vulnerability of agricultural sector due to weather/climatic disturbances and political unrest.

3.3.1. Working arrangements

Work in pineapple supply chains is a combination of agriculture and industrial work. Pineapple production is labour intensive, seasonal and to a large extent perceived as an unskilled work. This makes seasonal, informal and short-term employment in pineapple production more desirable than long-term permanent employment. Thus, the use of contract labour directly or through triangular employment relationships that contract workers through a labour service cooperative or job contractor has persisted in agribusiness for decades.

Consistent with employment trends nationally, employment in the pineapple industry has been characterized by growing numbers of contract labourers and shrinking regular or permanent employees as a share of the workforce.

3.3.1.1. Regular employment

Direct employment is very competitive due to unionization of regular rank-and-file workers in plantation, cannery, and technical work. Unions and collective bargaining agreements (CBAs) could enable upgrading through collective negotiations for political (i.e., participation in the exercise of management prerogative to hire workers on regular employment; recognition of the bargaining units; and set employment standards) and economic (i.e., compensation and benefits provisions for all workers) benefits. Regular workers have access to economic benefits including wage with increases (lowest paid regular workers approximately amount to Php712 per day for Dolefil), annual dividend, monthly housing allowances (Php 200-400), monthly rice allowance (Php 1,850), medical, dental and hospitalization benefits (employees and dependents), and scholarship and school bus service for children of regular employees. Political benefits for regular workers include limited direct hiring of non-regular workers, limited job contractors to those accredited by the Department of Labor and Employment (DOLE) and limited probationary periods of 3 months.

3.3.1.2. Contract labour and informal employment

For pineapple, a large contingent of contract labour and informal work arrangements dominate the MNE-led supply chains. Specific to the directly managed MNE operations, contract labour is predominantly supplied by labour service cooperatives[7]. In Dolefil, there are 2 contract labourers in production for every regular worker, i.e., approximately 10,600 contract labourers sourced from five different community-based labour service cooperatives against approximately 4,500 regular workers. In Del Monte, the ratio is 1 regular worker to 4 contract workers with approximately 15,000 contract workers from 5 different cooperatives and 5 private job contractors against approximately 4,000 regular workers.

In indirectly managed operations or under growership arrangements, the engagement is informal (with no formal contract). Workers under the growership arrangements are unaccounted for in trilateral or three-party agreement, through grower-cooperatives or organizations of smallholders also indicated in the growership contract as producers, or just between the MNE and individual smallholder-growers. The employment arrangement under growership falls in one of the three following categories (Annex 3):

1) directly hired unpaid/paid family labour and intermittent help-outs mobilized by cooperative member-growers or individual smallholder-growers (whether ARBs or not) to work on their lands;
2) directly hired regular workers of grower-cooperatives performing technical and logistical support to individual member-growers; or,
3) contract labour through labour service cooperative or job-contractors engaged by grower-cooperatives to render support services to member-growers.

For contract labour in directly managed MNE operations or indirect triangular employment relationships, compensation is pegged to the government-determined daily minimum wage for agriculture and non-agriculture (industrial) workers. The minimum wage is an entry-level wage for new entrants into the labour market and is close to the regional poverty threshold (e.g., in Northern Mindanao, the highest daily minimum wage for agriculture is Php306.00 as of March 2017, which is just equal to the region's family poverty threshold and in Soccsksargen, the prevailing highest agriculture daily minimum wage is Php272.00, which is below the poverty threshold).[8]

Informal work in the indirectly managed growership arrangements, on the other hand, does not assure workers of any daily minimum wage compensation or observance of statutory benefits. Upon its expiration, work will also end and without assurance of re-engagement or continued employment. The

7 Labour service cooperatives are registered with the Cooperative Development Authority (CDA) as multi-purpose cooperatives, and together with the private job contractors, are registered with DOLE.

8 Daily minimum wages as of June 2021 are Php353.00 for Northern Mindanao and Php310.00 for Soccsksargen.

same problem affects workers in other informal work arrangements, which is currently beyond the lens of labour regulation and enforcement.

3.3.2. Skills development

For the two MNEs, skilled or technical work is reserved for regular workers. In Dolefil, regular workers constitute 29.8 percent of the total 15,100 rank-and-file workers while Del Monte has 20.2 percent out of the total 19,846 rank-and-file workers.

Low or unskilled work is the bulk in production, processing, packing and distribution activities. Generally, farm work is perceived as low or unskilled in small-sized operations, skilled or technical work being limited to machine or equipment operators and technicians. In both the direct and indirectly managed operations in the MNE-led supply chains, the dominant form of work is perceived as low or unskilled.

Those in contract labour have limited opportunities to move upward to skilled work due to: (1) limited positions and opportunities in skilled work; (2) lack of opportunity to skill up under contractual work engagement with labour service cooperatives acting as the employers and claiming the lack of employer-employee relationship (hence, no responsibility for providing skills development).

3.3.3. Right to freedom of association (unions)

The short-term nature of contractual labour (move from contract to contract and from contractor to contractor) circumvents the constitutional right to secure tenure and poses a challenge for exercising the right to freedom of association and collective bargaining; thus, limiting opportunities to gain higher pay and upward mobility and opportunities for developing new skills.

There are constitutional provisions that appear to limit the right of bargaining for members of cooperative as they are consider landowners.[9] However, the basic foundation of cooperativism is empowerment of the members composing it towards the attainment of economic development and social justice and not as vehicle for union avoidance and supplying cheap labour.

3.3.4. Issues with employment

In general, there are no set employment standards for all workers in the supply chain of the pineapple industry. Government enforcement and most MNE initiated audits on compliance on labour standards and OSH standards do not cover workers in the growership arrangements or in indirectly managed operations.

Many of the issues around employment laid in the pineapple production sector, where workers are perceived as low-skilled under contract or worse informal employment. There is no provision on

9 The often-invoked prohibition on union formation in cooperatives, the Supreme Court ruling in 1988-- that members of a cooperative are co-owners and cannot bargain with themselves, does not supersede a more recent Philippine Cooperative Code provision. The cooperative, according to the 2006 Supreme Court ruling, which reads Article 5(7) of the Cooperative Code on the grant of juridical personality to cooperatives, has “a juridical personality of its own, separate and distinct from its members; much in the same way that a corporation has a juridical personality separate and distinct from its stockholders, known as the doctrine of corporate fiction.”

promotion or regularization of contract workers in the CBA. Membership in labour service cooperatives, which accords workers with regular membership status the right to participate in the election of cooperative officers and in policy decisions during general assemblies, does not suffice as compliance with the guaranteed right of workers to self-organization and collectively bargain with growers or buyer MNEs.

The regulation has since been strengthened to prohibit activities which include labour-only contracting or contracting without substantial capital and not being an employer of the workers' deployed to the principal or user enterprise. It has been noted by DOLE that work being performed by contract labour is directly related to the main business of the MNEs and subject to regularization- however, weak implementation of such regulation continues to persist.

3.4. Audits and certifications

All actors in the supply chain from direct employees to cooperatives providing contract labour, as well as those in growership agreement are subjected to periodic audits on compliance separately agreed by the MNEs, certifying bodies, and in some cases other final buyers.

Of the numerous certifications and audits on systems and quality, no stand-alone certification has been issued with respect to compliance on commitments to observe the eight core conventions of the ILO on international labour standards (ILS).

Del Monte reflects their commitment to the core standards in their Suppliers Code of Conduct while Dolefil incorporated their commitment to its workers within its corporate social responsibility mandate.

3.5. International agreements and social upgrading

The EU and US unilateral trade arrangements with the Philippines include labour provisions. The EU GSP+ eligibility calls for the ratification and effective implementation of the ILO's fundamental Conventions. The EU GSP+ reduces import duties to zero, provided that the Philippines implement core human rights, labour rights and sustainable development conventions. The pineapple industry has benefited from favourable trade terms with major importers partly through reduced tariff agreements, including a 2015 agreement granting GSP+ status to the Philippines for pineapple products. In both EU and US programs, there are mechanisms in place for the suspension of benefits if the country does not uphold the eligibility criteria.

Social upgrading in the value chain is not yet influenced by labour-related trade provisions, possibly due to lack of formal complaint of systematic violations of core human and labour rights in the pineapple value chains and authorities/stakeholders' oversight.

3.6. Conclusions and recommendations

This study found evidence of industry and trade expansion. According to industry input, trade expansion has also led to technology upgrades and there is evidence that this has had a positive impact in economic, social, on working conditions- particularly on worker productivity of regular workers. The study also found some evidence of job quality and earnings stagnation or deterioration for many growerships and contract labourers. There is evidence of a rapid growth in informal employment within the sector over the past two decades, which also coincided with land reform extension, and the emergence of large employment contractors.

The informal workers under growership AVAs are at the very bottom with no secured terms on pay, benefits, and social protection. Contract workers are receiving minimum but poverty level wages but have insecure tenure with no prospect of upward movement and are unorganized. For the unaccounted informal workers, due to the informality of the arrangement, their wages and protection have not been documented nor were they covered by social audits.

Government support services (DAR, DOLE, and DA) are incipient and need to be felt, coordinated, comprehensive and sustainable. Their leadership in regulating the AVAs, particularly on growership and lease agreements, within the framework of corporate-cooperative partnership is badly needed. AVAs should depart from the current buyer-seller model, which is the impetus in the many lopsided contracts favouring buyers. The contracts must be on equitable, transparent, and mutually advantageous terms to benefit the farmers and realize the objectives of the CARP. There is need for more effective forms of consolidation of smallholders, individual farmer ARBs and ARBCs in part to capture economies of scale and to champion better bargaining positions.

3.6.1. General recommendations

A holistic approach, mobilizing various stakeholders, is recommended. For MNEs, they must recognize and ensure respect for the rights of workers to security of tenure, to self-organization and collectively bargain, and wages for decent incomes in their supply chain regardless of the business structure, whether in a cooperative setting or otherwise to achieve the intended economic and social upgrading of the EU-GSP+ including initiatives to transition the informal workers in growership to formal work arrangements. Thus, Del Monte and Dolefil can integrate a set of standards of compliance or a Del Monte or Dolefil brands code of conduct involving all forms of employment arrangements, whether direct or managed operations, in all aspects of the supply chains with both MNEs responsible for technically and financially supporting the initiative. MNEs can also work with suppliers and regulators to set a voluntary fair, reasonable and transparent criteria in the buying price of crops and costing of inputs with a view to accord the ARBs, individually or collectively, opportunity to grow into community-based agribusiness enterprises through the various AVA.

For organized labour in the pineapple supply chains, they must address labour segmentation through inclusive collective bargaining agreements that recognizes rights and benefits of contract labourers and workers in the informal sector.

For government entities DAR, CDA, DOLE and DA, they must fully implement the mandates of the CARL by crafting implementable and enforceable policies and programs for capacity building of ARBs, workers, and small growers. Government entities can also simplify, through legislation, the different employment arrangements into regular, seasonal, project and probationary employment and carry out the implementation of the prohibition on trilateral work arrangements such as job contracting or subcontracting in the pineapple industry.

Finally, for academic institutions and non-governmental organizations (NGOs), they must conduct research studies on the working conditions of the workers in the plantation/commercial, small farms and growership towards the formulation of action plan for transitioning rural/informal workers to the formal economy (implementation of ILO Recommendation No. 204).

3.6.2. Specific recommendations

Economic and social upgrading could be realized through improvements in productivity, increased income of the ARBs and their families, and facilitated transformation of the ARBs into farmer-entrepreneurs through transfer of technology.

The terms of the lease and growership contracts, which comprise about 80% of the total AVAs, can base pricing to more directly reflect on productivity and market rates, and should factor in higher costs associated compliance with MNEs commitments not only for environmental protection but more so for labour standards compliance in its supply chain.

Cooperatives particularly those providing contract labour have capacity as employers and should be required by MNEs, as part of its supply chain, to deliver on its commitment to respect labour right to security of tenure, freedom of association and to collectively bargain, and afford competitive wages and benefits.

The unions through the CBA could push for a set of standards for employment in all aspects of the supply chain including for workers under the growership arrangement given the express commitments of the MNEs to observe the core conventions of the ILO. CBA can include contract labour in the coverage for benefits and facilitate acquisition of regular employment status. CBA benefits currently do not link pay and productivity, there are no provision on benefits and protection for contract labour and no inclusive coverage of the bargaining unit to include all types of workers in the establishment, nor for organizing contract labour.

DAR determined minimum grower sharing scheme, minimum rental rate for lease of land, and minimum terms and conditions of the engagement to be observed in all AVAs with smallholders or agrarian cooperatives could be part of a new guidelines in the light of the labour provisions in trade agreements required observance, in law and practice of ratified ILO conventions.

To eliminate the widespread use of contract labour on minimum but poverty wages, a policy directive from the Secretary of the DOLE could provide for above the poverty threshold minimum wage rates for contract labour and informal workers under growership during annual regional wage fixing by the Regional Tripartite Wages and Productivity Boards.

4. STUDY 2. Trade and value chains in employment-rich activities (TRAVERA): Study of selected non-traditional coconut products in the Philippines

4.1. Overview

The coconut industry is the third export subsector of the Philippine agriculture sector and involves about 3.1 million farmers spread over 3.5 million hectares of farmland. Seventy percent of coconut products produced in the country is being exported to American, Africa-Middle East, European, and Asia-Pacific regions.

The industry comprises of 2 subsectors which includes the traditional and non-traditional coconut products (NTCPs). Coconut oil dominates the traditional subsector accounting for about 70% to 80% of coconut products export. Three of the top 10 agricultural exports of the Philippines are traditional coconut products, namely coconut oil, copra meal cake, and desiccated coconuts.

The NTCPs account for about 30% of total agriculture exports. Three products, namely virgin coconut oil (VCO), coco sugar, and coco coir/peat account for 61% of the total volume and 91 % of the total value of NTCP exports in 2017.

Philippines is a major player in the global market for VCO (first) and coco sugar (second after Indonesia) but not of coco coir/peat, where India and Sri Lanka account for 90% of the trade of these products. VCO market size is US$2.1 billion (2017) and is used mainly in food and beauty and cosmetics products. Coconut sugar is a US$ 1.3 billion industry. Positioned as an organic and premium product, coco sugar has low glycemic index. It is considered among the more environmentally sustainable sweeteners in the world.

Coco coir export products include raw coco coir and value-added coco coir products (e.g. coir yarn, handloom mat and matting, power loom mat matting, tufted mats, geotextiles, coir rugs and carpets, coir rope, rubberized coir, and others) including environmental mitigating products (e.g. coco nets, coco logs, coco twine, etc.)

The traditional coconut product sector, albeit well established, is currently facing important market price declines, while the NTCP sector has shown important growth. Hence, NTCPs are seen as fundamental generator of decent jobs.

4.2. VCO value chain

The major producers of VCO in the country evolved from established desiccated coconut producers whose integrated coconut processing plants enabled a shift in production from poor market performing products to more profitable products. These producers use modern processing equipment with capacities sufficient to mass produce good quality VCO. With economies of scale, advance technology in processing, and financial capabilities to support their raw material supply base with embedded technical services, inputs, and certifications,[10] the major producers of VCO can competitively price and consistently supply the export market for VCO.

The value chain of traditional coconut products (coconut oil and desiccated coconut) overlaps with NTCPs (VCO and coconut water) in processes involving sourcing of raw materials, processing, and marketing (Annex 4). Should there be a shortfall in the supply of nuts and the relative price of nuts rises the allocation of nuts favours the traditional coconut oil producers and desiccated coconut processors because of the large volume that they purchase. This is one reason why some micro, small and medium enterprises (MSMEs) VCO producers backward integrate through leased and own farm management and operation (Annex 5). Besides procuring raw materials from their own managed and operated nucleus farms, MSMES VCO producers acquire inputs from coconut farmers and traders.

Traditional processors (e.g. coconut desiccators) have ventured into the production of NTCPs; thus, restraining MSMEs expansion and entry into the market. The desiccated coconut VCO processing plant uses a network of consolidators, traders, and farmers in procurement. Desiccators give financial advances to preferred-consolidators so they can provide credit to their trader-agents and farmer suppliers. At the base of the chain are the farmers who get interest-free advances in exchange for future harvests.

4.3. Coco sugar value chain

There are 5 coconut sugar manufacturing companies in the Philippines that are on the top 15 global producers and exporters.

The coco sugar value chain is short and simple (Annex 6). It consists of simple manual processes (i.e. starting with sap collection, followed by processing, and end with packaging and marketing of coco sugar to domestic and export markets) which require low cost technology. Employment generation is high due to the labour-intensive nature of the production process. Importantly, multiple products can be derived from the raw input of coco sap, making coco sugar a suitable business venture for MSMEs. Farmers could easily forward integrate into coco syrup or intermediate coconut sugar production which could significantly add to their income. Sap quality (i.e., free from anti-fermenting materials) has become a competitive advantage of Philippine coco sugar. There are no traders nor consolidators of raw materials. Processors directly export their products rather than depend on broker-exporters or trader-exporter. Niche products such as coco sugar require extensive promotion and advertising to highlight product differentiation to attract discriminating buyers in a highly competitive market.

4.4. Coco coir/peat value chain

Coco coir processing is technology-intensive requiring a mechanized processing line (Annex 7). Hence, only medium enterprises can afford to invest into this type of value chain. Along with consolidators, the source of raw materials are mainly farmers (paid PhP0.30 to PhP1.50 per husk). The main products for export, with China as their major destination in 2017, are baled coco coir, raw coco coir, and peat in loose and compacted forms. Aside from baled and raw coco coir, the processors forward integrate into twine and geonets and geologs, both essential materials in soil erosion control. Coco coir is a raw material in the

---

10 Organic (USDA and EU organic certifications. FDA), non-GMO and fair-trade, food safety and traceability (good manufacturing practice (GMP), good agricultural practice (GAP), hazard analysis and critical control points (HACCP), and ISO and environmental sustainability. Certifications are the same as for VCO.

production of value-added materials with applications in the agricultural, horticultural, and industrial sectors. Value-added processors are separate enterprises that specialize on particular product types such as organic fertilizer, rubberized mats, and horticultural pots.

4.5. Employment

Of the 3.5 million hectares of coconut farms in the country, approximately 45% are under CARP. Some of the farmers with and without landholdings are ARBs. The farmer profile shows an aging population with an average age of 57.6 years old with 71 percent of farmers aged 50 years and older. Workers are 70% male with an age range from 16 years and above.

Among the 3 NTCP major products, coco sugar is the only product with a increasing price trend as demand outpaces supply and one that generates the highest full time employment (FTE) (1.07 FTE/ton of coco sugar vs 0.16 FTE/ton of VCO and 0.14 FTE/ton of coco coir). Traditional technologies and the operation of intermediate processing units in coco sugar and VCO making create more jobs in these value chains. Expanding into twining, weaving and other high value coco coir/peat products creates more employment in the coco coir/peat value chain.

The level of skills required in the 3 NTCP value chains is generally low. Notwithstanding, skilled workers are needed in the standardization of the finished products, quality control, compliance to food safety, and GMP protocols and sustainability rules and regulations and product development. Skilled workers are also required in bailing, decorticating process, and other value-added processes such as twining and weaving for the coco coir/peat product. However, there are several training difficulties due to lack of information on skills training/courses, lack of available/competent skills trainers leading to low quality of trainers, low quality of courses being offered, and difficulty in funding the training.

4.5.1. VCO

Farmers and their family members are the usual workers in the coconut farm, taking care of the farm and helping out during the harvest, collection, and husking of nuts. Additional workers are hired during peak activities such as husking, piling and loading of the nuts, farm cultural management activities, harvesting and post-harvest activities. The activities that are worker intensive are fertilizing, harvesting, dehusking, collecting and stockpiling, and transporting. Women workers are involved in the collection and stockpiling of nuts. The workers are either contracted for a period or are paid by per piece of nut per activity.

In 2018, 55% of employees in VCO processing are full time employees. However, from 2016 to 2018 there was a significant reduction on the number of employees employed in VCO processing (decreasing from 2753 to 998 employees). This could be attributed to several factors- increased efficiency in the workplace from introduction of mechanized VCO processing and reduction of production volume due to decrease in demand from export markets.

4.5.2. Coco sugar

The coco sugar sector generates about 1.06 FTE per metric ton (0.90 FTE/ton for processing plus 0.16 FTE/ton for tapping). In processing, the intermediate processing of coco sugar produces more FTEs at 0.63 per metric ton. Worker skill level in the farming and processing side is relatively low. Workers in coco sugar processing has increased from 341 workers in 2016 to 414 workers in 2018, aligned with increasing demand. Fifty seven percent of workers are regular employees with a 1.9 female/male ratio, despite having more (53%) male workers overall. Fifty three percent of the surveyed coco sugar processors do not have formal written contracts with their employees. Regularization of contractual or seasonal work is low, with only 37% of surveyed enterprises indicating that they regularize these workers. The top three reasons cited for not regularizing workers are seasonality of business, business uncertainty, and significant increase in labour cost.

4.5.3. Coco coir/peat

The processing of coco coir creates 0.14 FTE/ton of finished product. At the farm level, dehusking generates 0.07 FTE/ton of coco coir while at the processing level coir processing creates about 0.06 FTE/ton. There are approximately 188,333 farmers that are supplying the coir value chain. Male workers in the coco coir/peat production outnumber women workers by a ratio of 6:1. However, women or out of school youth are employed in value adding jobs (e.g. making of twines, weaving of geonets, making of geologs, manufacturing of tufted mats and other rubberized coco coir products, and producing coco peat based fertilizers and compressed coco peats). There has been an increase in the number of workers employed in coco coir and peat processing going from 332 workers in 2016 to 498 in 2018, due to an increase in production. From this, only 18% are female with low percentage (36%) of regular employees.

Most of the coco coir and peat processors do not have formal written contracts with their employees. More than half of coco coir and peat processors do not regularize workers, citing seasonality of business and significant increase in labour cost as their top two reasons for not doing so.

Compared to VCO or coco sugar, the level of skills in the coco coir/peat value chain is higher. Skilled workers are needed in twining, weaving, operating, and maintaining machineries and equipment and quality control. However, there is a scarcity of skilled workers.

4.6. Working conditions

Based on the TRAVERA 2018 Enterprise survey, labour standard compliance (66%) and ethical business practice certifications (45%) in the sector are considered the least important factors influencing purchase decision making. However, when certifications are required, exporting enterprises are more compliant of laws and rules and regulation on quality of work life and decent jobs.

4.6.1. VCO

Majority of VCO enterprises participating int the TRAVERA survey reported that their workers – whether regular or otherwise – are registered with the national security and insurance systems, and that they do not face any concerns in terms of compliance with national labour regulations.

VCO enterprise workers are paid based on mandated minimum wage of the region. Workers also have access to benefits (e.g. bonuses, paid holidays, and social events such as picnics or holiday parties, disability insurance, discount on products, flexible working hours, health insurance, life insurance, and profit sharing to their employees), albeit less consistently granted.

Employees in the VCO enterprises are not part of any union or worker’s organization and are not covered by CBAs with their employers.

VCO enterprises are not fully compliant on occupational safety and health regulations. Only 34% of survey respondents acknowledge the existence of safety and health committees and 28% set measures for protection from pesticides and fertilizers. Additionally, 40% of VCO processing respondents stated that their workers have experienced work-related injuries, accidents, or illnesses.

The average farmer landholding is 1.25 hectares. Famers depending only on their coconut tree nuts sales could earn PhP40,000.00 per hectare per year (based on a yield of 50 nuts/tree X 100 trees/ha X PhP8.00 price/nut). This scenario indicates that a farmer should have more than 3 hectares to be above the poverty threshold income of PhP108,756 per year. Hence, farmers must perform other activities to fill the income gap.[11] Drought and typhoons are also of concern to farmers as these affect the productivity of the trees. Interestingly, given the resilience of the crop, coconut farming is seen as a source of additional income. VCO processors and other coconut processors who have established long relationship with farmers extend financial assistance and/or educational support in kind (e.g., cash to the farmers' children going to school).

Price fluctuation (highly influenced by demand of coconut oil and desiccated coconut processors) and access to buyers are two main concerns faced by farmers when selling their products. Sales are either through informal contracting with traders, formal contract production, and spot market transaction. On the other hand, farmers who sell to processors through informal or formal supply arrangement with them receive better and more stable price for an assured volume.

Since the desiccated coconut processing plants only procure the raw materials that are needed for a particular day's operation, the consolidators, traders and farmers bear the cost of nut shrinkage whenever they experience delay in deliveries (3.5% of the weight of the nut per day). The consolidators get higher margins than the traders and farmers. Given the higher risk, consolidators get a margin of about PhP2.00/nut which is a peso higher than what the traders are getting (i.e., farmers get Php 8.60-9.10/nut, traders Php 9.60-10.00/nut, and consolidators Php 11.50-12.00/nut).

How employment generation or job creation and quality of workforce is sustained depends on how well the VCO MSME value chain performs. Performance is in part affected by the operating environment, which in turn is influenced by external support function actions and programs such as that of government, financial institutions, industry associations, and research, development & engineering (R&D&E) institutions. However, interactions between these actors and MSMEs VCO enterprises is inadequate and uncoordinated.

4.6.2. Coco sugar

Most enterprises indicate not having issues when complying with national labour regulations. Compared to that of VCO value chain, workers have access to similar benefits which also appear to be less consistently granted.

In terms of OSH, coco sugar value chain presents two potential hazard sources: 1) climbing of threes for sap collection; and 2) heat from steam used during drying. According to TRAVERA survey more than half of coco sugar enterprises established measures for fire protection and control, materials handling and storage, and personal protective equipment and devices. However, less than half established measures

11 Intercropping can solve this income gap, but it is not adopted by farmers, possibly due to lack of financing, lack of information on intercropping options, or higher labour requirements.

for training of personnel in OSH, machine guarding, handling of hazardous materials, established safety and health committees, and procedures for notification and recording of occupational injuries and illnesses.

A farmer-sap collector for coco sugar with 50 coconut trees and an average yield of 2 liters of sap per tree can earn about PhP30,000.00 per month (at PhP12.00 per liter). Tappers get paid PhP8.00 to PhP9.00 per liter. At 20-50 liters of collected sap per day for tall varieties and 90-120 liters for dwarf varieties, tappers are more likely to get paid the minimum daily wage of PhP391 (for Region XI). The availability of tappers is emerging as a problem as they have the tendency to move to other more lucrative jobs.

4.6.3. Coco coir/peat

OSH (from dust, fire, and machinery handling) are major concerns in the coco coir/peat sector. Most coco coir processors declare having in place (1) fire protection and control; (2) materials handling and storage; and (3) personal protective equipment and devices. However, fewer reported having measures on setting up of safety and health committee; protection from pesticides and fertilizers; machine guarding; and on notification and keeping of records of accidents and/or occupational illnesses.

Employees of coco coir processors do not have CBAs and are not part of any union or worker's organization (mainly due to not meeting number of workers required).

4.7. Challenges and issues

4.7.1. Business environment

As a sector, there is a lack of long-term integrated and holistic R&D&E programming, through the leadership of the main government agency overseeing the sector, Philippine Coconut Authority (PCA).

From a farmer's perspective, there is need to improve existing technologies that can increase productivity. However, farmers are wary of and not incentivized when adopting new methods and technologies, like integrating forward into coco sugar processing or planting high yielding coconuts varieties. Hence, the replanting program is slow without the involvement of the private sector. There are also inadequate financing options for farmers, especially those under contract arrangement who do not have the financial capability to buy inputs like fertilizers.

Additionally, MSMEs producing the 3 NTCPs receive inadequate support in accessing export markets and linking with importers- which could be stemming from general lack of market information or production constraints. For those MSMEs that are able to tap export markets, few take advantage of the benefits from Free Trade Agreements (FTAs). The bureaucratic burden in complying with the requirements of the FTA, such as the certificate of origin (COO) has discouraged participation of MSMEs. Additionally, MSMEs that are exporting get insufficient support in getting international food certifications and other types of designations (e.g., organic) required by importing countries.

4.7.2. Decent work

Longstanding decent work and gainful employment issues are informality of employment relations, child labour, high poverty incidence and low-income earnings of coconut farmers, lack of labour standards, and safety and health concerns for coconut farm/plant workers, among others.

Farmers with a less than three hectares live below the poverty line (on the average farmers' landholding is 1.25 hectares). Farmers face difficulties on procuring raw materials, their processes are inefficient, and there is a decreased in the number of coconut tree climbers. And at historical prices per nut coconut farming is not enough for farmers to live above poverty level. These challenges disincentivize farmers from adopting good agriculture practices (GAP).

4.7.3. Market

The VCO value chain overlaps with coconut oil production and the production of other coconut processed products in the procurement of raw materials. There is a widening gap between supply and demand as supply remains stagnant while demand is growing at 3% to 5% per year.

VCO and coco sugar share similar issues/constraints (Annex 8). However, issues exclusive of coco sugar are: 1) it is slowly growing niche market (quality discriminating, health conscious, food safety conscious, environmentally aware and fair trade concerned consumers) competing with artificial sweeteners and other natural sweeteners; 2) its open market type transaction is the norm in which buyers order only when needed and there is no long-term buying arrangement; 3) absence of an industry association for coco sugar (i.e. key players could not advocate for policies that could promote the development of the industry, go into collective marketing that will allow volume supply, entry in new markets and expansion in old markets, conduct joint R&D&E for better technology development and adoption and product development, and other benefits); 4) the raw material is highly perishable it has to be delivered and processed immediately in the processing plant; and 5) poor production standardization since the process technology is still based on traditional methods.

One of the main issues faced by coco coir/peat MSMEs is relatively high cost of production (driven by the quality and volume of supply of husks, efficiency of the processing line and economies of scale), which put them at disadvantage with the major producers from India and Sri Lanka.

4.8. Recommendations

The main recommendation was to establish the vertical integration (Annex 9) of the actors in the NTCP value chains with a goal of improving productivity. The integration includes the establishment of intermediate processing units, where for VCO, the intermediate processing plants produce the raw materials for final VCO processing; for coco sugar, the plants will produce coco syrup which will be finally dried as coco sugar in the central standardization processing plant; and for coco coir/peat, on-farm production of coco coir/peat using portable or small-scale decorticators with farmers' involvement in value addition processes.

Another recommendation was to provide government (particularly PCA) support so that enterprises can achieve required exporting certifications including promotion of electronic certificates of origin and self-certification.

Additionally, it was recommended to expedite the implementation of programs directed to increase farmers' productivity with a focus on planting high yielding varieties and applying fertilizers.

It was also advised to promote the integration of farmers, women and indigenous people included, into value added processes of the supply chain either as workers of the decorticating plants or as part of a community-based enterprise that integrates where husks are decorticated and further processes to value-added products which will then be sold to enterprises for finishing, packaging, and marketing.

5. STUDY 3. The study of fruits and vegetable supply chains and responsible business research conducts towards economic and social upgrading: The cavendish banana industry in Davao region

5.1. Banana subsector

5.1.1. Overview

Banana is the number one fruit commodity in the Philippines both in production and hectarage. The industry is divided into two distinct sectors- domestic and export markets. Bananas for the domestic market are grown throughout the country in small farms under minimal care while bananas (mainly Cavendish) for the export market, large integrated farms are concentrated in Mindanao (specifically Davao Region).

Fresh banana continues to be a major agricultural export commodity. Banana exports has generally increased over the years. The most recent growth in 2019 to US$1,953.84M value on 4,403.50 ('000ton) volume (from 2017's US$1,128.58M value on 2,855.64 ('000ton) volume) can be mainly attributed to migration of land used to plant bananas for exporting as the total banana volume production has remained constant ~9,200 ('000ton) from 2017-2019 and to lesser degree to development of new plantation sites as the number of planted/harvested hectares from 2017 to 2019 has only marginally increased (from 446,800 to 449,000 hectares). Davao Region remained the top producer of banana which contributed 39.2 percent to the total production in 2019.

5.1.2. Issues

There are three major stages comprising the transfer of ownership of the banana starting from the grower (land acquisition and development, followed by planting and fruit care, harvesting), to the buyer (an MNE) and ending with the wholesaler for the growership arrangement before consumption (Annex 10). The issues identified in the main steps of the banana value chain are described in the following sections.

5.1.2.1. Land ownership

Agrarian reform beneficiaries are the major players in the growership system of Cavendish bananas in Davao region, where majority of plantations are covered by the CARP.

In the early implementation of CARP, big companies/MNEs engaged into production contracts, under the AVAs as provided for by CARP. These derived in the following main issues: 1) onerous contracts between the ARBCs and the MNEs favouring the MNEs (e.g. fixed buying price, ARBs were banned from entering into contracts with other buyers), 2) high price of farm inputs supplied by the buying companies/MNEs causing ARBs indebtedness,[12] and 3) lack of technical and essential skills to supervise and manage the plantation by ARBs.

The failure of the AVA program led to cancellation of growership/production contracts and evolved into new leasehold or leaseback arrangements, under which ARBs (now landowners) were paid with fixed yearly land rental for an average duration of 5 years, renewable at the option of the holding company and were rehired by the former employer under an arrangement that has no employee-employer relationship nor job security, with minimum compensation package.

5.1.2.2. Employment and working conditions

Labour only contracting, attributed to the seasonality of the banana production process, is a practice that remains in the pipeline from processes involving land preparation, production (planting, fruit care, harvesting) and various post-harvest handling. Furthermore, the increased worker demand brought upon banana production expansion has led to formation and tapping of pseudo cooperatives and illegal service providers. These issues are further aggravated given the slow and uncoordinated government intervention.

The banana labour sector is very divided and fragmented, which reflects in the presence of different labour organizations. The banana industry in Mindanao area is traditionally characterized by a low rate of unionization. Small players and growers are not organized and wage and non-wage compensation setting purely rely on the decisions of the owners. SMEs are mostly not organized while small farmers/growers cultivating an average of 1 hectare or less mostly tapped family members and relatives as plantation workers. For the cooperatives, organizing a union is not a practice for the simple reason that the ARBs and their family members are the workers themselves. The triple identity of ARBs as owners/workers/managers further complicates the addressing of labour related issues. However, there are some cases where the employee-employer relationship has been clearly determined in the case of cooperatives, thus clearing the way to organize workers in unions.

Banana plantations rank second to rice where agricultural chemicals are used extensively. This poses a risk to the local community and workers who fear of acquiring diseases caused by continuous exposure to chemical pesticides and fertilizers. In fact, the labour federation has alleged that exposure to the said chemicals causes various effects on exposed workers ranging from skin irritation and difficulty of breathing. DOLE reported that OSH compliance was not met for the use of pesticides finding violations such as: improper labelling of pesticides, lack of material safety data sheets incomplete and inaccurate medical records, absence of trained first-aider, inappropriate stock of first-aid medicine, lack of safety trainings, control measures, proper ventilation, emergency treatment room/clinic, drinking and shower, and appropriate use of personal protective equipment.

---

12 Furthermore, other factors that contributed to ARBs indebtedness are climate change, the spread of banana diseases with fusarium wilt/TR4 and financing by informal lending parties. Once a plantation is infected, abandoning or burning of the area is the only solution being practiced nowadays, thus creating a shortage of plantation/production areas.

5.2. Vegetable subsector

5.2.1. Overview

The vegetable industry in the Philippines contributed 30% of the total agricultural production and was a major component of country's gross domestic product. However, the contribution to the earnings from agricultural exports of vegetable was minimal since the rate of exportation of vegetable was very low. The fruits and vegetables sub-sector showed great dynamism despite lack of government support compared to other sub-sectors within agricultural system.

5.2.2. Labour

Majority of small farmers in vegetable growing were mostly self-employed working in their small farms of half hectare or less, with family members being co-workers (housewives and children of the lead farmer). Income depended on the volume of harvest. Vegetable farmers in the Philippines sold only to wholesalers in urban markets and to traders and consolidators making the supply chain of vegetable growing in Mindanao very simple. Some workers who do not own land for farming served as "help-outs". There were no formal employment patterns and were mostly informal. Payment of wages was normally based on the "pakyaw system" (pricing per lot or job order) or per volume of harvest. Since there was no formal employment arrangement, there was zero possibility of organizing farmers in unions. What is viable and visible to date was clustering and formation of farmers' council and farmers' cooperatives. A reality of the agricultural labour in the Philippines is that the farmers mean age is increasing (57 in 2015) wherein younger workers are opting for non-farm occupations.

5.2.3. Issues

Production barriers included soil and nutrition issues, damaging weather conditions, pests and diseases, and postharvest losses. There were also constraints such as untrained and insufficient manpower of local governments to provide extension services, incipient local infrastructure, inadequate access to markets, market information, financing, and extension services. These challenges disrupted supply chains and threatened Filipino farmers' livelihoods, making the vegetable industry less competitive and sustainable.

The minimum wage rates set by government agencies proved that majority of the small farmers and farm workers were living beyond the poverty line. In the same manner, since the employment of the help-outs were temporary in nature, these workers were living below subsistence level. As such, decent work was far from reality in the vegetable growing sector.

5.3. Examples where responsible business conducts (RBCs)/corporate social responsibility (CSR) and other initiatives which have contributed to create decent working conditions

5.3.1. Open dialogue structures stablished in the banana industry.

DOLE in search for workable solutions to resolve pressing concerns facilitated the formation of an Industry Tripartite Council (ITCs) among stakeholders in Cavendish banana growing, named Tripartite Plus. The legal basis on the implementation of ITCs are:

- Article XIII, Section 3 (Social Justice and Human Rights) of the Philippine Constitution.
- Article 275 (Tripartism and Tripartite Conferences) of the Labor Code the Philippines, as amended, declares tripartism as a state policy.
- Republic Act No. 10395, An Act Strengthening Tripartism, amending for the Purpose Article 275 of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of The Philippines
- Department Order No. 111-11, (Guidelines in the Creation Guidelines in the Creation and Institutionalization of Coordination of National Industry Councils, Regional Tripartite Industrial Peace Councils and Regional or Local Industry Tripartite Councils)
- Executive Order No. 25, series of 1992, provides for the creation of regional or industry wide tripartite councils.
- DOLE Department Order No. 8, series of 1995, provides for guidelines in the constitution and institutionalization of national industry councils, and regional or local industry tripartite councils under the national TIPC.
- ILO Convention No. 144 (Tripartite Consultations to Promote the Implementation of International Labour Standards).

Tripartite Plus was a convergence of management, industry associations, unions, cooperatives, and NGO representatives formed to craft an agreement that will lead to the promotion of decent work in the banana industry. Tripartite Plus held an open structure where all stakeholders were welcome to participate. This initiative derived on the Voluntary Code of Good Practices on Decent Work for the Banana Industry. However, one limitation is the very nature of the code, that is, compliance is voluntary in nature. The initiative suffered from leadership changes in the government and poor monitoring and follow ups on the plans and implementation of the agreement.

One implied agenda of tripartism was the crafting, formulation and implementation of RBC/CSR that will further push for the attainment of decent work. Almost all industries have established Tripartite Industrial Peace Councils (TIPCs), with a total of 81 processed orders and issuances as of July 2019 being concluded under TIPC. However, results must be assessed and plans and programs must be monitored.

The Banana Industry Development Council (BIDC) was an organism created upon request of the Philippine Exporters Confederation Inc. in Davao Region. BIDC oversaw planning and handling the overall development of the banana sector- which included identifying areas ideal for expansion to meet local and foreign demands and putting up a research centre for the treatment of banana diseases, among other functions.

5.3.2. RBC/CSR programs

The RBCs/CSR programs launched by FarmCoop, Unifruitti, Tadeco and Banana Chips Factory were reflective of collective governance in practice. Consultation, facilitation, bargaining, information dissemination, sharing of appropriate technology for increasing productivity and measures to avoid fusarium wilt, and other forms of social dialogue were the key ingredients in putting collaborative governance in action. These programs constitute referent models of good practices for RBC/CSR.

5.3.2.1. Foundation for Agrarian Reforms in Mindanao, Inc. (FarmCoop): A cooperative

Issues tackled:
<u>1) Onerous contracts between the ARBCs and the MNEs favouring the MNEs</u>

FarmCoop successfully abrogated the AVA contract with an MNE, thus freeing themselves from a one-sided contract. In collaboration with UNIFRUITTI (the subject MNE in the study), the parties crafted a new scheme/model of delivering AVA under production/purchase agreement where the buying price of bananas will be determined based on the existing price in the market and can be changed through negotiation as the need arises. New provisions can develop after consultation and deliberation; thus, social dialogue was developed as a means of settling disputes and doing away with "onerous contracts".

<u>2) Transitioning from worker to manager/entrepreneur landowner</u>

FarmCoop established a social business enterprise where the cooperative would perform the procurement of farm inputs, research and development programs, marketing and promotions and other technical services. The process led to the establishment of a self-sustaining business enterprise through:

- Adoption of organic farming after recognizing unlimited demand for organic products in the Japan market; thus, establishing the Organic Producers and Exporters Corporation (OPEC), to act as its marketing arm;
- Production of organic fertilizer (creation of an Eco-Park for production); and,
- Utilization of rejects (into piggery of the members, family consumption, and in composting) and creation of new value-added products (banana flour and banana feed mill).

5.3.2.2. Tadeco: A grower-supplier of bananas to big MNEs

Issues tackled:

<u>1) Failure of the old agreements under AVA under collective growership system</u>

Tadeco established an agreement with four ARBCs under an adapted long-term leaseback contract with additional provisions. ARBCs were awarded both financial and technical assistance to promote sustainability of plantation operations. This included lot/house construction assistance, cooperative building construction assistance and production sharing scheme based on the volume of actual production of ARBCs. The former workers (now ARBs) were absorbed back as part of the regular workforce enjoying the same benefits and compensation awarded to regular/tenured employees with no loss of seniority. Both parties were able to forge peaceful co-existence and partnership while other companies fell into the trap of very adversarial relationships.

<u>2) Contractualization or agency hiring</u>

All workers were tenured regular workers (13,000 workers) with compensation benefits that were much higher than the mandated wage set for the region. Tadeco is recognized as a Child Labour Free Zone.

The company developed a self-sufficient community with housing for employees, schools (elementary-high school) sports facilities, day-care, alternative learning centre, agri-business school, also available for non-workers' families. All employees were covered with health and medical insurance plus medicine allowance on top of the coverage of the workers' compensation under the Social Security System (SSS). The company provided training (technical and on social skills) to managers and encouraged workers and community members pursue higher level of education on agri-business related courses.

3) CSR

Tadeco had formed Don Antonio Floreindo Foundation, Inc. as its CSR arm, which facilitates the conduct of seven social responsibility programs: livelihood, wellness and health, environment, culture, calamity-stricken victims, and community. It had set up service laboratory which is open to small banana growers. The foundation also provides livelihood to wives and women in the community such as making placemats, handbags, lamps, and other house and office décor.

Tadeco had created a joint venture agreement with the government Bureau of Correctional (BuCor). It had a long-term lease agreement for the use of the untapped agricultural land of the Philippine government assigned to BuCor. In addition, it hired inmate as workers.

Result:

Tadeco has been a Good Agricultural Practice awardee.

5.3.2.3. Unifruiti Group Philippines: A banana grower and exporter multi-national enterprise

Issues tackled:

1) Failure of the old agreements under AVA under collective growership system

Unifrutti and the Mampising Agrarian Reform Beneficiaries Multi-Purpose Cooperative (MARB) signed an Exclusive Option to Purchase Bananas Agreement (EOPBA) which guarantees Unifrutti a steady and regular supply of bananas at a negotiated buying price, higher than the prevailing price in the region. MARB amortized the development cost not on a fixed rate as in banks, but on a per box basis. The farmers were charged only 6 percent interest which was the interest rate provided by CARP.

2) Low farmers' income and benefits

The average banana produce per year is 3,200 to 4,000 boxes per year per hectare. Thus, each ARB can earn as much as a net income of Php 20,000 pesos every 15 days, an income which was much higher than the salary of the plantation workers.

The company provided health care to its regular employees, medicine allowance per year, dental services, and maternity benefits on top of the SSS. The company also gives scholarships to children of employees.

3) Contractualization or agency hiring

There were almost 3,000 workers in the company managed plantations. There were 2 unions. The company had no job contractualization or agency hired workers ("endo"). Seventy to eighty percent were regular employees while the rest were seasonal workers.

4) CSR

Unifrutti also partnered with Bukidnon's Seven Tribes. Unifrutti and its affiliate Hinelaban Foundation signed the Sacred Customary Compact on peace and progress in 2012. The compact was on the joint development of working models for food self-sufficiency and sustainable livelihood combining indigenous and cash crops.

5.3.2.4. Banana chips factory

Issues tackled:

1) Value added product/New market opportunities

The enterprise offered an alternative market for the banana growers, where farmers have no choice but to sell the banana rejects to feed mill processors at very low buying price.

2) Process efficiency/R&D

The company constantly invested in technology and equipment upgrade and empowered workers by providing with new skills. The company was also engaged in research for conversion of bananas and waste materials into new products, such as organic fertilizer.

3) Labour

The workers compensation package was set beyond the provision of the Labour Code, with incentives and other nonmonetary benefits awarded to the workers based on productivity and performance. Occupational health and safety was at the heart of the firm's priority program.

4) CSR

The owners established a start-up school for the children of the enterprise workers and the community. Skills training for setting up livelihood projects for women workers and housewives in the community was also offered in the same school.

5.4. Conclusions and recommendations

The Tripartite Plus requires the establishment of a mechanism for constant follow-ups and monitoring on the implementation of the duly agreed Voluntary Code of Discipline on Decent Work. In this context, DOLE should provide guidance and the adaptation of successfully implemented practices from ITCs in other industries should be considered.

There was no conscious connection between RBC/CSR activities directed towards employment generation, community assistance, extension projects, training and development and the promotion of decent work by government and organizations. This conclusion was evidenced by unawareness of majority enterprises, which implement RBC/CSR programs, of the provisions of the ILO MNE Declaration,[13] and by the lack of a common understanding on the extent and meaning of economic and social upgrading. The lack of awareness on the labour component of RBC and understanding on the vital role of labor-related RBC in economic and social upgrading reveal the need to localize and promote its operationalization. In this respect the RBCs/CSR programs launched by FarmCoop, Unifruitti, Tadeco constitute model examples.

5.4.1. For government agencies

Continuous monitoring was recommended for programs and projects established and facilitated by DOLE and labour concerned organizations.

Research activities (primarily on the response to Fusarium wilt TR4) with proper dissemination of results and developed technology to concerned stakeholders must be coordinated.

Flaws and issues derived from the implementation of CARP by establishing a continuous social dialogue with ARBCs, ARBs, enterprises and other formal and informal networks under DA guidance and supervision must be resolved. RBCs/CSR initiatives discussed herein, and others can serve as examples of potential solutions to CARP derived issues.

5.4.2. For enterprises

There must be awareness of the long effects of adopting employment patterns that negatively affect workers' rights and well-being or establishing adversarial relationships. The promotion of dialogue between the management and workers remains a priority not only for the implementation of socially responsible labour practices but also for increasing productivity and competitiveness of the sector, in particular in a context in which there is an increasing requirement for implementation of international labour standards and responsible business practices.

5.4.3. For ARBCs/ARBs and partner peoples' organizations

Formation of new business ventures, other than cooperatives, to promote new networks in the banana market must be encouraged. Considering the uncertainty of the future of the banana industry amidst the presence fusarium wilt and climate change, ARBCs/ARBs should explore product diversification and differentiation.

As for the vegetable subsector a recommendation was the creation of farmer clusters for the formation of cooperatives and as an organization system that provides a venue for pooling of resources, exchange of technology and information, sharing of experience, improved marketing strategies, and relationship among farmers.

13 ILO, Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) 2017, - 5th Edition. Retrieved from https://www.ilo.org/empent/areas/mne-declaration/lang--en/index.htm as of July 9, 2021.

Both industries through cooperatives and small enterprises can be venues for enhancing decent work agenda if operations will be stable and sustainable. To this end requirements imposed by the export market must be acquired by the enterprises (upland organically grown bananas).

6. STUDY 4. Study on mandatory requirements and voluntary certifications for agro-food exports towards safe, fair and sustainable food supply chains in Asia

6.1. Overview

The report covers the following agro-food supply chains in the Philippines and Vietnam: cacao, coffee, Pangasius, tuna, shrimp, and meat, with a focus on mandatory (from national and major importing countries) and voluntary sustainability standards (VSS) within three thematic areas: food safety, labour rights and working conditions, and environmental sustainability. This summary focused on those requirements that are relevant to the agro-food sectors discussed in the previous reports.

6.2. Free trade agreements

In free trade agreements, references to environment and labour issues existed primarily in terms of cooperation, non-derogation/obligations to uphold environmental and labour laws, and commitments to sustainable development. Agreements generally did not have a concrete framework upon which to monitor the performance of the FTAs in advancing or enforcing the labour and environmental provisions. A description of the trade agreements which the Philippines is part of was provided and it is summarized next.

Japan – Philippines Economic Partnership Agreement. Non-derogation of domestic labour laws to encourage investments and boost trade flows. Of particular interest in this provision are domestic laws related to ILO Labour Rights Conventions.

Australia – ASEAN - New Zealand Free Trade Agreement. New Zealand – Philippines: The agreement provided the framework (by way of a memorandum of understanding) for a more effective discussion and cooperation on labour issues with a focus on the ILO Labour Rights Conventions. It also called for effective enforcement of domestic laws and not to encourage trade or investment through weakening labour laws.

Generalized System of Preferences (GSP) programs. Of the eleven unilateral trade agreements that Philippines is beneficiary (Australia, Belarus, Canada, EU, Japan, Kazakhstan, New Zealand, Russian Federation, Switzerland and USA) only the GSP programs from the United States and European Union have labour provisions stipulated. Environmental provisions are included in the EU GSP+.

The EU GSP+ grants duty free access to the same 66% of EU tariff lines as the Standard GSP to beneficiaries that are found to be especially vulnerable in terms of economic diversification and import volumes. In return, these countries must ratify and effectively implement 27 core international conventions, human and labour rights, environmental protection, and good governance.

The most comprehensive in terms of coverage of labour and environmental issues is the **EU – Vietnam** agreement which has been signed but not yet in force. The sustainability provision of the agreement reflects the EU's vision and strategy to link trade and investment with sustainable development. Salient points include: (i) recognition of the beneficial role of decent work; (i) facilitation of trade and investment in environmental goods and services, which are relevant for climate change; (iii) development and participation in voluntary initiatives and regulatory measures to establish high-level labour and environmental protection; and (iv) promotion of corporate social responsibility. It also involves the harmonization of product standards either to the international level or to the (higher) level of the respective trading partner.

The GSP+ scheme can be an effective instrument if public and private stakeholders affirm their joint responsibility to maintaining the preferential status.

The **USA GSP** aims to give developing countries access to the US market while promoting and ensuring fair labour standards for workers in those countries. It requires member countries to adopt and enforce the basic labour standards set in the 1998 Declaration of the ILO. It also makes sure that the labour provisions are subject to the dispute settlement procedures, implying that countries that violate labour rules could be subject to sanctions. The US GSP is also very particular on child labour, forced labour, discrimination against women, occupational safety and health, and suppressing wages.

6.2.1. Benefits

Since December 2014, Philippines enjoyed enhanced trade preferences with the EU under the EU's GSP+ scheme, which provides duty-free entry for 6,274 products from the Philippines. In 2017, about PhP120 billion (Euro 2.0 B) worth of Philippine exports benefitted from GSP+, representing an increase of 21% over 2016 figures. The largest increases in 2017 were registered for animal products (+64%), fish and related products (+71%), prepared foodstuffs (+60%), edible fruits (39%), and also automotive parts (+45%), leather (+77%), textiles (145%) and footwear (+74%). This made the EU the Philippines' second largest export partner after Japan, and before the US and China.

6.2.2. Issues

Issues that were identified with FTAs included the time consuming and tedious process involved, not to mention the additional costs due to requirements of certification. There were issues around the lack of economies of scale and lack of information. These issues must be examined in light of alternative markets with lower barriers to entry in terms of commitments to labour standards.

6.3. Voluntary sustainability standards (VSS)

Majority of the VSS used the core ILO international labour standards as the main reference for designating rights and working conditions when setting their standards (Annex 11). Likewise, most of the VSS referred to national law in their requirements relating to specific issues, including child labour, women's rights, minimum wages, and working conditions. To some extent, compliance was contextual and depends on the comprehensiveness of national laws. Next, there is a description of the main VSS relevant for the farming agricultural sector as described in the document.

4C code of conduct ensures that cultivation is not contributing to deforestation or reduction of biodiversity good agricultural practices and that the protection of soil, water and air is applied. The 4C code of conduct also ensures that human, labour, and land rights are respected and that farmers are sufficiently trained to increase productivity and profitability. This VSS utilizes the following traceability tools: GRAS, 4C Field Recorder, and transparency tool for slavery.

UTZ provides guidance on better farming methods, working conditions and care for nature. The standard operates through two sets of guidelines: (i) Code of Conduct, which covers the growing and harvesting process; and (ii) Chain of Custody, (traceability) which covers products from the moment they leave the farm to when they arrive on the shelves. License entails use of the UTZ trademarks and to use the UTZ traceability system to record transactions. There is mandatory premium price net of any deductions for repayment or pre-financed goods.

Rainforest alliance is based on the fundamental principles of sustainable agriculture including: (i) best management practices; (ii) conservation of natural resources, ecosystems, and wildlife; (iii) workers' rights and benefits; and (iv) benefits to local communities. It has two sets of certifications: (i) Sustainable Agriculture Certification – farms; and (ii) Chain of Custody which enables Rainforest Alliance Certified™ material in a product to be traced from farm to shelf. License entails to sell products with the Rainforest Alliance name, certification seal or trademarks.

Fairtrade invokes to three criteria: 1) economic, fair trade minimum price, financial support for improving quality of businesses and communities, and stabilize operations; 2) environmental, ecologically and agriculturally sound practices, prohibits the use of hazardous materials and promote organic production; 3) social, democratic self-organization, participatory decision-making, transparency, and non-discrimination, non-discriminatory employment practices, pay rates equal to or higher than the legal or regional minimum wages, freedom of association and collective bargaining rights for the workforce, safeguards for worker safety and health and prohibition of forced and child labour.

Organic certifies organic farming and processing practices.

There was a remark in the report signalling that the most popular VSS for VCO were Fairtrade and Organic.

6.3.1. Benefits of VSS

Adoption of VSS in Vietnam appeared more robust than in the Philippines. There were no reports relating to the effects of VSS to Philippine exporters. Therefore, for reference, the benefits of VSS in the Vietnam context are summarized herein.

Studies performed on coffee producers in Vietnam[14] indicated that the adoption of VSS could contribute to improve environmental and economic performance. Other findings include:

14 a) Hung Anh, N., Bokelmann, W., Do Nga, T., & Van Minh, N. (2019). Toward sustainability or efficiency: The case of smallholder coffee farmers in Vietnam. *Economies*, *7*(3), 66. b) Technoserve. (December 2013). Vietnam: A business case for sustainable coffee production. IDH. c) Technoserve. (October 2013). The Sustainable Coffee Program. IDH. d) Verkooijen, L., de Groot Ruiz, A., & Fobelets, V. (March 2016). The True Price of Coffee from Vietnam. IDH.

- Farm productivity/profitability for certified farmers was improved as the average yield of certified farmers and price was higher than non-certified farmers and inputs costs decreased in the case of verified farmers.
- Certified producers had lower external costs of cultivation than non-certified producers. External costs consist of environmental and social costs caused by economic activities which were not reflected in the prices charged for the goods and services being provided.

The impact of VSS on social and work conditions was less studied, but some reports indicated that:

- Certified farmers hired more workers than non-certified farms.
- Certified farms had lower utilization of family labour than non-certified farms.
- Farmers of certified farms received more training than farmers affiliated with non-certified entities.

6.3.2. Issues

Compliance with VSS entails two types of costs: (i) certification and audit fees; and (ii) implementation costs. These costs can be prohibitive for smallholders and small enterprises.

VSS as a differentiation strategy appears to hold true only during the early adoption stage. As supply of VSS certified products increased, differentiation advantage decreased.

Efforts to maintain certifications appeared to wane over time upon realization that price premium derived from certification did not pay off in terms of the extra effort required.

Certification was only commercially viable if benefits to enterprises are tangible. Agro-ecological and labour standards would only be implemented and maintained if they improve productivity, or if there is a price premium large enough to cover the costs. Unfortunately, most VSS did not offer premium price. As such, benefits had to be mainly in terms of improved productivity, cost efficiency, product quality improvement, and access to bigger and more lucrative markets.

6.4. National mandatory export requirements

The mandatory requirements in Philippines (Annex 12) and Vietnam consisted primarily of sanitary and phytosanitary measures and technical barriers to trade. For accessing most export markets, the requirements were largely focused on food safety.

As for the Philippines there were studies in relation to mandatory requirements for exporting companies.[15] The most relevant results of these studies are summarized in the following paragraphs.

From the perspective of mature well stablished enterprises, such as raw coconut oil, where the Philippines has consistently been the top exporter, the movement of products within Philippines was not hampered

15 a) Reyes, C. (August 2019). Philippines Non-Tariff Measures Project. ERIA. b) International Trade Centre. (2017). Philippines: Company Perspectives - An ITC Series on Non-Tariff Measures. International Trade Centre. c) Briones, R. M., & Israel, D. C. (2014). Choke Points and Opportunities in the Supply Chain of ASEAN Agricultural Products: A Philippine Country Study. Research Paper Series (Philippine Institute for Development Studies), (2), II.

by any regulation and port transportation with exports procedures appeared to be simplified via digitalization (e.g. Bureau of Customs functions have been computerized) and the coordination among government agencies was perceived as strong.

There were inefficiencies in implementing non-tariff measures (NTMs), which caused delays in the processing of imports and exports. Factors that contribute to such inefficiencies were: that many agencies did not prioritize the identification, documentation, and monitoring of NTMS; most agencies did not have properly trained technical personnel or only had temporarily assigned personnel who can effectively identify and document NTMs; and regulations were not always available or accessible.

Mandatory requirements, domestic and from partner countries, for non-tariff measures became trade obstacles and posed additional costs to exporters due to:

- Complex and cumbersome requirements (e.g. export of coconut products requires a certificate of registration from the PCA, which involved testing, inspections and documents processing that can be quite tedious and costly); and,
- Procedural obstacles (e.g. private testing and certification requirements can be subject to numerous procedural obstacles such as the lack of available testing facilities or prohibitive cost of certification).

In general, it was also reported that there appears to be duplication of requirements (e.g., business permit/registration) in securing export permits, certificates, and the like that could have an impact in terms of cost, time, and complexity arising from overregulation.

Mandatory requirements regarding labour and decent work appeared to have low direct interaction with trade regulations. The Department of Trade and Industry – Export Marketing Bureau has put compliance with the minimum wage and SSS laws as requirement for getting the Unique Reference Number for the Client Profile and Registration System (CPRS). The Philippine Economic Zone Authority (PEZA) has included submission of CSR programs and payment to local subcontractors as among the requirements for CPRS application. However, most enterprises in the agricultural commodity subsectors were not located in PEZA. For the zero-rated Value-Added Tax accreditation under the Export Development Act, compliance with the minimum wage and SSS laws were also requirements.

For comparison, the changes in national mandatory export requirements in Vietnam are described. This establishes a reference of the external competitive environment the Philippine faced in the region.

Starting in 2014 and continuing to the present, Vietnam had been working towards simplification and/or abolishment of unnecessary regulatory burdens on business activities, including import and export. It also had made significant progress in harmonizing domestic laws with international norms and practices. Relevant examples of these changes were listed below.

1) Reduction on the number of imported and exported goods subject to state management and sectoral inspection; and,
2) Law simplified registration and introduced the following changes: (i) enterprises may freely conduct business not prohibited by law; (ii) enterprises may no longer have to list their line of business in their business license registration; (iii) foreign investors and foreign-invested enterprises may establish domestic affiliates, providing they hold under 51% equity; and (iv) the number of prohibited sectors for foreign investors was reduced from 51 to 6.

6.5. Traceability

Food traceability regulation of importing countries required that all food operators implement traceability system or the documentation on products "one step forward and one step back" in the food chain. Appropriate records and marking/coding systems should be maintained from the farmer level through the consolidator onwards and that the integrity of lots is maintained without mixing or blending throughout the supply chain

In the case of coconut, exporters should maintain a permanent procedure, or procedures, based on the Hazard Analysis and Critical Control Points (HACCP) principles. If sales were to be made directly with food manufacturers, it is necessary to have a certified food safety management system recognized by the Global Food Safety Initiative, such as the ISO 22000, British Retail Consortium, or the International Food Standards. Leading firms in the Philippines such as Franklin Baker and Peter Paul have organic and fair-trade certifications.

6.6. Conclusions and recommendations

VSS and GSP+ as well as the new generation of EU FTAs used trade as a leverage to foster sustainable development. VSS focused on the level of producers and production sites while GSP+ and EU FTAs worked on the level of government policies and governance.

The interaction between public and private standards/VSS was more advanced for food safety and quality vis-à-vis social and environmental standards. Generally, mandatory export requirements defined the minimum requirements to be fulfilled and VSS establish the tools and processes to meet these requirements. Mandatory product standards did not create unnecessary barriers to trade if they were based on internationally agreed standards. Constraints arose from inefficient procedures to comply with the requirements.

Majority of the VSS used the core ILO international labour standards as the main reference for designating rights and working conditions when setting their standards. Likewise, most of the VSS referred to national law in their requirements relating to specific issues, including child labour, women's rights, minimum wages, and working conditions. To some extent, compliance was contextual and depended on the comprehensiveness of national laws. Labour standards, however, appear to be the least studied in relation to impact of VSS.

VSS certification contributed to the upgrading of capabilities of producers. However, certification was costly due to process changes required to meet requirements, multiplicity of VSS and lack of institutional and technical capabilities to enable accessible certification. Importantly, the supply of certified products was larger than the demand posing a challenging commercially viable inceptive for the pursual of certifications.

In terms of recommendations, the harmonization of mandatory and export/import requirements among and between trading partners must be promoted as this has the potential to make trade more efficient as exporters could comply with globally accepted standards instead of complying with different standards for each target market or buyer.

Government agencies must work on the simplification and/or abolishment of unnecessary regulatory burdens on business activities as well as on their alignment with requirements from trading partners.

Farm aggregation at cooperative level or through collectors and aggregators must be encouraged to attain lower costs of certification. Vietnam had one of the lowest costs on certification despite of farmers not being organized in cooperatives.

7. STUDY 5: Study on innovations and challenges in digital traceability towards safe, fair and sustainable food supply chains in Asia

7.1. Overview

Food safety concerns from consumers and governments are a major driver for the development and investment in traceability practices and technologies across most food sectors. Further, more health, socially and environmentally concerned customers are demanding that the products they consume abide to stringent standards. Traceability allows customers visibility on what is behind the food supply chain of the products they purchase. Hence, traceability could facilitate complete tracking of the environmental, economic, and social outcomes for different agricultural production practices, which will help to meet the customers' demand for transparency. In addition, traceability could improve the livelihood of the actors at the bottom of the food supply chain by providing means to protect workers' rights (i.e. through recording of daily activities that can be tracked for auditing and evaluation afterwards) and allow the producers access to premium markets and to opportunities for receiving lower-cost capital. Enterprises also benefit from adopting traceability systems as this can allow them to optimize processes and identify bottle necks.

Blockchain technologies or Internet-of-Things (IoT) are considered the most promising tools for the sustainable development of digital traceability in food supply chains. These technologies have already been adopted in many traceability initiatives in the food and agriculture sector around the world and have shown varying degrees of success.

This summary presents the more relevant findings on the report analysis of 77 digital traceability cases of food supply chains around the globe including traceability implementation key success factors, challenges, and possible solutions.

7.2. Key success factors of traceability systems

There are three dimensions of critical factors for the successful implementation of a traceability system:

1) Environmental factors which include legislation and standards, government support, and consumer knowledge;
2) Organizational factors which include involvement of top management, supplier support, effective communication; and,
3) Technological factors which include the quality of the tracked information and the traceability system.

These key success factors are further discussed in the following sections.

7.2.1. Environmental factors

Law standards and regulations set the requirements for the implementation and operation of a traceability system; thus, allowing the authority to oversee business activities in the food supply chain. Furthermore, for countries to adopt and implement new traceability practices, government support (via funding, incentives, or technological support) is important. Equally important is consumer awareness on the benefits of traceability systems and their willingness to pay more for products that incorporate these services is a critical key factor.

7.2.2. Organizational factors

In addition to the expected support (e.g., resources, direction, etc.) from top management, the implementation of traceability systems requires collaboration between stakeholders in the supply chain; thus, the communication between upstream and downstream partners is an important factor. An effective communication plan leads to the development of trust. The trustworthiness and consistency of data are all always major concerns when it comes to traceability systems. In this respect, cross-verification which consists in checking the product's traceability information by the receiver in the supply chain improves the reliability of the traceability mechanism. Hence the product's physical ownership is transferred to the receiver. Furthermore, current technologies (e.g. blockchain) allow data verification by several actors across the supply chain.

7.2.3. Technological factors

Traceability systems rely on the interactions of many internal and external actors (from the farmer to the seller). Hence, a relevant factor is accuracy, completeness, and reliability of the information as the product transits through different systems along the supply chain. Thus, the adoption of the appropriate technologies that will allow the correct expeditious communication among the different supply chain partners is of relevance. However, the cost of these technologies can become a hampering factor to its implementation.

7.3. Issues

Besides drawbacks on the implementation of traceability systems directly derived from the factors discussed above, relevant issues were highlighted and summarized in the following paragraphs.

A primary drawback of traceability systems involved the lack of understanding by consumers on the value of the information recorded by traceability system and how such information should be used to drive purchase decisions. Pragmatically, consumers may not consider traceability when deciding to buy agricultural goods, wherein price may be of utmost concern. However, for consumers of higher value products like coco sugar to whom price may not be of prime importance, traceability might be more relevant to such purchase decisions.

Related to the discussion above, traceability systems are costly (i.e. from acquisition of technology to infrastructure enhancement including compatibility with existing business systems and implementation/on-going use with training required for farmers/workers and more on-farm working days needed to input/verify data). Compounding the actual cost of the traceability system to the producers are externalities (like changing or inconsistent standards and regulations/laws on data privacy and poor dissemination of changes to affected stakeholders) that affect the integrity and veracity of data in traceability systems. Hence, apart from being costly, such complex systems pose high risks of failure.

Additionally, agriculture producers may prioritize addressing food safety risks but not labour and environmental risks that can be incorporated into traceability systems. Considering price sensitive buyers, risk taking producers may be hesitant to invest in such expensive, complex systems. Nonetheless, incentives (e.g. funding or technology equipment support) from the government might help to solve the practical issue.

7.4. Digital traceability initiatives

Currently, there are several traceability initiatives in the early development stages around the globe. These initiatives correspond to proof of concept or pilot studies, the goal of which is to assess the effectiveness and potential realization of the systems.

The report presented a set of 77 digital traceability cases around the world. Analysis of the cases unveiled that 35 of the 77 studies were not only assessing the effectiveness of traceability programs over food provenance and quality assurance, but were also tapping into uncovering social and environmental issues existing in the supply chains. Among these 35, 18 studies tackled labour related issues (Annex 13). The expectation was that traceability systems will be a tool to identify labour issues such as slavery or forced labour, child labour, and other unsustainable labour practices. Furthermore, 40% of the 77 initiatives belonged to food and agriculture organizations while 43% of cases were initiated by traceability start-ups or platform providers. This data signalled an important interest on traceability by the agricultural industry. Interestingly, in only 1 case, the government was the leading organization of the initiative. There were 2 digital traceability initiatives identified in the Philippines (for coffee bean (Yave.io) and cocoa produce (Cacao Shares)) initiated by technology solutions providers, that trace the route of coffee and cocoa beans from planting to consumption. However, labour issues were not covered under these initiatives. Interestingly the report also showed that Vietnam has engaged in more traceability initiatives (11 out of 77) than the Philippines, which can lead to further competitive advantage. Additionally, the report indicated that blockchain is the technology most adopted to implement traceability platforms.

7.4.1. Notable traceability examples in the agriculture sector resolving labour issues

Initiatives in the agri-sector that stood out from the rest given their focus on addressing labour related issues are listed below. These were selected based on the following criteria: a) aimed at innovative approach for digital traceability, b) fostered collaboration within the supply chain, c) led by influential stakeholders in the supply, and d) strived to ensure data trustworthiness and consistency.

Tony's chocolonely beantracker (Netherlands). With operations in the UK and US, the company's purpose is to eradicate child labour and slavery out of the cocoa industry.

Blocrice (Cambodia). The project aims to promote contract farming (predefined primary purchase price, trade volume, transportation method, and other conditions) between farmers' cooperatives and exporters, processors, and other buyers. The idea is to empower farmers in negotiations by having information about their supply chains and by electronic verification of their contract conditions.

Fairfood for coconut (Indonesia). With exports to the EU, the company's exploratory project traces coconuts from tree to plate, which allows users to track who had grown their coconut and what had they been paid.

7.5. Conclusions and recommendations

The 77 digital traceability initiatives included in the study are currently being tested on a limited scale with a limited scope to assess its effectiveness and realization. Scarce information on these proofs of concept and pilots does not allow for comparative assessment of these initiatives.

Nonetheless, it can be posited those relevant stakeholders in the supply chain benefit from digital traceability systems once trust, and transparency are established. This is because all product-related interactions become faster and more reliable; thereby, increasing productivity and trading volume. Additionally, the information derived from traceability programs could be used as the basis to stablish a social dialogue with all relevant stakeholders, and as a mean to identify labour gaps on the value chain and thus more effectively determine solutions to correct the issues. Moreover, government and enterprise actions- including well-timed research, development, finalization, and promulgation of regulations and standards are necessary to ensure traceability impact fully advances a safe, sustainable, efficient, and inclusive food system.

Further studies to evaluate the influence of international and local labour standards and regulations on traceability initiatives, and the impact of new technologies on productivity and consumer trust were deemed necessary.

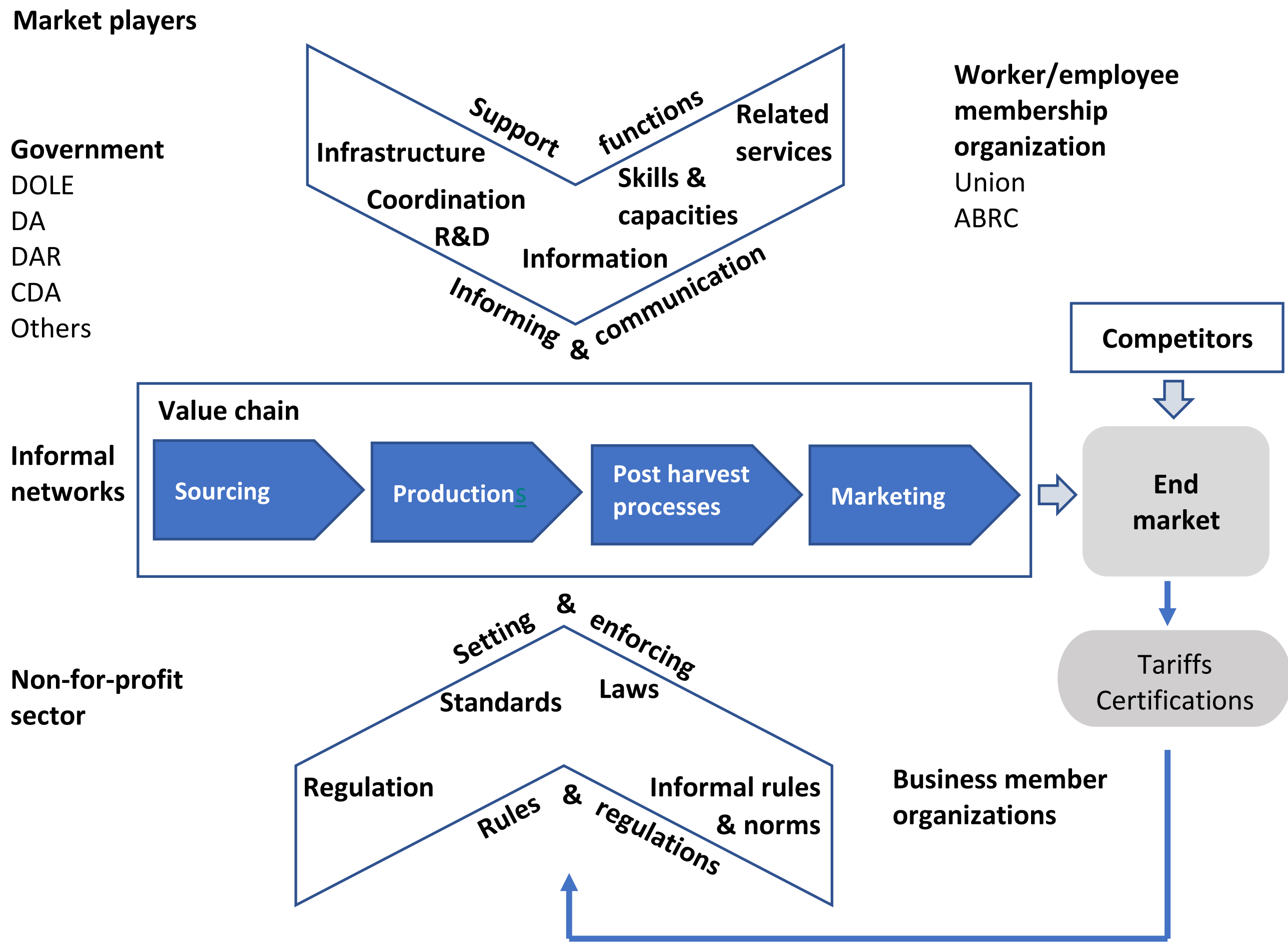
8. Analysis

In 2018, 43.46 million workers comprised the country's labour force, of which 94.7% were employed. The agriculture sector employed 10 million workers which correspond to 24.3% of the national employment data. Poverty prevailed among agricultural workers with poverty incidence at its highest among farm workers at 41% compared to the national poverty incidence of 27%. Incidentally, according to a report from the World Bank in the Philippines, the output per worker has importantly increased over the last decade, but real wages have stagnated.[16] The question is why have workers not benefited from this increase in productivity? And what can employers, worker's organizations, and policy makers do so these benefits can trickle down to the ones at the bottom of the supply chain all the way to the workers?

The present document provides a synthesis of five sectorial and thematic studies carried out by the ILO. Three of these studies covered the pineapple, cavendish banana and NTCPs agro-food supply chains. One study focused on mandatory trade requirements and certifications and another on traceability as a mechanism to make transparent the environmental, economic and social outcomes of production practices in the agricultural sector.

For reference, the following figure shows a generic value chain diagram for the agricultural sector, which includes the major players that hold a role of responsibility in the establishment of decent work conditions (adapted from Study 3).

16 https://www.worldbank.org/en/news/speech/2018/09/24/growth-and-productivity-in-the-philippines-winning-the-future. Last accessed on July 19, 2021.



The decent work deficits determined from the analysis of the ILO studies that are common to all the studies are summarized in the table below and they are further categorized according to ILO MNE Declaration principles (Annex 1). Further discussion follows.

There was an incomplete implementation of the CARP, which has resulted in issues that hamper the achievement of decent work conditions for the ARBs/farmers. The CARP main objective was to provide land to farmworkers as means to improve their subsistence including support services such as medium-scale investments in infrastructure, organization of farmers' cooperatives, financial assistance, credit for agricultural inputs, assistance in marketing of agricultural products, and research and development. Yet, in this transition, farmers acquired a triple identity as owners, workers, and managers, which created a mismatch between the farmworkers capabilities/skills and what was required in their new multiple roles. This capabilities/skills gap was not synchronously addressed by the above cited support services. The lack of capabilities/skills of famers and regulation constrains persuaded most ARBCs to establish production agreements (AVAs) with large agro-producers (e.g., MNEs). As a result, several of these agreements benefited the big producers by setting long-term land leases and non-transparent or outdated rental prices. Additionally, in several instances (particularly for the pineapple and banana sectors), the AVAs were used as means to transfer production and market risks to individual member growers (e.g., giving buyers rights to purchase products at low prices, charging growers interest on inputs irrespective of crop failure due natural calamities or low yield, and charging fees for grower management). These issues had been compounded by the lack of government oversight which with the lead of the government agency DAR is attributed to the lack of manpower or trained personnel.

<table>
<tr><th colspan="2">General Policies</th></tr>
<tr><td>Incomplete implementation of CARP
Lack of employment standards
Action on labour-related trade provisions</td><td>Leaseback/growership arrangements favour big producers
- Subjective rental rates
- Lack of transparency and protection rights
- Production/market risks transferred to growers</td></tr>
<tr><th colspan="2">Employment</th></tr>
<tr><td>Dominant contractual and informal labour
Lack of regularization mechanisms</td><td>Child labour
Dominant male work force</td></tr>
<tr><th colspan="2">Training</th></tr>
<tr><td>Private sector training limited to regular employees</td><td>Incipient government provided training</td></tr>
<tr><th colspan="2">Conditions of work and life</th></tr>
<tr><td>Minimum wage under poverty threshold
Low or no unionization of contractual and informal workers</td><td>Undetermined pay for informal workers
Uncompliant OSH regulations (contractual and informal workers)</td></tr>
</table>

The increased number of ARBs had further diluted the potential benefits of CARP as the ratio of land area per farmer has decreased (ca. 1.25 hectares per farmer) to levels that cannot provide farmers with financial means above poverty levels. Farmers mostly grouped into ARBCs also faced issues on land titling. This perception on insecure land ownership, on top of all other lacking support elements, contributed to diminish farmer workers commitment to improve production efficiency, even when CARP was meant to provide a clear route to improve the farm workers livelihood.

Unionization of farm workers has been low due in part to a highly fragmented labour organization but also to the deficient recognition of farmers not only as landowners but as workers part of ARBCs. This lack of unionization diminished the capacity of workers to negotiate by bargaining as a collective for better working conditions.

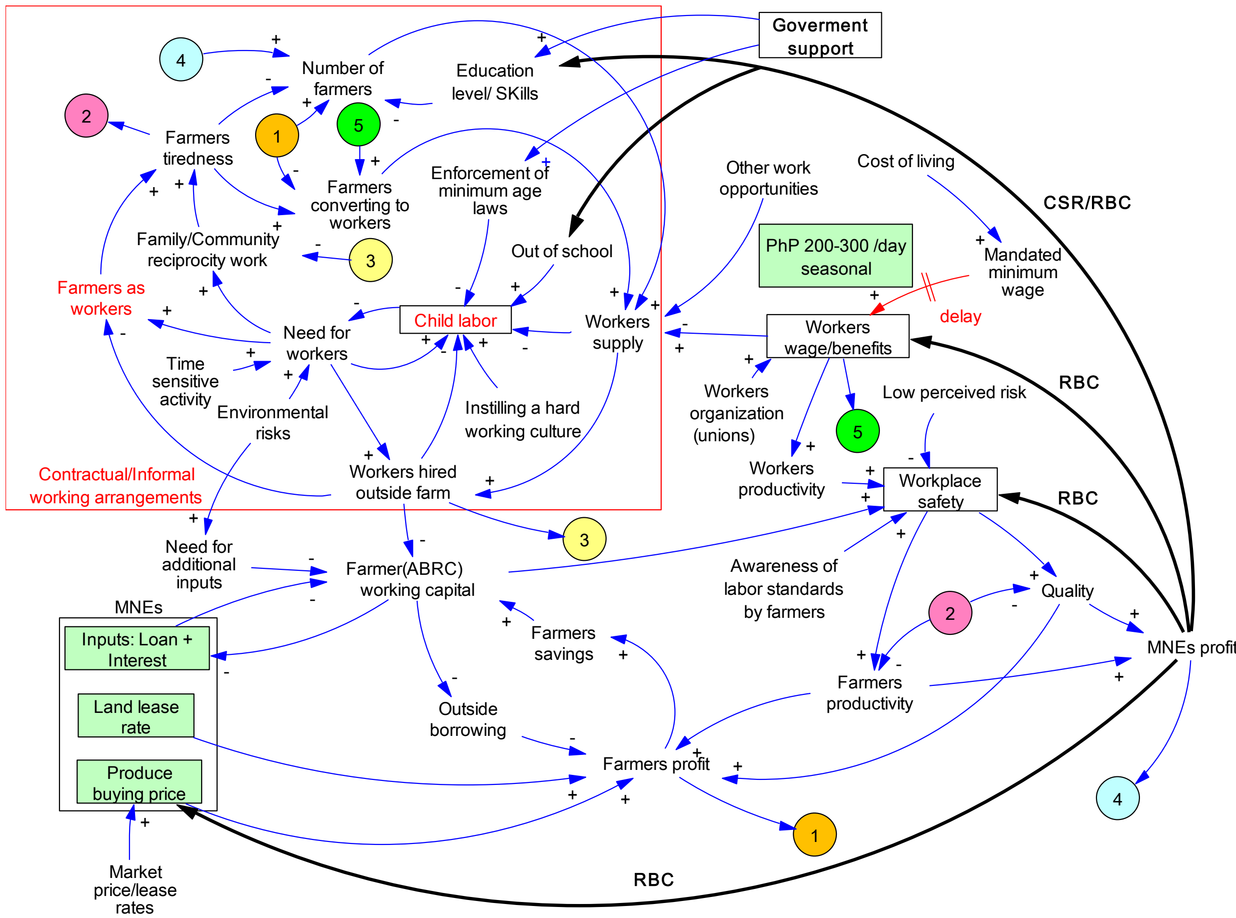
Employment in the agro-industry has been characterized by a large and increasing number of contractual and informal labourers largely due to the seasonality of the industry and to the perception that this is unskilled work. Farmer workers who belonged to indirectly managed operations or under growership arrangements did not hold a contract, therefore were unaccounted. This was attributed to the dual identity of the farmers as workers/owners since the contracts were signed between the companies and the ARBCs/cooperatives and not with individual farmers. At this point, in response to the financial constraints of the agreements (which include the payment of inputs and interests), family members (whether ARBs or not), children included, engaged in farming activities (often unpaid) to work on their own or other family member's lands. Informality is a source of concern for workers/farmers as owners who were unable to negotiate the contract terms and whose conditions tended to develop into quasi-debt bondage conditions leading to forced labour. The financial constraints imposed by these arrangements pose further challenges to farmers and their employers as no investments to comply with OSH and other employment requirements were made. Additionally, in terms of skill building, contractual and informal workers remained in a perpetual vicious cycle, as skill building was only an option for regularized employees. All these factors put pressures on maintaining workers in the agricultural sector, inducing the movement of workers to other sectors or places with better working conditions. These factors might pose a long-term risk to the agro-sector as not all activities can be efficiently mechanized.

In general, women as workers are underrepresented in the agro-sectors covered by the ILO studies, although this may be due to the labour-intensive nature of the work. An exception was observed in the coco sugar sector where regularized female employees were twice as many as male employees.

The ILO study on RBC/CSR of the banana Cavendish industry in Davao region provided four excellent examples on involving a cooperative (employer's organization), an MNE supplier, an MNE buyer, and an entrepreneurship initiative addressed several labour-related issues cited in this analysis. Importantly, these examples demonstrated that it is possible to provide good and fair working conditions to workers, their families, and their communities which did not only bring clear social benefits but also business advantages, as exemplified by the case of Tadeco, the MNE supplier, which has been awarded as the producer of "Best Quality in the World".

In general, points of difference between the banana/pineapple and coconut sector arose from the nature of the crop. While in the three sectors the current farmer productivity (constrained by land area and external services) and produce prices are not enough to bring farmers out of poverty, coconut trees demonstrated more resilience and required less maintenance than banana trees and pineapple shrubs. Hence some coconut farmers viewed coconut farming as an additional, not a primary, source of income. Additionally, in NTCPs, raw material procurement (nuts or sap) was time sensitive when required for processing in a particular day. Therefore, to guarantee inputs, supply processors extend financial advances (at no interest) to their procurement channels. These conditions discouraged coconut farmers from adopting GAP to improve productivity.

A visual representation of the preceding analysis is provided in the following system thinking diagram.



An important feature of this diagram is the presence of a reinforcing loop comprising the MNE's profit, number of farmers, workers supply, workers hired outside farm, farmers as workers, farmers tiredness, and farmers productivity/quality. This reinforcing loop, albeit not isolated from other structures in the system, highlights the effect that worker's performance and product quality can have in a company's profit. Therefore, these are variables not to be ignored and that could be regulated by providing decent working conditions to farmers and workers within a scope of the companies' CSR/RBCs practices. A good example of how the cited reinforcing loop can be directed as a virtuous cycle is given by Tadeco, a company that provides decent working conditions to their employees and as mentioned before it has been a Good Agricultural Practices awardee. Furthermore, the diagram highlights the points where MNEs adherence to RBC in decent labour conditions and government support can positively affect the structure of the system.

Mandatory trade requirements and voluntary certifications constituted important market, particularly in exports, requirements for business continuation or expansion of the three agro-sectors covered in the ILO studies. In fact, international trade requirements, like the EU GSP+, were attached to legislative policy expectations that impinged on current Philippine government's priorities and commitments. Importantly, many of these requirements for certifications were aligned with the ILO MNE declaration; hence, became an enabling mechanism to promote social and economic upgrading through decent working conditions. However, compliance to these requirements to producers were costly, often hampered by burdensome operational processes, lack of procedural transparency, and limitations in infrastructure and resources (e.g. certification agencies) at the national level. In this respect government support is essential with a special focus in simplification and/or abolishment of unnecessary regulatory burdens on business activities to warrant competitiveness of these agricultural sectors in the export markets. This will require for the government to update its knowledge base and explore out of the box and alternative problem-solving strategies and incentives, other than the traditional wait-and-see, punitive-based approaches to compliance.

Traceability emerged as a tool for enterprises and governments to make transparent the processes involved in production value chains. Although, traceability initiatives have been deployed in several countries around the globe, including the Philippines, these were still in initial phases and their benefits have not been properly assessed. However, there emerged a clear interest to develop traceability systems which account not only for food safety concerns but also for environmental, economic and social issues (labour issues included). Therefore, timing would be ideal for the Philippines to explore the potential utility of traceability systems to address some of the issues raised in the summarized ILO studies. This is a good opportunity for the Philippine government to take a step forward and become one of the first movers to establish traceability standards that will set Philippine's producers, not only in the agro-sector, a head start on competitors in the adoption of traceability tools for addressing labour related issues.

9. Recommendations

Recently, there has been an increase interest on enacting new laws concerning ethical sourcing and due diligence in supply chains in various territories as an effort to mitigate the potential negative impacts of globalised business activities in various fields of corporate responsibility. The fields covered by these laws are: human rights, the environment, and good governance and cover all actors and stages of the supply chain. In the field of human rights, the focus is on social, trade union, and labour rights. Examples of these initiatives include (1) the French due diligence initiative passed on 2017, which in the event of human or environmental rights violations establishes a criminal relationship between the parent company of a multinational corporation and its subsidiaries and subcontractors; (2) the German law in effect on 2023 which requires companies to report human rights and environmental abuses along their direct supply chain; and, (3) the European Union's mandatory legislation on supply chain due diligence currently in the works, among similar others enacted in USA, Australia, and UK. A point to highlight from these legislations is that even when they are enacted in a foreign territory, they could negatively impact enterprises outside the enacting countries, the Philippines included. Failure to comply with foreign regulations could bring sanctions that ultimately lead to business disruption with the parent company. This is relevant to the agricultural sector covered in the ILO studies summarized in this work as one can only imagine the devastating effects that an import ban (i.e., due to child labour violations) on Philippine's agricultural products could have in the economy of the country. Moreover, these legal trends also present a unique opportunity for the Philippines to address those concerning labour areas in order to maintain a competitive advantage in agricultural production and market expansion.

Taking into account the changing international legal environment, and derived from the summary and analysis of the five ILO case studies, with inputs from ILO officials and participants of the Tripartite dialogue the following recommendations are provided.

9.1. For employers

9.1.1. General recommendations

The expectations of international buyers on sustainable practices, including those related to labour, used in the entire supply chain of the products they consume have become an impetus for enterprises that aspire to serve such markets to incorporate responsible business principles into their operations. While extrinsic motivators, such as market demands for RBC, may prompt companies to upgrade their labour management practices within their own operations and down their supply chains, intrinsic motivators will be critical in embedding and sustaining RBC within companies' labour (human capital) management practices. Providing decent working conditions that enable workers (at different levels of the supply chain) to attain lives of dignity has been shown to promote productive, healthy, proud, and loyal workforce that can become an important source of competitive advantage for labour-intensive companies in the agriculture sector. Examples of upgraded labour practices, like equitable contracting and secure employment arrangement, in the Philippine banana sector provided evidence of positive outcomes for companies, such as the cases of Tadeco and Unifrutti. In this context, it is also important to emphasize the important role of employer's organizations in offering business development services to their members.

Companies that have successfully transformed their approach to human capital management had their top management's commitment to RBC principles ("the talk") and middle/supervisory management's support in implementing policies, practices, and solutions not limited to technology or certifications that reinforce such principles ("the walk"). However, this transformation may not be an easy journey- and local companies undertaking such journey must be willing to partner with others who may become allies in overcoming their vulnerabilities with managing their human capital relations. One important ally are MNE buyers, especially those operating from countries with legislative regimes that emphasize corporate responsibility or whose end users value source of origin data from traceability and certification systems, that may provide support and incentives through programs that build resilience in their supply chains. Other companies that may be going through a similar transformation journey, encountered through industry associations/chambers of commerce or other convening platforms, can be good sources of vicarious experience and best practices in human capital management and solid support system (even peer pressure to persist) during challenging periods. Another ally are their own workers and farmer suppliers, who may be the best persons to inform employer/local buyer companies of their needs in order to achieve a life of dignity. Employer companies can encourage the formation of workers and farmer suppliers into associations (for both formal and informal workers) and cooperatives and establishment of open communications with these groups to facilitate collective dialogue in co-creating solutions to challenges around fair wages and benefits including training opportunities, occupational safety, dignified treatment at work free from discrimination, harassment, and child/forced labour. Finally, international organizations like ILO, have good resources including expertise and partnerships that can support the upgrading of employer companies' human capital practices to align with international labour standards formulated to engender decent working conditions through extensive stakeholder (governments, employer/employee organizations, etc.) consultation. When promoting gender inclusion and diversity in the agricultural sector is a priority, international organizations like UN Women as allies are instrumental sources of support and resources.

9.1.2. Specific recommendations

1) For individual employers including cooperatives, establish social dialogue mechanisms at each level with the goal of embedding RBC in operations (including but not limited to security of tenure, freedom of association, collective bargaining, fair wages, decent working conditions, etc.), like:

   a. With senior management of MNEs – Buyers Forum to understand their RBC expectations of local suppliers and how supplier audits can be used to incentivize (rather than penalize) underperforming suppliers to transform their practices;
   b. With own senior management to incorporate RBC in code of conduct (using ILO Tripartite Declaration for MNEs as a resource) of relevant stakeholders, employees and suppliers alike, including mechanisms to monitor and assess performance in exemplifying RBC;
   c. With all employees and suppliers to assess training needs in implementing RBC in code of conduct and incentivize workers to upskill, leveraging on TESDA to provide free training.
   d. With civil society organizations, including UN/ILO and academic/training institutions, to design customized capacity building modules that address training needs; and,
   e. With industry peers and fellows, to share best practices and challenges when embedding RBC in operations.
2) For employer groups, enable members to embed RBC in operations by:
   a. Creating platforms that convene employer members, within themselves and between themselves and other stakeholders like employee groups, government/development agencies, CSOs, etc. to address RBC challenge and champion RBC success;
   b. Developing and implementing development services for SMEs and micro economic units in different sectors that are adapted (language and sector-wise), delivered practically, and easily accessible; and,
   c. Actively advocating to government, the adoption of national strategy/policy (i.e., National Action Plan) aimed at promoting RBC in all its dimensions (labour, environment, gender equality, among others).

9.2. For worker's organizations

9.2.1. General recommendations

Worker's organizations or (trade) unions, as mentioned earlier, can be instrumental in giving voice to the needs of informal and formal workers (possibly including those under contract) for fair working conditions. Collectively, the unions through a CBA could navigate negotiations with MNE buyers (especially those with expressed commitments to observe the core conventions of the ILO) to include a set of standards for employment in all aspects of the supply chain including for workers under the growership arrangement and to improve wages and rewards by linking them with productivity. The CBA can also include contract labour in the coverage for benefits and conditions that facilitate the acquisition of regular employment status by contract labour.

It is important to draft an action plan for transitioning rural/informal workers into the formal economy. This plan could start by integrating informal workers into unions within a legal basis that simplifies the different employment arrangements (regular, seasonal, project and probationary) together with the implementation of the prohibition on trilateral work arrangements such as job contracting or subcontracting.

Unfortunately, the unionization of workers has remained low in the Philippines.[17] But union leaders who can leverage the opportunities from RBC trends and nurture positive relationship through partnership with counterparts in employer companies or international union organizations (e.g. ITUC and GUFs)[18] towards delivering benefits to its members through improved working conditions may improve the state of unionization of workers, especially in the agriculture sector. Through support from government units (like Bureau of Labor Relations (BLR) and Development Academy of the Philippines(DAP)), development organizations (like ILO), and other NGOs, a new breed of union leadership must be capacitated to build relationships with employers and energize their members and government representative to innovate for labour-related solutions, including but not limited to traceability and certification mechanisms, eventually advancing the rights of agricultural workers to decent working conditions.

9.2.2. Specific recommendations

- Create customized channels (e.g. in native language) through new technology and social media platforms to communicate with workers in the lower tiers of this sector (e.g., informal workers) on the advantages of membership in worker organizations and forge stronger ties among member workers;
- Elect/appoint representatives who can promote dialogue and partnerships, including federation, among worker's organizations to eliminate fragmentation and with employers/employer groups to foster symbiotic (where both parties benefit), cooperative relationships; effectively strengthening the workers' voice towards improving working conditions;
- Actively advocate to government the adoption of national strategy/policy (i.e., National Action Plan) aimed at promoting RBC in all its dimensions (labour, environment, gender equality, among others) and the review of legislation regulating contractualisation and informality to promote security of tenure; and,
- Collaborate with government units (like BLR and DAP), ILO, and other CSOs/NGOs to develop a leadership program for future union leaders- with new competencies on building resilient, globally networked, future-oriented, technology savvy worker organizations.

9.3. For government agencies and policy makers

9.3.1. General recommendations

Central to improving the conditions of agricultural farmers and workers is the proper implementation of the CARP according to its intended purpose of bestowing assets so farmers and workers have means to generate income as owners and eventually entrepreneurs. Hence, ARBs must be capacitated with skills in managing their land as owners and not just workers.

17 According to Bureau of Labor Relations (BLR), only 1.6 million workers are members of enterprise-based unions by March 2021 representing only about 3% of the employed population. https://blr.dole.gov.ph/wp-content/uploads/2021/04/SUMMARY-Q1-2021.pdf

18 International Framework Agreements: A global tool for supporting rights at work. https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_080723/lang--en/index.htm

It is equally important to improve the implementation of the Coconut and Farmers Industry Development Plan including the application of the Coconut Industry Trust Fund (Coconut Levy to give back to farmers Php 75B a year), in which, defining success indicators to measure the effective use of funds is of priority. This requires the intervention and coordination of multiple government agencies but also of other stakeholders (e.g. civil society organizations, farmers, etc.).

Additionally, DAR must have oversight of AVAs, the main instrument for ARBs to generate income from their newly acquired land, so as not to undermine the interests of ARBs. DAR can conduct an inventory, review, and monitoring of all existing AVAs with a period of at least 25 years and those subjects of renegotiation. The evaluation should address compliance with updated guidelines on AVA on factors to determine rental values per hectare, along with compliance and adherence to sample contract requirements. DAR could determine minimum grower sharing scheme, minimum rental rate for lease of land, and minimum terms and conditions of the engagement to be observed in all AVAs with smallholders or agrarian cooperatives- guidance that could form part of new guidelines in the light of the labour provisions in trade agreements required observance, in law and practice, of ratified ILO conventions.

Entering into markets with national regulations promoting responsible business (i.e., Germany with a law taking effect on 2023 requiring companies to report human rights and environmental abuses along their direct supply chain and the EU with mandatory legislation on supply chain due diligence) and with FTAs like the EU GSP+ which incentivize social and economic upgrading of agricultural work must be actively promoted. The lead government agency, Department of Trade and Industry (DTI) and its attached bureau, the Export Management Bureau (EMB) must pursue, and once signed, organize the administration's efforts (both at executive and legislative levels) to meet the commitments under such agreements to procure the incentives not just for the exporting companies but as a consequence also for their supply chain partners in the farm. These markets with responsible consumers can be more demanding- in terms of traceability and certifications.

From a whole of government perspective, government entities must streamline policies around data requirements, especially around employment arrangements into regular, seasonal (even daily tasks usually relegated to informal workers), project, and probationary employment- to ease the burden for agricultural workers to enter into employment and encourage supplier companies/cooperatives to keep accurate records of labour costs in the agriculture production. Accurate and verifiable data involving labour components in agriculture is an important building block in traceability and certification systems.

Investing in systems, like traceability of working conditions under which goods/services are produced and certification, can help improve the competitiveness of agricultural products in markets with sophisticated, responsible consumers and regulators. Additionally, these systems can become an enabler in transforming informal work into more formal arrangements within the supply chain- as users of data collected from these systems have greater visibility on the amount of labour required in every phase of the production. Greater transparency on the market prices of inputs (both labour and materials) and intermediate outputs can eradicate the information asymmetry leading to onerous contracts, usually on the part of ARBs who cannot afford the costs of collecting reliable information. With such systems still nascent here in the Philippines, it behooves the government to study, in consultation with both employer and worker groups, how a minimal/basic standard (which may serve as a foundation for a national standard wherein all other systems that follow can integrate into) can be established. This will require joint leadership by different government existing agencies- DTI (content), Department of Science and technology (technology), and Department of Information and Communications Technology (DICT) (infrastructure); and perhaps the creation of a new one that will collect, manage, and maintain the integrity of this data as a valuable public good. Forging good diplomatic ties with other governments that have invested in advanced technological systems for traceability and certification can help government policy and decision makers build their knowledge and understanding, through peer-to-peer learning experiences using inclusive virtual/online platforms.

Finally, well-crafted labour policies that promote decent working conditions are also as good as their implementation and enforcement in the ground. Consistent implementation of the labour policies with the consultation and oversight of workers organizations requires well-trained labour inspectors of DOLE Further, a democratized enforcement of the labour policies, through a national focal point (NFP) system, wherein various stakeholders report violations observed can boost the effectiveness of labour policies in engendering the outcomes of decent working conditions.

9.3.2. Specific recommendations

To expedite the economic and social upgrading in the agriculture sector, the following actions for the government are recommended:

- Create an inter-institutional committee or working group led by DOLE to coordinate the aspects of responsible business practices in the agricultural sector. Among the purposes of such a multi-sectorial working group/committee would be: 1) coordination (intra government and with other institutions), 2) oversee policy coherence, 3) enhance the competitiveness of the sector, 4) establish linkages with the sustainable development goals and with the national development plan, 5) coordinate and disseminate research conducted in this field in the sector and in general research related to the promotion of RBC, 6) promote access to services, protection, and employment-intensive investment, 7) provide access to quality services in the rural economy to promote growth and social development, 8) extend social protection to the rural economy, 9) develop the rural economy through financial inclusion, and, 10) employment-intensive investment in rural infrastructure for economic development, social and environmental protection and inclusive growth;
- Develop a National Action Plan on Business and Human Rights as per the United Nations Guiding Principles. This process should be inclusive, oriented towards building back a better, human-centred economic growth;
- Creation of an action plan for transitioning rural/informal workers to the formal economy. This could start by integrating informal workers into unions at the same time an action plan for simplifying by legislation the different employment arrangements into regular, seasonal, project and probationary employment and implement the prohibition on trilateral work arrangements such as job contracting or subcontracting;
- For the Department of Trade and Industry (DTI) and its attached bureau, the Export Management Bureau (EMB) to craft a strategic export plan with a comprehensive support program for exporters, emphasizing markets with national regulations promoting responsible business (e.g., EU with mandatory legislation on supply chain due diligence);
- To motivate exporters to aspire for breaking into such markets (over those without expectations of responsible production practices) DTI/EMB must craft a strategic export plan with a comprehensive support program for exporters, emphasizing markets with national regulations promoting responsible business (e.g., EU with mandatory legislation on supply chain due diligence). This can be achieved through capacity building in responsible production of agricultural products, market intelligence, opportunity matching through forums and roadshows, etc.;

- For the Department of Agrarian Reform (DAR) in collaboration with the Agricultural Training Institute (ATI) or PCA to formulate programs for farmers/ARBs as entrepreneurs with the inclusion of RBC, this should include relevant technical skills in the corresponding sectors;
- Develop a system, under the leadership of the Department of Information and Communications (DICT), to monitor and disseminate market prices of inputs, materials and products that are part of the agricultural value chains where the Philippines is part of. The objective is to remove information asymmetry that leads to onerous arrangements;
- Recognition of the cooperative as the voice and representative of both farmworkers and farmers as owners;
- Expedite the completion of the National Farmer Registry and perform a National Farmworker Registry. This can be accomplished with the participation of civil society organizations;
- Create shared service facilities for farmers by DTI;
- Improve occupational safety and health practices by:
    - Implementing OSH targeted inspections, compliance, and incentive campaigns;
    - Providing OSH budget to support its programs including incentives and technical assistance to relevant sector organizations (e.g. PCA); and,
    - Providing general OSH training followed by subsector specific training to cover specific process characteristics of specific agricultural products (e.g. VCO, coco sugar and coco coir);
- To strengthen labour compliance programs by:
    - Capacitating DOLE labour inspectors in partnership with ILO (or their local partners in the Philippines) on international labour standards and third-party evaluators like SEDEX on assessment skills;
    - Establishing a closer coordination and information sharing between third party assessments and certification bodies, including private sector compliance and labour inspectorate, along with ensuring common approaches for assessing compliance;
    - Providing sector-specific training to labour inspectors so that they can be more aware with industry peculiarities;
    - Capacitating labour inspectors as technical advisors and not only as auditors.
    - Simplifying and/or abolishing unnecessary regulatory burdens on business activities, including import and export;
    - Strengthening DOLE's Single Entry Approach (SEnA) program, which addresses complaints in General Labour Standards; and,
    - Promoting the implementation of labor standards (including minimum wage) through a tripartite approach; and,
- To adopt traceability systems that can improve labour conditions in the agricultural sector by:
    - Identifying and establishing (lead by DTI, in consultation with employer and worker groups) minimal/basic traceability standards required for compliance of existing trade agreement requirements and incoming legislation with international trading partners (e.g., German law to be in effect in 2023 and which requires companies to report human rights and environmental abuses along their direct supply chain, and the works of European Union mandatory legislation on supply chain due diligence); and,
    - Implementing or supporting an existing tripartite system (e.g. Tripartite Plus) to establish a traceability system to monitor working conditions in the agricultural sector.

9.4. For civil society organizations including academic institutions and think tanks

9.4.1. General recommendations

To uplift the state of agricultural workers inured to challenging labour conditions, a greater collective effort beyond the main actors from government, employers, and workers groups would be required. Different civil society organizations, including academic institutions and think tanks, can provide much needed support through knowledge creation via well-designed studies and knowledge sharing via capacity building training and dissemination of findings. Recommended courses of action that are based on evidence can hasten the transformation to better working conditions in the agriculture sector.

9.4.2. Specific recommendations

- Encourage inquiry, through well-supported/funded projects, on the labour conditions in the agriculture sector specifically the challenges when embedding RBC in companies and effective mechanisms for building multi-stakeholder engagement and partnership between the main actors;
- Build academic/research programmes across different disciplines, e.g, agriculture science, management, law, public administration, community development that mainstream evidenced-based implementation of RBC in the agriculture sector within curricula;
- As neutral party, provide platforms as "safe havens" for honest, judgment-free conversations on non-compliant practices enroute to incorporating RBC and BHR principles, which can also serve as training and field study contexts;
- As repository and guardian of knowledge, manage data collected on RBC-related metrics made available to all interested parties and stakeholders;
- Promote the creation of distinct scholarship programs to benefit farmer and worker's children with priority on innovations in agri-product development marketing and technology including Master and PhD research thesis grants. This can also include the inclusion of training in agro technology in technical vocational schools; and,
- CSOs should be more proactive in the observance and implementation of governance.

9.5. For the United Nations System including the International Labour Organization

9.5.1. General recommendations

Continuous support on capacity building and policy accompaniment to the national government as well as to ILO's social partners is critical to ensure the meaningful engagement of these institutions in shaping Philippines own agenda on business and labour/human rights. Workers and employers' organisations at the central level are already well aware of the relevance of the topic through their active participation and implementation of programmes aimed at promoting RBC/CSR. There is now a need to work towards the institutionalisation, and for that purpose the UN system can be very instrumental.

9.5.2. Specific recommendations

- Promote inter-institutional dialogue (sector specific and in general) to enhance coordination and policy coherence;
- Facilitate the exchange of RBC experiences and challenges with other countries in ASEAN and in general in the Asia Pacific Region;

- Support the national government to start dialogues and explore the possibility of drafting a National Action Plan on Business and Human Rights for the Philippines;
- Assist workers organisations to reach out to workers in the informal tiers of the supply chains in the agriculture sector; and,
- Assist CSOs/NGOs to systematically study, through rigorous field research, the relevant factors in facilitating and impinging the implementation of labour-related RBC in the agriculture industry.

10. Annexes

10.1. Annex 1: Provisions of the ILO MNE Declaration

Principles directed to Governments	Principles directed to Enterprises
General Policies	
▪ Further the aim of the Declaration by adopting appropriate laws and policies, measures and actions, including in the fields of labour administration and public labour inspection [para. 3] ▪ Ensure equal treatment between multinational and national enterprises [para. 5] ▪ Ratify all the Fundamental Conventions [para. 9] ▪ Promote good social practice in accordance with the MNE Declaration among MNEs operating in their territories and their MNEs operating abroad [para. 12] ▪ Be prepared to have consultations with other governments whenever the need arises [para. 12]	▪ Respect the sovereign rights of the state and obey national laws and respect international standards [para. 8] ▪ Contribute to the realization of the fundamental principles and rights at work [para. 9] ▪ Carry out due diligence,[19] taking account of the central role of freedom of association and collective bargaining, industrial relations and social dialogue [para. 10] ▪ Consult with government, employers' and workers' organizations to ensure that operations are consistent with national development priorities [para. 11]
Employment	
▪ Declare and pursue, as a major goal, an active policy to promote full, productive and freely chosen employment, and decent work [para. 13] ▪ Develop and implement an integrated policy framework to facilitate the transition to the formal economy [para. 21] ▪ Establish and maintain, as appropriate, social protection floors within a strategy to progressively ensure higher levels of social security [para. 22] ▪ Take effective measures to prevent and eliminate forced labour, provide victims	▪ Endeavour to increase employment opportunities and standards, taking the employment policies and objectives of governments into account [para. 16] ▪ Before starting operations, consult the competent authorities and the national employers' and workers' organizations in order to keep employment plans, as far as practicable, in harmony with national social development policies [para. 17] ▪ Give priority to the employment, occupational development, promotion and advancement of nationals of the host country [para. 18]

19 For a general description of due diligence, see *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*.

with access to an appropriate remedy, develop a national policy and action plan, and provide guidance and support to employers [para. 23-24]	▪ Use technologies which generate employment, both directly and indirectly; and take part in the development of appropriate technology and adapt technologies to the needs of and characteristics of the host country [para. 19]

Source: ILO

10.1 Annex 1: Provisions of the ILO MNE Declaration (cont'd.)

Principles directed to Governments	**Principles directed to Enterprises**
Employment	
▪ Develop a national policy designed to ensure the affective abolition of child labour, take immediate measures to secure the prohibition and elimination of the worst forms of child labour as a matter of urgency, and progressively raise the minimum age of admission to employment [para. 26] ▪ Pursue policies designed to promote equality of opportunity and treatment in employment, with a view to eliminating any discrimination based on race, color, sex, religion, political opinion, national extraction or social origin [para. 28] ▪ Promote equal remuneration for men and women workers for work of equal value [para. 29] ▪ Never require or encourage multinational enterprises to discriminate and provide guidance, where appropriate, on the avoidance of discrimination [para. 31] ▪ Study the impact of multinational enterprises on employment in different industrial sectors [para. 32] ▪ In cooperation with multinational and national enterprises, provide income protection for workers whose	▪ Build linkages with local enterprises by sourcing local inputs, promoting the local processing of raw materials and local manufacturing of parts and equipment [para. 20] ▪ Contribute to the transition to the formal economy [para. 21] ▪ Complement and help to stimulate further development of public social security systems [para. 22] ▪ Take immediate and effective measures to secure the prohibition and elimination of forced labour in their operations [para. 25] ▪ Respect the minimum age of admission to employment and take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour [para. 27] ▪ Be guided by the principle of non-discrimination and make qualifications, skill and experience the basis for recruitment, placement, training, and advancement of staff [para. 30] ▪ Endeavor to provide stable employment for workers and observe freely negotiated obligations concerning employment stability and social security, promote security of employment,

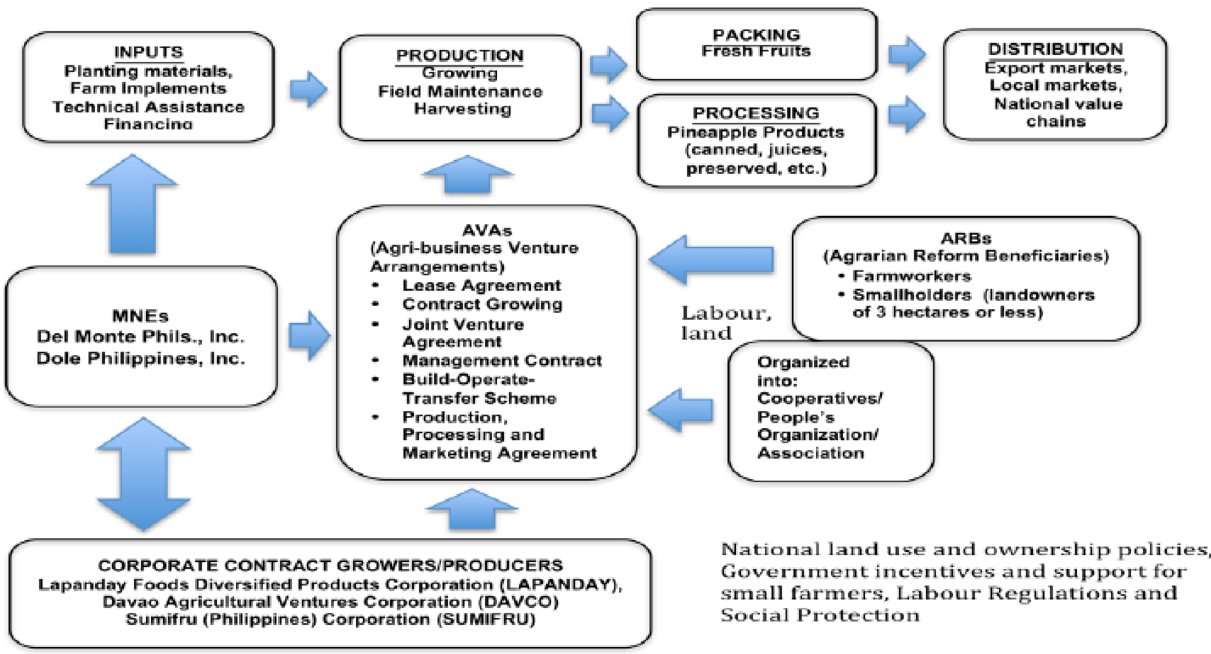
employment has been terminated [para. 36]	providing reasonable notice of intended changes in operations and avoiding arbitrary dismissal [para. 33-35]
Training	
▪ Develop national policies for vocational training and guidance, closely linked with employment in cooperation with all the parties concerned [para. 37]	▪ Provide training for all levels of workers employed to meet the needs of the enterprise as well as development policies of the country [para. 38] ▪ Participate in programmes aiming at encouraging skill formation, lifelong training and development as well as providing vocational training, and make the skilled resource personnel available [para. 39] ▪ Afford opportunities within the enterprise for local management to broaden their experience [para. 40]

Source: ILO

10.1 Annex 1: Provisions of the ILO MNE Declaration (cont'd.)

Principles directed to Governments	Principles directed to Enterprises
Conditions of Work and Life	
▪ Endeavour to adopt suitable measures to ensure that lower income groups and less developed areas benefit as much as possible from the activities of multinational enterprises [para. 42] ▪ Ensure that both multinational and national enterprises provide adequate safety and health standards and contribute to a preventive safety and health culture, including taking steps to combat violence at work and attention to building safety; and that compensation is provided to workers who have been victims of occupational accidents or diseases [para. 43]	▪ Across their operations, provide wages, benefits and conditions of work not less favorable than those offered by comparable employers in the country concerned, taking into account the general level of wages, the cost of living, social security benefits, economic factors and levels of productivity [para. 41] ▪ Maintain highest standards of safety and health at work, make known special hazards and related protective measures associates with new products and processes, provide information on good practice observed in other countries, and play a leading role in the examination of causes of industrial safety and hazards. [para. 44] ▪ Cooperate with international and national safety and health organizations, national authorities, workers and their organizations, and incorporate matters of safety and health in agreements with representatives of workers [para. 45-46]

10.2. Annex 1: Pineapple value chain



PRODUCTION

1. Pineapple Growing, Field Maintenance & Harvesting:
   - Land preparation which for directly managed operations by MNEs or Corporate Grower/Producer, involve highly mechanized clearing activities and mobilized skilled heavy equipment operators and drivers; for Individual or Cooperative Contract Growers involve manual work and light equipments;
   - Planting which is done through manual labour, the pineapple crowns to be planted passed through crown dipping process;
   - Fertilizing and spraying of pesticides done through manual labour;
   - Field maintenance through manual or hand-weeding and propping;
   - Harvesting done in combination of manual and mechanized harvester booms or conveyor booms;
   - Clearing the land for replanting
2. Post-harvest work:
   - Hauling/trucking services

PACKING

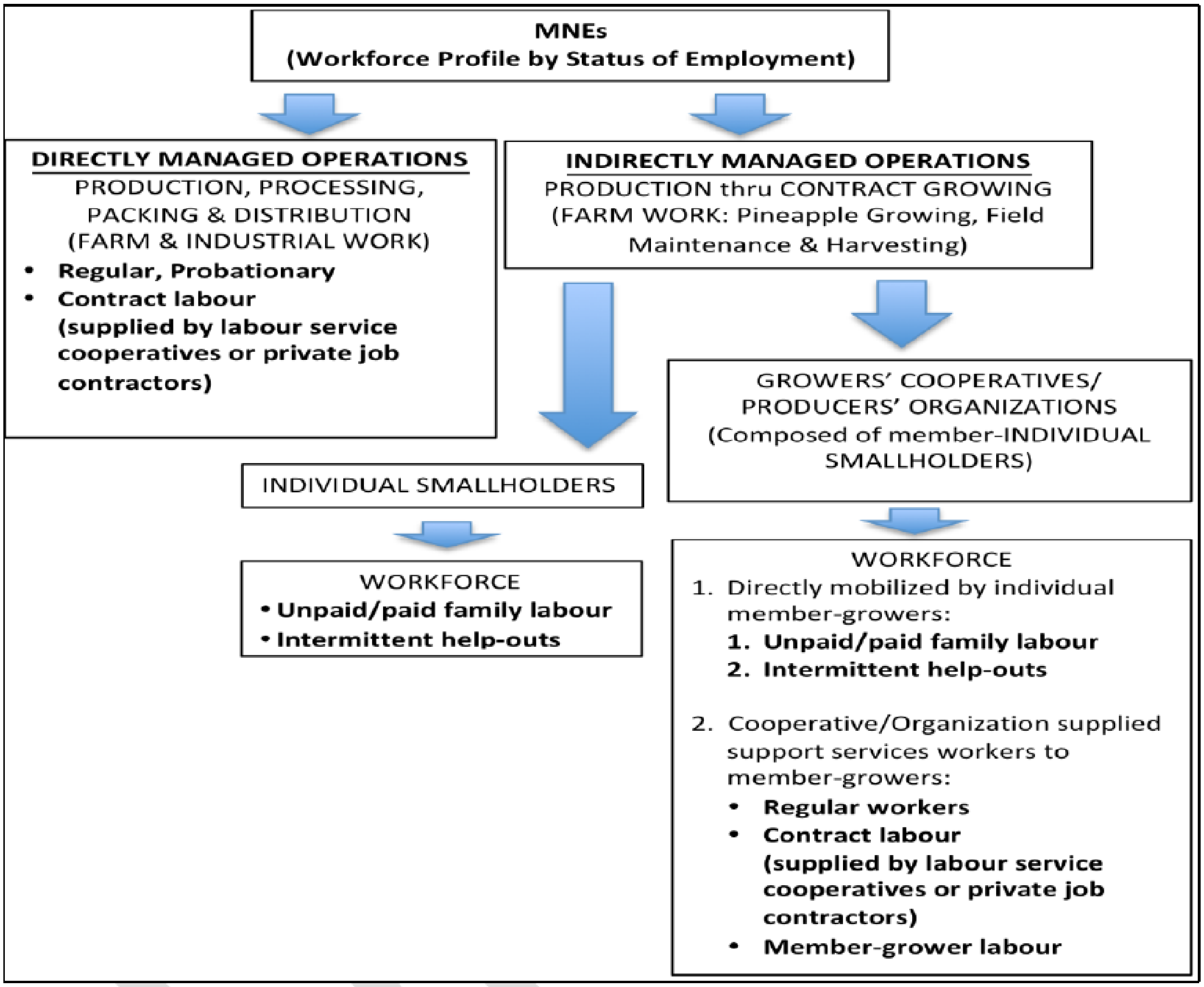
- Packaging in mobile packing plants for pineapple fruits which essentially starts at loading and sorting (each country of destination has its own specifications), the fruits then goes through mechanized waxing before the manual packing/labelling and storage at refrigerated trucks that would bring the boxes to the port for shipment.

PROCESSING

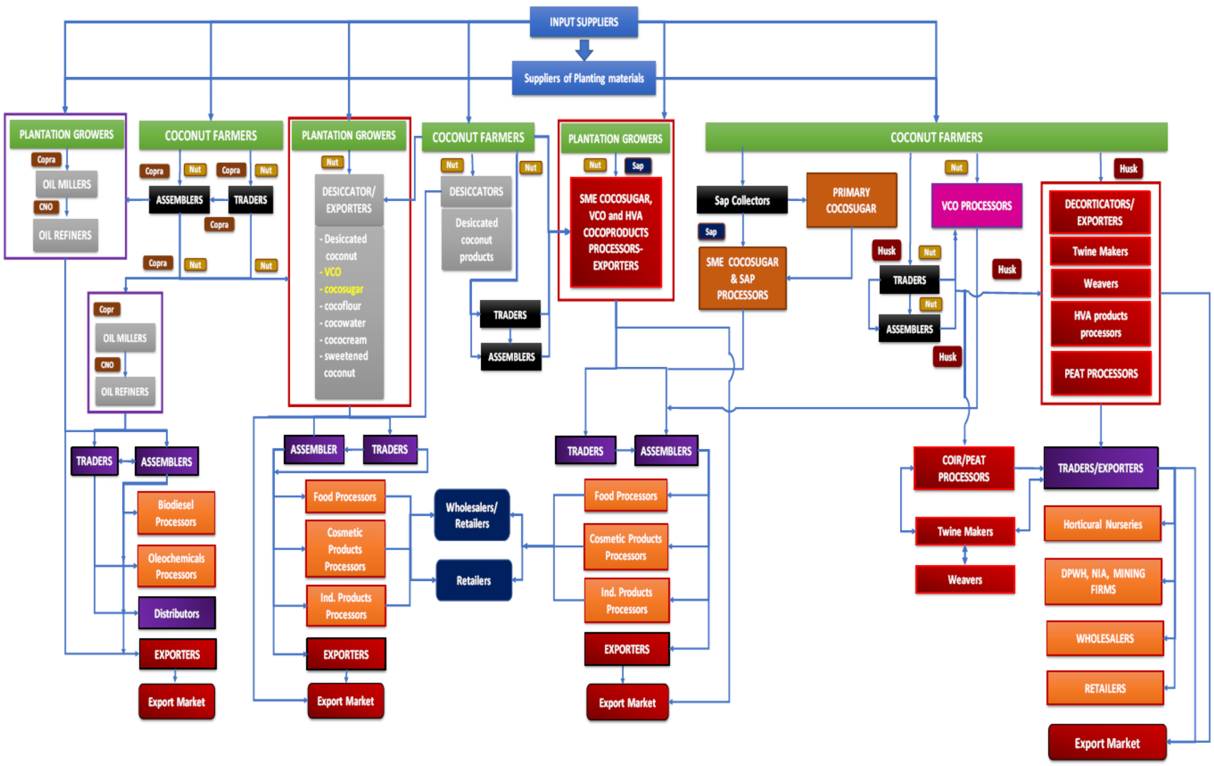
- Processing at cannery site into juices and canned pineapples, which involved different sub-processes. Processing essentially starts at sorting then to machines that peels, cores and cuts pineapples at a speed of up to 100 pineapples per minute before it goes to the cook room, then to labelling and storage, and shipment

DISTRIBUTION

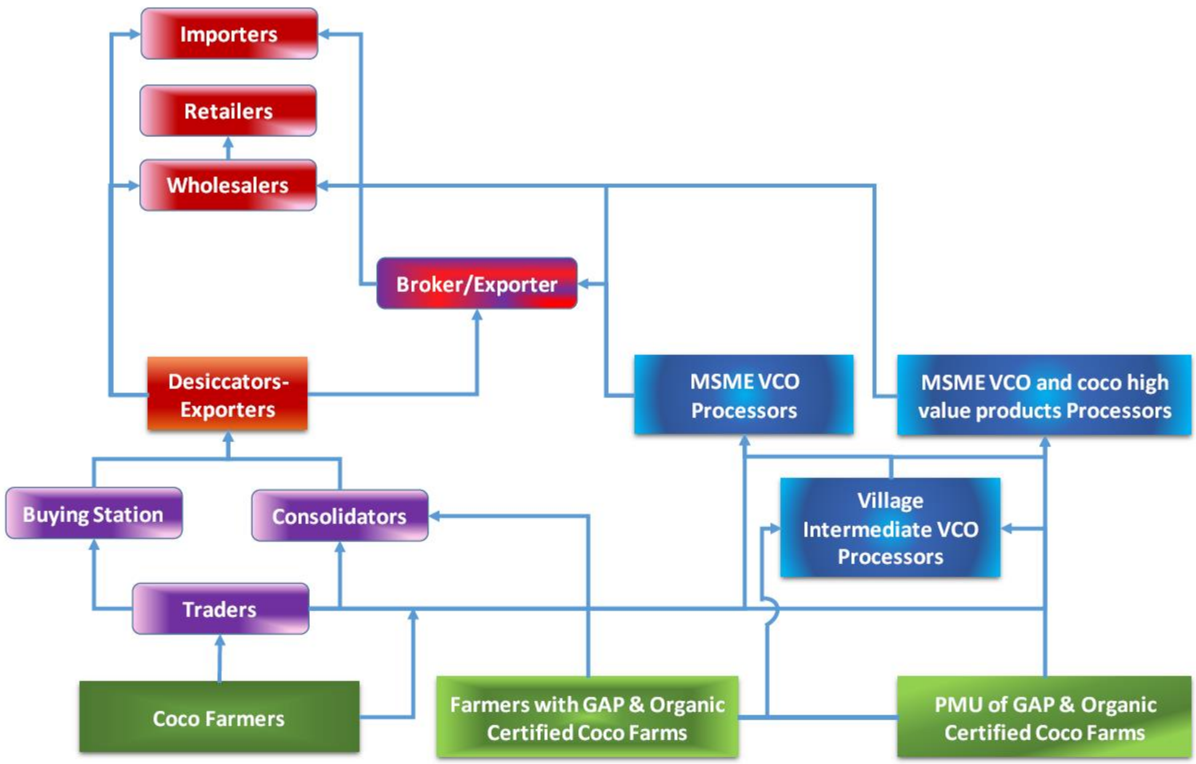
10.3. Annex 2: Workforce profile by status of employment, MNEs



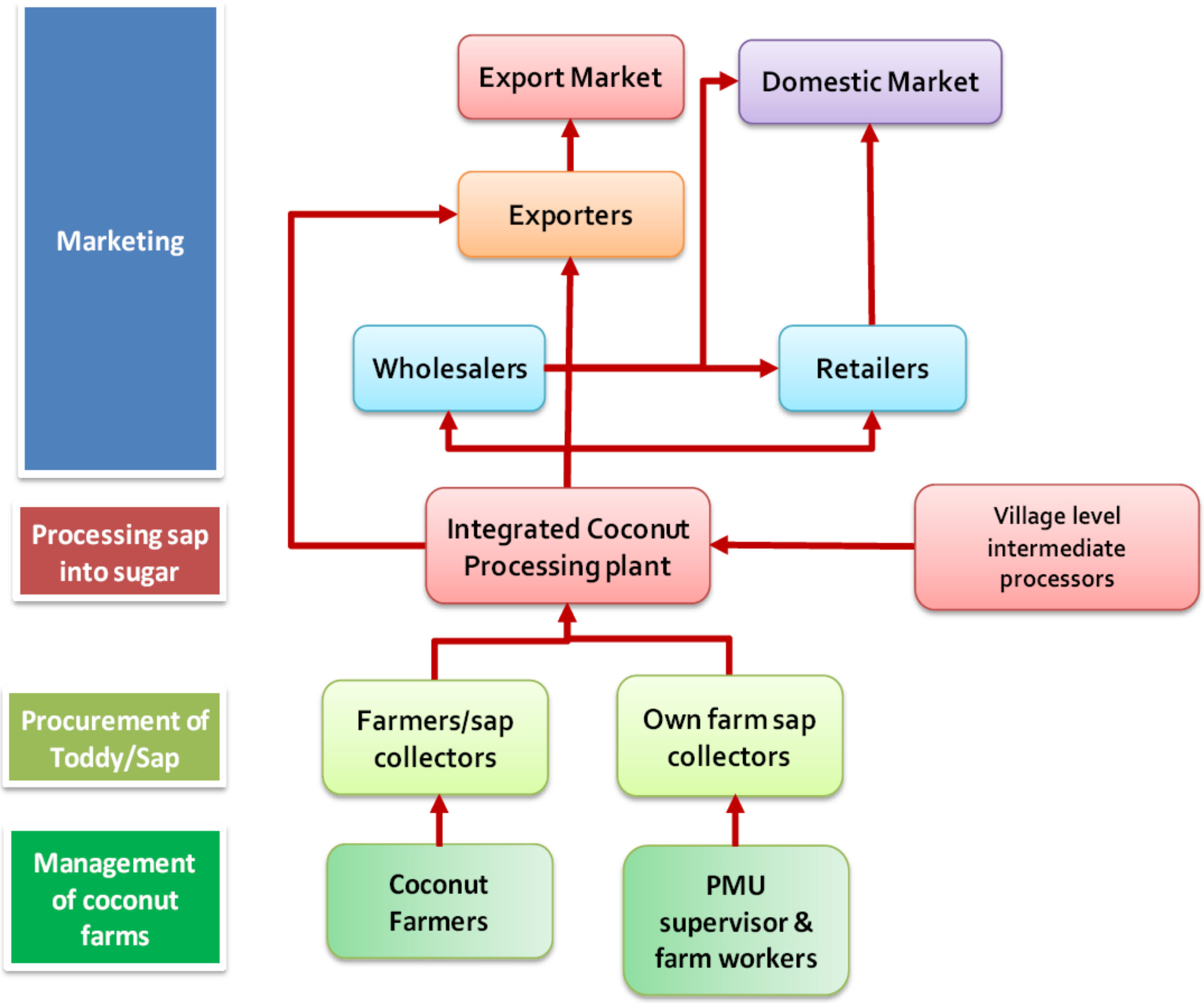
10.4. Annex 3: Relative position of 3 NTCPs in the coconut industry value chain



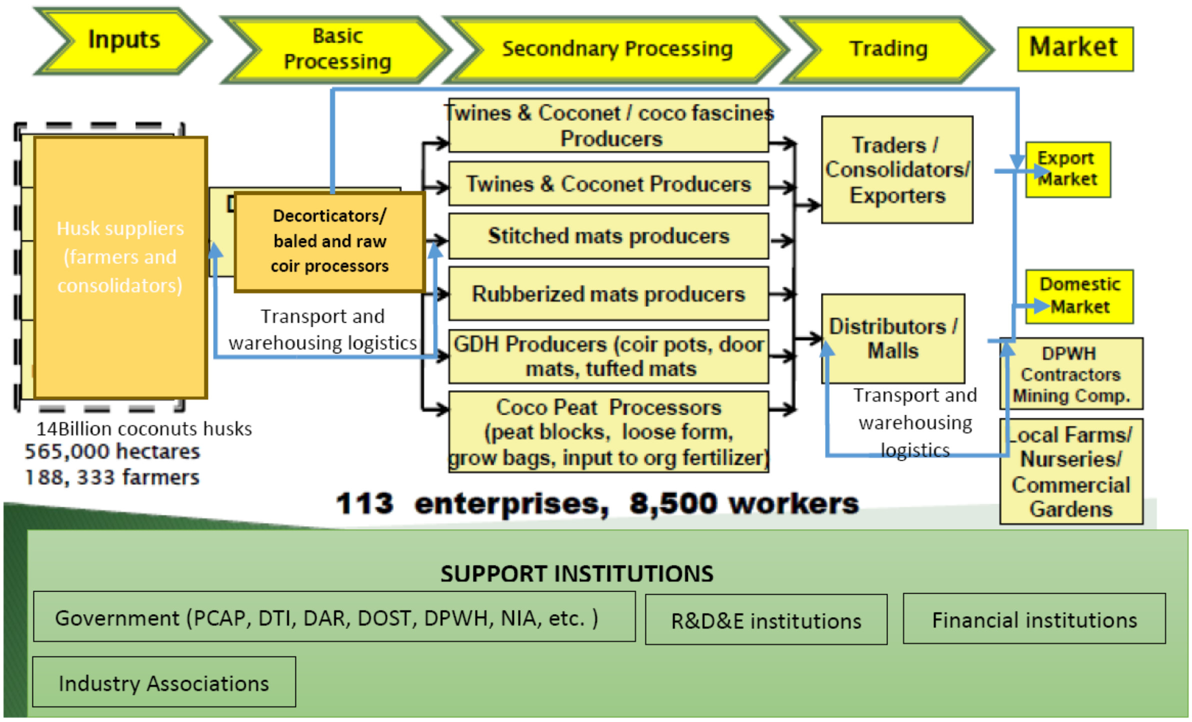
10.5. Annex 4: VCO value chain



10.6. Annex 5: Coco sugar value chain



10.7. Annex 6: Coco coir value chain



10.8. Annex 7: Issues and interventions in VCO sectors

Marketing

Issues/constraints	**Interventions**
Small market base	Market and product base diversification.
Access and slow response to market information	Establishment of an information management system with participation of industry associations (VCOP and UCAP) and government (PCA and DTI)
Inadequate promotion and advertising.	Market matching, B2B interactions, product differentiation (industry associations (VCOP and UCAP) and government)
Low awareness and difficulty of complying with FTA requirements	Easing of rules of origin (ROOs) compliance and administration. Reforms towards electronic Certificates of Origin (COOs) and self-certification, and linkage to the national single window.
Supply not sufficient to meet large orders	Product standardization, adoption of centrifuge technology to improve output and quality and set up of village level or centralized large-scale network village processors.
Difficulty in complying with product certifications	Government financial/technical assistance to obtain international certifications. Crafting a medium to long term local certification/standardization for organic grade VCOs.
High market risk from a single product	Multiproduct processing.

Processing

Issues/constraints	**Interventions**
Low recovery rate of the wet process of VCO extraction	Collabourate with government/academic research institutions to optimize the fermentation process to attain higher VCO recovery rate and adoption of new varieties with higher VCO recovery.
Access to Centrifuge technology	Government financial facilities to invest in centrifuge process
Economics of scale	Promote the village level intermediate processing of VCO linked to an integrated processing center.
Compliance to international certifications	Government financial/technical assistance to obtain international certifications.

Annex 7: Issues and interventions in VCO sectors (cont'd)

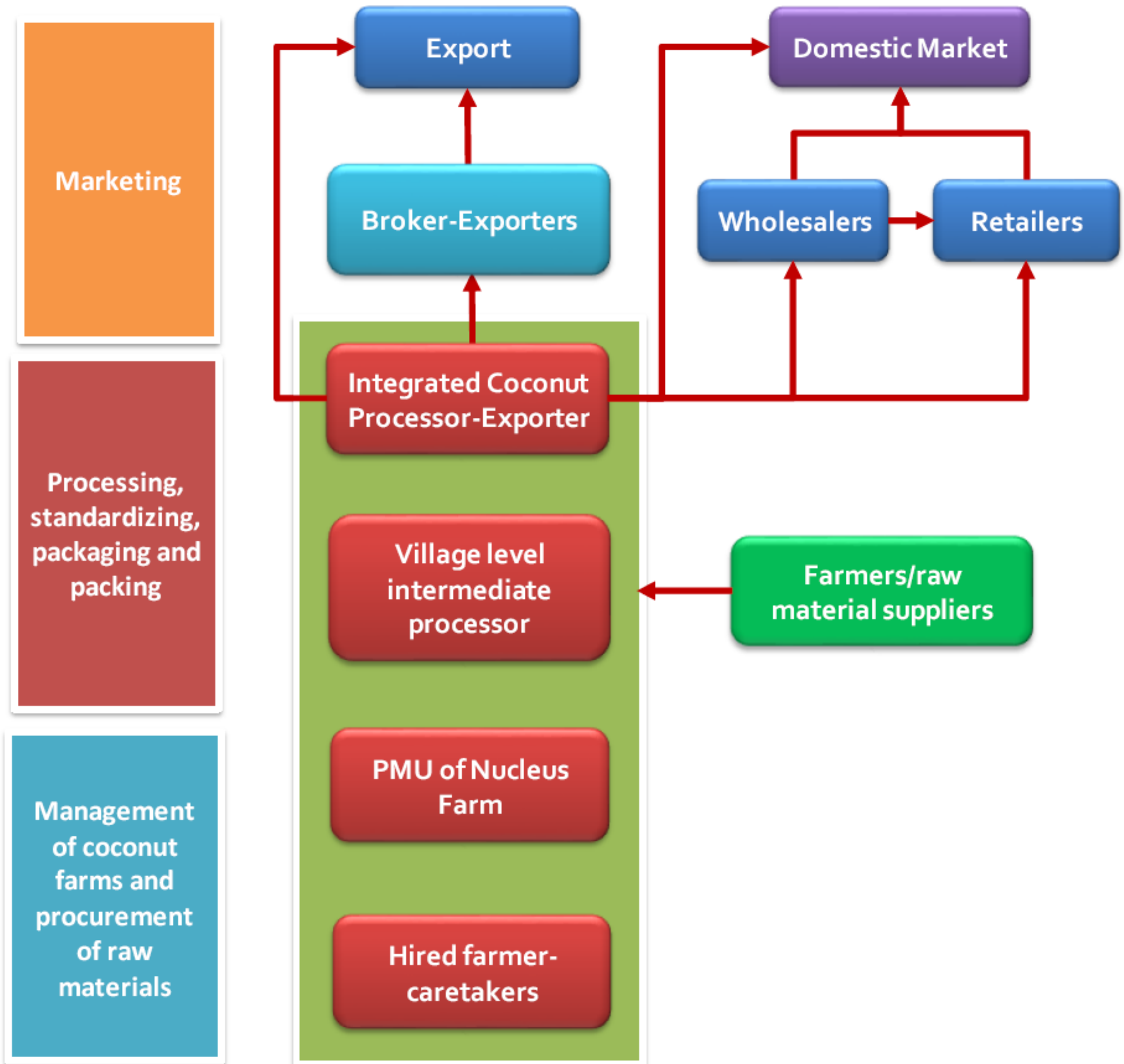
Procurement

Issues/constraints	**Interventions**
Fluctuating price constraints planning of processing operations leading to higher costs and underproduction	VCO central processors backward integrate to intermediate processing and management of certified coconut farms.
Quality variability of intermediate VCO and nuts	MSMEs vertically integrate and set up a project management unit to supervise the implementation of protocols relevant to the certifications
Volume variability and tightening of supply due to productivity issues	Backward vertical integration of MSMEs with embedded technical services for farmers (GAP) to improve productivity (government lead R&D) and with assistance (PCA) in replanting with high yielding varieties.
Shrinking pool of 'mananguetes' or coconut tree climbers	Adopt substitute technologies, provide and widen training skills of 'mananguetes' and planting high yielding dwarf varieties.
Unstable supply of nuts and price fluctuation	

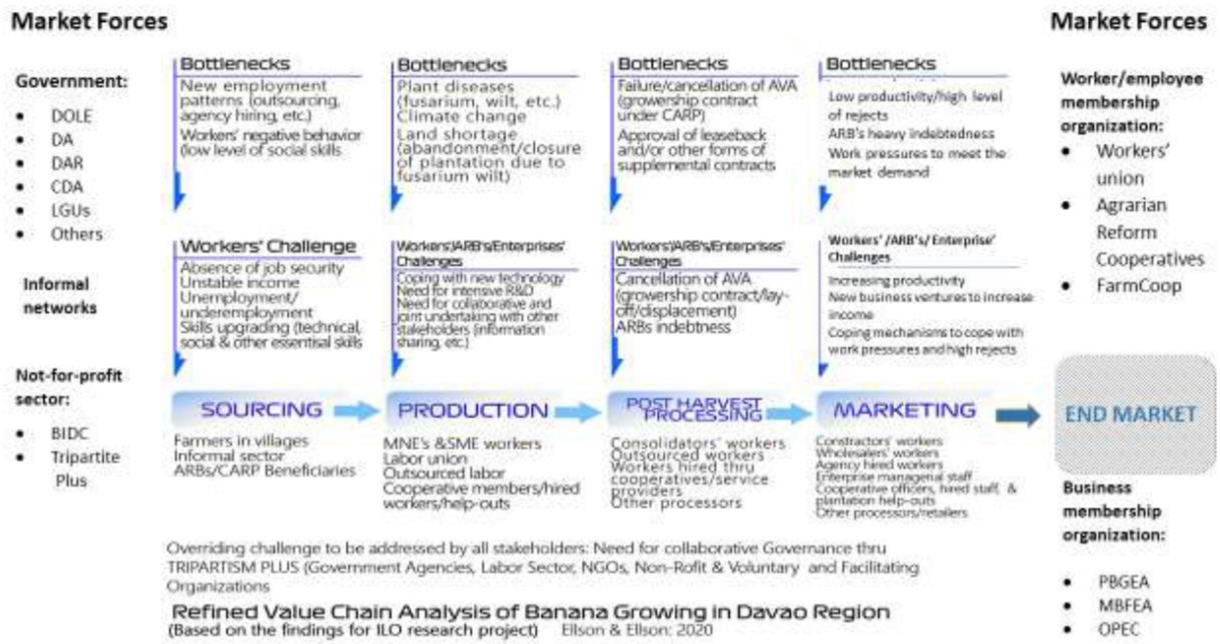
Support services from external institutions

Issues/constraints	**Interventions**
Inadequate R&D&E services	Establishing an integrated and holistic R&D&E program that supports the development of NTCP products with high potential for growth and development. This program should include the collabouration/coordination of government, local and international academic and research institutions, and private research groups.
Inadequate financing support services	Financing schemes for inputs production, technology adoption, GAP compliance within a backward vertical integration with farmer's associations, where farmers are co-investors in a processing and farm production scheme.
Industry association limited Interventions in VCO value chain and industry development	Establishment of a management information system that will empower VCOP's to enter into marketing agreements with buyers.
Inadequate government support services in promoting and developing NTCP value chains	Enhancement of government services (R&D&E, financing, technology transfer and technical skills enhancement, management information system, and marketing initiatives and market development) for NCTP VC to increase its share of the total coco products export volume and value.

10.9. Annex 8: Vertically integrated value chain model for VCO and coco sugar



10.10. Annex 9: Value chain analysis of banana growing in Davao region



10.11. Annex 10: Major VSS in agricultural sectors (comparison of principals and critical control points)

REQUIREMENTS	KEY STANDARDS					
	FLO SME	ILO	UTZ	4C	IFOAM ORGANICS	RA
SOCIAL	56/135	85/135	92/135	105/135	50/135	87/135
Human Rights And Local Communities	13/33	19/33	15/33	21/33	8/33	16/33
HUMAN RIGHTS & LOCAL COMMUNITIES: general principle	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✓ Immediate Major
Basic human rights and local communities engagement	✗	✗	✗	✓ Immediate Deal-breaker	✗	✓ < 5 Yr. Minor
Practices endangering food security	✗	✗	✗	✗	✗	✓ Immediate Major
Practices promoting healthy / high nutritional value foods	✗	✓ < 1 Yr.	✓ Immediate	✓ Immediate Deal-breaker	✗	✗
Production practices that reduce food and feed	✗	✗	✓ < 3 Yr.	✗	✗	✗
Promotion/enhancement of education	✓ Immediate Major	✓ < 1 Yr.	✓ < 3 Yr.	✓ Immediate Major	✓ Recommendation Optional	✓ < 3 Yr. Minor
Promotion/enhancement of medical care services	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✓ Recommendation Optional	✓ < 3 Yr. Minor
Promotion/enhancement of housing and sanitary facilities	✓ Immediate Major	✓ < 1 Yr.	✓ < 1 Yr.	✓ Immediate Deal-breaker	✓ Recommendation Optional	✓ Immediate Major

Annex 10: Major VSS in agricultural sectors (comparison of principals and critical control points) (cont'd)

REQUIREMENTS	KEY STANDARDS					
	FLO SME	ILO	UTZ	4C	IFOAM ORGANICS	RA
Land title and use rights	✗	✓ < 1 Yr.	✓ Immediate	✓ Immediate Deal-breaker	✓ Immediate Major	✓ Immediate Major
Supporting local communities economic devel	✓ Immediate Major	✗	✗	✓ < 3 Yr.	✓ Recommendation Optional	✗
Hiring workers from local communities	✗	✓ < 1 Yr.	✗	✗	✗	✗
Purchasing local materials, goods, products and services	✗	✗	✓ < 3 Yr.	✗	✗	✗
Traditional and cultural production practices	✗	✓ < 1 Yr.	✗	✗	✗	✗
Grievance mechanisms for communities	✗	✗	✓ Immediate	✓ Immediate Deal-breaker	✗	✓ < 5 Yr. Minor
Involuntary resettlement, physical displacement and/or economic displacement	✓ < 3 Yr. Minor	✓ < 1 Yr.	✗	✓ Immediate Deal-breaker	✗	✗
Compensation and benefits for displaced persons	✓ < 3 Yr. Minor	✓ < 1 Yr.	✓ Immediate	✓ Immediate Deal-breaker	✗	✗
Compensation and benefits for displaced persons	✗	✗	✗	✗	✗	✗
Planning / implementation of resettlement activities	✗	✗	✗	✓ Immediate Deal-breaker	✗	✗
Livelihood restoration for displaced persons	✗	✓ < 1 Yr.	✗	✓ Immediate	✗	✗

REQUIREMENTS	KEY STANDARDS					
	FLO SME	ILO	UTZ	4C	IFOAM ORGANICS	RA
				Deal-breaker		
Investments and associated possible impacts on land-users	✗	✗	✓ Immediate	✓ Immediate Deal-breaker	✗	✗
Free, prior and informed consent of local communities	✗	✓ < 1 Yr.	✗	✓ Immediate Deal-breaker	✗	✓ Immediate Major
Producers are required to identify customary rights of tenure	✗	✗	✗	✗	✗	✓ Immediate Major
Local comminities access to livelihoods	✗	✓ < 1 Yr.	✗	✓ Immediate Deal-breaker	✗	✗
Labor Practices - Conditions Of Work and Social Protection	19/30	18/30	25/30	28/30	9/30	21/30
CONDITIONS OF WORK: general principle	✓ < 5 Yr. Minor	✓ < 1 Yr.	✓ Recommendation	✓ Immediate Deal-breaker	✗	✓ Immediate Major
Sexual exploitation / harassment	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✓ Immediate Deal-breaker
Safety at work (ILO 184)	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✗
Safety at work - legal compliance	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✓ Immediate Major

Annex 10: Major VSS in agricultural sectors (comparison of principals and critical control points) (cont'd)

REQUIREMENTS	KEY STANDARDS					
	FLO SME	ILO	UTZ	4C	IFOAM ORGANICS	RA
	FAIRTRADE INTERNATIONAL	International Labour Organization	UTZ Better farming Better future	4C	ORGANIC IFOAM	
Electrical equipments safety	✗	✓ < 1 Yr.	✓ < 1 Yr.	✓ Immediate Deal-breaker	✗	✗
Verification and maintenance of buildings safety	✗	✗	✗	✓ Immediate Major	✗	✗
Fire preparedness (drills, equipment, signs)	✗	✓ < 1 Yr.	✓ < 1 Yr.	✓ Immediate Major	✗	✓ < 5 Yr. Minor
Emergency exits and evacuation procedures	✓ < 3 Yr. Minor	✗	✓ < 1 Yr.	✓ Immediate Major	✗	✓ < 5 Yr. Minor
Publicly available evacuation procedures	✗	✗	✓ < 1 Yr.	✓ Immediate Major	✗	✓ Immediate Major
Regular and scheduled emergency exit maintenance	✗	✗	✓ < 1 Yr.	✗	✗	✗
Training on safety issues	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✓ Immediate Major
Occupational health and safety, as defined in IL	✗	✓ < 1 Yr.	✓ < 1 Yr.	✓ Immediate Major	✗	✗
Workplace safety	✓ Immediate Major	✓ < 1 Yr.	✓ < 1 Yr.	✓ Immediate Major	✗	✓ < 3 Yr. Minor
Safety equipment and personal protective equipment	✓ < 3 Yr. Minor	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✓ Immediate Major

REQUIREMENTS	KEY STANDARDS					
	FLO SME	ILO	UTZ	4C	IFOAM ORGANICS	RA
	FAIRTRADE INTERNATIONAL	International Labour Organization	UTZ Better farming Better future	4C	ORGANIC IFOAM	
Machinery / equipment safety	✓ < 3 Yr. Minor	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✗
Emergency first aid kits	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✓ < 3 Yr. Minor
Safety procedures for handling chemicals	✓ < 3 Yr. Minor	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✓ < 3 Yr. Minor
Monitoring of accidents records	✗	✓ < 1 Yr.	✗	✓ Immediate Major	✗	✗
Training of workers on procedures to deal with accidents	✓ < 3 Yr. Minor	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✓ Immediate Major
Healthy work conditions	✓ < 3 Yr. Minor	✗	✓ Immediate	✓ < 3 Yr. Major	✓ Immediate Major	✓ Immediate Major
Workers' access to safe drinking water	✓ Immediate Major	✗	✓ Immediate	✓ Immediate Deal-breaker	✓ Immediate Major	✓ Immediate Major
Workers' access to decent sanitary facilities etc.)	✓ Immediate Major	✗	✓ < 1 Yr.	✓ Immediate Deal-breaker	✗	✓ Immediate Major
Workplace conditions (air quality, lighting, noise)	✓ Immediate Major	✓ < 1 Yr.	✗	✓ < 3 Yr. Major	✗	✓ Immediate Major
Dormitories and canteens	✗	✗	✓ < 3 Yr.	✓ Immediate Deal-breaker	✓ Immediate Major	✓ Immediate Major

Annex 10: Major VSS in agricultural sectors (comparison of principals and critical control points) (cont'd)

REQUIREMENTS	KEY STANDARDS					
	FLO SME	ILO	UTZ	4C	IFOAM ORGANICS	RA
Workers' entitlement to breaks (e.g. meal breaks)	✗	✓ < 1 Yr.	✓ Immediate	✓ < 3 Yr. Major	✗	✓ Immediate Major
Infirmary at production site	✓ Immediate Major	✗	✓ Immediate	✓ < 3 Yr. Major	✓ Immediate Major	✓ < 3 Yr. Minor
Prohibition of physical violence, intimidation	✓ Immediate Major	✗	✓ Immediate	✓ < 3 Yr. Major	✗	✓ Immediate Deal-breaker
Criteria for keeping records of disciplinary measures	✗	✗	✗	✗	✓ Immediate Major	✗
Worst forms of child labor (ILO 182)	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Deal-breaker	✓ Immediate Major	✓ Immediate Deal-breaker
Other criteria relating to conditions of work	✗	✗	✗	✓ Immediate Major	✗	✗
Labor Practices - Employment and Employment Relationships	**24/46**	**36/46**	**32/46**	**41/46**	**19/46**	**35/46**
CONDITIONS OF EMPLOYMENT: general principle	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Deal-breaker	✗	✓ Immediate Major
Waivers/national exemptions to maximum working hours	✗	✓ < 1 Yr.	✗	✓ Immediate Major	✗	✓ Immediate Major
Workers' compensation for medical costs in case of work related accidents	✗	✗	✓ Immediate	✗	✗	✓ < 3 Yr. Minor
Access to medical insurance	✗	✓ < 1 Yr.	✗	✗	✗	✓ < 3 Yr.

REQUIREMENTS	KEY STANDARDS					
	FLO SME	ILO	UTZ	4C	IFOAM ORGANICS	RA
HUMAN RESOURCES MANAGEMENT: general principle	✓ Immediate Major	✓ < 1 Yr.	✗	✓ Immediate Major	✓ Immediate Major	✗
Employment / hiring practices - legal compliance	✓ Immediate Major	✓ Recommendation	✓ Immediate	✓ Immediate Deal-breaker	✗	✓ Immediate Major
Workforce reduction policies and practices - legal compliance	✓ < 3 Yr. Minor	✗	✓ Immediate	✓ Immediate Deal-breaker	✓ Immediate Major	✗
Payroll records and pay slips	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✓ < 3 Yr. Minor
Workers equipment costs (incl. uniforms)	✓ < 3 Yr. Minor	✓ < 1 Yr.	✓ Immediate	✓ Immediate Deal-breaker	✓ Immediate Major	✗
LEAVE DAYS: general policy (public holidays, annual leave…)	✗	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✓ Immediate Major
1 rest day off in 7-days period or more stringent policy	✗	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✓ Immediate Major
Special leave (sickness, marriage, family leave&)	✓ < 3 Yr. Minor	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✗
Pensions and social security benefits	✓ < 5 Yr. Minor	✓ < 1 Yr.	✗	✗	✓ Immediate Major	✗
Waivers/national exemptions to full scope coverage of social benefits	✗	✓ < 1 Yr.	✗	✓ Immediate Major	✗	✗

Annex 10: Major VSS in agricultural sectors (comparison of principals and critical control points) (cont'd)

REQUIREMENTS	KEY STANDARDS					
	FLO SME	ILO	UTZ	4C	IFOAM ORGANICS	RA
Transportation of workers to production site	✗	✗	✗	✗	✓ Recommendation Optional	✗
Child labor and minimum age (ILO 138)	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✓ Immediate Deal-breaker
Child labour legal compliance policy	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Deal-breaker	✗	✓ < 3 Yr. Minor
Maintenance of age records of workers	✓ < 3 Yr. Minor	✓ < 1 Yr.	✓ Immediate	✗	✗	✗
Child labour remediation policy	✓ < 3 Yr. Minor	✓ < 1 Yr.	✓ Immediate	✓ Immediate Deal-breaker	✗	✓ Immediate Major
Hiring and employing young workers	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Deal-breaker	✗	✓ Immediate Major
Good conditions of work for young workers	✗	✓ < 1 Yr.	✗	✓ Immediate Deal-breaker	✗	✓ Immediate Major
Young workers working hours	✗	✓ < 1 Yr.	✗	✓ Immediate Deal-breaker	✗	✓ Immediate Major
Training programs for young workers	✗	✓ < 1 Yr.	✗	✓ Immediate Major	✗	✓ < 3 Yr. Minor
Young workers access to effective grievance mechanisms	✗	✓ < 1 Yr.	✗	✓ Immediate Major	✗	✓ Immediate Major

REQUIREMENTS	KEY STANDARDS					
	FLO SME	ILO	UTZ	4C	IFOAM ORGANICS	RA
Young workers trained on Occupational Health and Safety	✗	✗	✗	✓ Immediate Major	✗	✓ Immediate Major
Equal remuneration (ILO 100)	✓ < 3 Yr. Minor	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✓ Immediate Deal-breaker
Maximum working hours	✗	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✓ Immediate Major
Hours of work and overtime monitoring	✗	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✗
Other criteria relating to the conditions of employment	✗	✗	✗	✓ Immediate Deal-breaker	✗	✗
Part-time / contract workers' rights	✓ < 3 Yr. Minor	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✓ Immediate Deal-breaker
Subcontracted workers' rights	✗	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✓ Immediate Deal-breaker
WORK AND LABOR RIGHTS: general principle	✓ Immediate Major	✓ < 1 Yr.	✓ Recommendation	✓ Immediate Major	✓ Immediate Major	✓ < 3 Yr. Minor
Voluntary employment - No forced labor (ILO 29 & 105)	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Deal-breaker	✓ Immediate Major	✓ Immediate Deal-breaker
Right to refuse overtime	✗	✗	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✓ Immediate Major

Annex 10: Major VSS in agricultural sectors (comparison of principals and critical control points) (cont'd)

REQUIREMENTS	KEY STANDARDS					
	FLO SME	ILO	UTZ	4C	IFOAM ORGANICS	RA
Overtime compensation required/specified	✗	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✓ Immediate Major
Use of prison labor	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Deal-breaker	✗	✓ Immediate Deal-breaker
Template/format for terms of labour contracts	✓ < 3 Yr. Minor	✗	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✓ < 3 Yr. Minor
Migrant workers' employment and contract management	✗	✓ < 1 Yr.	✗	✓ Immediate Deal-breaker	✗	✓ Immediate Major
Illegal/excessive deductions or fees (incl. Recruitment fees)	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Deal-breaker	✗	✓ Immediate Deal-breaker
Retention of workers' documentation (ID, passport)	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Deal-breaker	✓ Immediate Major	✓ Immediate Deal-breaker
Use of contracts in written form	✓ < 3 Yr. Minor	✗	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✓ < 3 Yr. Minor
Workers mobility and freedom of movement	✗	✗	✓ Immediate	✓ Immediate Deal-breaker	✗	✗
Timely payment of wages	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✓ < 3 Yr. Minor
Minimum Wage	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✓ Immediate Major

REQUIREMENTS	KEY STANDARDS					
	FLO SME	ILO	UTZ	4C	IFOAM ORGANICS	RA
Living Wage	✗	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✓ < 3 Yr. Minor
Policies and procedures to address workers' grievances	✗	✗	✗	✓ Immediate Major	✗	✓ Immediate Major
Labor Practices - Human Development and Social Dialogue	**18/26**	**12/26**	**20/26**	**23/26**	**4/26**	**15/26**
Freedom of association (ILO 87)	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Deal-breaker	✓ Immediate Major	✓ < 1 Yr. Minor
Collective Bargaining (ILO 98)	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✓ Immediate Major
No discrimination at work (ILO 111)	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✓ Immediate Major	✓ Immediate Deal-breaker
Non-discrimination of persons with disabilities	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Minor	✗	✓ Immediate Deal-breaker
Workers' access to training programs	✓ < 3 Yr. Minor	✓ < 1 Yr.	✓ Immediate	✓ < 3 Yr. Minor	✓ Recommendation Optional	✓ Within 3 years Deal-breaker
Joint committees and unions	✓ Immediate Minor	✗	✓ Immediate	✓ Immediate Deal-breaker	✗	✓ Immediate Major
Formation of workers representation in countries where it is not supported by legislation	✓ < 3 Yr. Minor	✓ < 1 Yr.	✓ Immediate	✓ Immediate Deal-breaker	✗	✓ Immediate Major

Annex 10: Major VSS in agricultural sectors (comparison of principals and critical control points) (cont'd)

REQUIREMENTS	KEY STANDARDS					
	FLO SME	ILO	UTZ	4C	IFOAM ORGANICS	RA
Workers awareness of procedures and best practices	✓ < 5 Yr. Minor	✗	✓ Immediate	✓ Immediate Major	✗	✓ < 3 Yr. Minor
Policies and procedures to monitor workers' satisfaction	✗	✗	✓ < 1 Yr.	✓ Immediate Major	✗	✗
Other criteria relating to empowerment of workers	✗	✓ < 1 Yr.	✓ Recommendation	✗	✗	✗
GENDER ISSUES: general principle	✓ < 3 Yr. Minor	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✓ Immediate Deal-breaker
Gender policies and best practices	✗	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✗
Women's access to health and safety services	✗	✗	✓ Immediate	✓ Immediate Major	✗	✓ Immediate Major
Gender considerations in impacts and risks assessment of production	✓ Immediate Major	✗	✗	✓ Immediate Major	✗	✗
Gender considerations in stakeholder engagement process	✗	✗	✗	✓ Immediate Major	✗	✗
Women's rights at work	✓ Immediate Major	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✓ Immediate Deal-breaker
Maternity/paternity leave days	✓ < 5 Yr. Minor	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✓ < 5 Yr. Minor

REQUIREMENTS	KEY STANDARDS					
	FLO SME	ILO	UTZ	4C	IFOAM ORGANICS	RA
Non-discrimination based on gender	✓ < 5 Yr. Minor	✗	✓ Immediate	✓ Immediate Major	✗	✓ Immediate Deal-breaker
Participation of women/minorities in management	✓ < 5 Yr. Minor	✗	✓ Immediate	✓ Immediate Major	✗	✓ Immediate Deal-breaker
Incentives to women to develop their careers (e.g. specific training)	✗	✗	✗	✗	✗	✓ < 5 Yr. Minor
GENDER POLICIES AT WORK - general principles	✓ < 3 Yr. Minor	✗	✓ Immediate	✓ Immediate Major	✗	✗
Family-friendly policies to increase the labour force participation of women	✓ < 3 Yr. Minor	✓ < 1 Yr.	✓ Immediate	✓ Immediate Major	✗	✗
Upgrading the status of and wages for traditional areas of female work	✗	✗	✗	✓ Immediate Major	✗	✗
Development assistance policies which promote the economic role of women	✓ < 3 Yr. Minor	✗	✗	✗	✗	✗
Incentives to women to develop their careers (e.g. specific training)	✓ < 3 Yr. Minor	✗	✓ < 1 Yr.	✓ Immediate Deal-breaker	✗	✗
Increased access to finance and support services for women entrepreneurs	✗	✗	✗	✓ Immediate Major	✗	✗

10.12. Annex 11: Mandatory requirements for exporting companies in the Philippines

1 Business registration

- DTI (up to Php2K + Php 30 stamp)
- SEC
- CDA

2 Business permit

- Barangay clearance (Php500)
- Sanitary permit
- Fire permit
- Community tax certificate

3 Business taxpayer ID number

- BIR

3 Employer registration

- BIR
- SSS
- Philhealth
- HDMF
- DOLE (≥ 5 employees)

5 Product sector specific permits

6 Registration in client profile and registration system

- System for transacting with BOC
- Requires unique reference number at appropriate agency (multiple and different requirements depending on agency)

7 Cerificate of product registration

- License to operate
- Labels or artworks
- Documents to substantiate claims
- Distribution agreement (traders, distributors, etc.)

8 Export commodity clearance &/or phytosanitary certificate from appropriate agency

9 HACCP certification

10 Certificate of origin

- For shipments under FTA

BIR	Bureau of Internal Revenue
BOC	Bureau of Customs
CDA	Cooperative Development Authority
DOLE	Department of Labor and Employment
DTI	Department of Trade and Industry
HACCP	Hazard Analysis Critical Control Points
HDMF	Home Development Mutual Fund
SEC	Securities and Exchange Commission
SSS	Social Security System

10.13. Annex 12: List of digital traceability initiatives within labour welfare thematic area

No.	Name	Technology platform	Geography	Type of organization	Solution provider	Standards followed	Information covered	Type of user interface apps	Type of offline verification used	Thematic Area		
										Food safety	Labour Welfare	Environmental Sustainability
1	**Tony's Chocolonely**	BeanTracker platform (Cloudbased platform)	Netherland	Multinational Food Company	Chainpoint	Fair trade B Corp	Cocoa stock, production cooperative & farmer, shipment and processing volume	Mobile app for cooperative representative	Fair trade offline verification	X	X	X
2	**Thai Union**	Inmarsat Stateline Technology Hi-chat communication platform	Thailand	Multinational agro-fisheries food company	Fleet One & Xsense	Thai government traceability KDEs requirement	Fishing vessel identification, crew number, catching location, name and weight of species caught, Labour conditions and working hours.	Fishing Captain & Crew Application	Self-organized audit	X	X	X
3	**Bluenumber**	B#chain Blockchain platform	USA	Not-for-profit organization	-	N/A	Information about worker, employment, production location, production operation, regulation and standard compliance	Mobile Application	-BlueMark™: the verification process of the "TraceBlue: Slave-Free, No Child Labour, Ethical Workplace" - Peer-to-Peer verification (thorough B# App)		X	X

Annex 12: List of digital traceability initiatives within labour welfare thematic area (cont'd)

No.	Name	Technology platform	Geography	Type of organization	Solution provider	Standards followed	Information covered	Type of user interface apps	Type of offline verification used	Thematic Area		
										Food safety	Labour Welfare	Environ mental Sustain ability
4	**Trado Malawi Pilot (traceability for funding fair, sustainable smallholder farming)**	Provenance Blockchain Platform	Malawi	NGO	Provenance	N/A	Farmer demographic data (gender, marital status, number of children, occupation, education level), economic & financial data (farm finance, farm expense) and agricultural data (average parcel size in hectares, working with day Labourer or not, number of day Labourer, number of planted trees…)	Mobile Application and Web-based Application for data management	Saving distribution is verified by digitally signed agreements through user profiles against a statement		X	X
5	**Choco4peace**	Hyperledger Blockchain	Columbia	Social Enterprise	-	N/A	Identify and track a product's movement, cacao origin, socioeconomic and environmental benefits	N/A	N/A	X	X	X
6	**Unilever - Connecting Palm oil farmer**	mFarmer platform	Indonesia	Global Consumer Goods Company	Eachmile	N/A	Farming commodities from the time of harvest, optimal uses of fertilizers and inputs, sustainability best practices (and other useful content that can boost their yields leading to greater profitability and improved livelihoods)	Mobile Application and Web-based Application	N/A		X	X
7	**WWF Fiji Tuna Pilot**	Vivant blockchain platform	Fiji	NGO	Conensys, Traseable	Marine Stewardship Council (MSC)	Fish species, location and time of catch, relevant certifications, vessel and catching method. Information of food processor and distributor	Consumer, fisherman Mobile Application	Self-organized audit (instantaneous Auditing)	X	X	X

Annex 12: List of digital traceability initiatives within labour welfare thematic area (cont'd)

No.	Name	Technology platform	Geography	Type of organization	Solution provider		Standards followed	Information covered	Type of user interface apps	Type of offline verification used	Thematic Area		
											Food safety	Labour Welfare	Environmental Sustainability
8	**Masthuman - The Multistakeholders Initiative for Accountable Supply Chain of Thai Fisheries**	Pelegic Data System (Ultra-light, solarpowered, fully encrypted cell-based vessel tracking system)	Thailand	Not-for-profit organization	Pelagic		N/A	Vessel's location, Type of gear,	N/A	N/A		X	X
9	**FairFood x ID Coffees (WAKEcUP Coffee)**	Hyperledger Platform	Netherlands	Not-for-profit organization	Bext 360		N/A	N/A	N/A	N/A		X	
10	**Blocrice by Oxfam**	Blockchain platform	Cambodia	Not-for-profit organization	N/A		N/A	N/A	Famers app, consumer app	N/A		X	
11	**HaloTrade**	The combined power of blockchain technology and invoice financing (to transform supply chain practices)	Malawi	Technology Solutions provider	-		N/A	N/A	N/A	N/A		X	X

Annex 12: List of digital traceability initiatives within labour welfare thematic area (cont'd)

No.	Name	Technology platform	Geography	Type of organization	Solution provider	Standards followed	Information covered	Type of user interface apps	Type of offline verification used	Thematic Area		
										Food safety	Labour Welfare	Environ mental Sustain ability
12	**SupplyChainTrace**	Cloud-Based Ecosystems integrated with ERP, CRM systems	Indonesia	Technology Solutions provider	Koltiva	ISO 27001:2013	Farmer profile including personal information (gender, family status, date of birth and location), farm status, certification, financial status and transaction with trader and collector.	Cloud based web and mobile software applications for farmer, retailer, trader, collector and field agent	Self-verification by field agents	X	X	X
13	**Coca Cola**	Emercoin Blockchain Platform	USA	Multinational Food Company	Bitfury Group	N/A	worker registry and worker contract	N/A	N/A		X	
14	**Fishcoin**	Ethereum Blockchain platform	Singapore	Technology Solutions provider	Eachmile	N/A	Fishcoin works as an incentive system which motivates fisherman to capture more data about their catch and fishing activities. The data input are critical KDEs (species name, location of catch, the weight, catching method etc.) for traceability, and other data relevant to the transaction, or needed by the regulatory authorities, or by the buyer (landing date, certification and code of conduct status)	Fisher Application	Peer-to-peer validation	X	X	X

Annex 12: List of digital traceability initiatives within labour welfare thematic area (cont'd)

No.	Name	Technology platform	Geography	Type of organization	Solution provider	Standards followed	Information covered	Type of user interface apps	Type of offline verification used	Thematic Area		
										Food safety	Labour Welfare	Environ mental Sustain ability
15	**Source Map - Cacao**	The responsible cocoa platform (cloud-based traceability - data is uploaded by suppliers through the mapped farms)	USA	Technology Solutions provider	Source Map	-Cocoa & Forests Initiative's deforestation framework - World Cocoa Foundation's Child Labour Monitoring and Remediation Systems	Full bean-to-bar traceability (down to the size, shape and location of the farm as well as its yields, income and workforce), Scoring System (on sustainability, social compliance, risk and performance), Supply chain Mapping	N/A	Verify the cocoa chain of custody in near real time through cloud-based traceability from every GPS-mapped farm plot to delivery at the confectionery factory	X	X	X
16	**At-source by Olam**	N/A	Nigeria	Multinational agro-food company	Selfdeveloped	Olam supplier code	Focuses on 12 core sustainability topics, with over 80 indicators, starting at farmer group level. Granular traceability and advanced environmental footprinting track right from the farm through to logistics, processing and delivery to the customer.	Farmer Application and Web-based Application, B2B dashboard	Self-verification		X	X
17	**eMin by The Mekong Club**	Ethereum Blockchain Platform	Thailand	Not-for-profit organization	Diginex	N/A	Digital copies of employment contract	Employee Application	Self-auditing and verification		X	
18	**Sugarcane Traceability by Nestle & PepsiCo**	Integrated data analytics platform	Thailand	Multinational agro-food company	Verifik8	Bonsucro Standard	Socio-environmental indicators used to measure environmental and social performance	Mobile Application and Web-based Application	Self-auditing and verification		X	X