Reaching suppliers beyond tier one

Addressing working conditions and occupational safety and health in global supply chains

Examples of ILO initiatives
Creating ‘win-wins’ in the Dominican Republic banana industry

Reaching suppliers beyond tier one – ILO, 30 November 2017

Steve Hartrich – ILO – The Lab
How do these constraints relate to improving worker wages?

**Relevance**: High - worker output is directly related to base wages and variable pay

**Feasibility**: Medium - improving productivity presents particular contextual challenges related to soft skills and language

**Opportunity**: High - productivity improvement schemes could put cash directly in the pocket of workers
Step 1: What’s constraining the Plantations?

- “If you demand too much from the workers, they leave!”
- “Workers don’t see that if they produce more, they earn more.”
- “You can’t be with the workers all of the time – if only they could see the benefits of their work.”
Step 2: Dig deeper (to the root cause)!
Step 3: Find the incentives to drive change

• Workers did not make the connection between the Fairtrade Premium pay-out and productivity.
• Fairtrade Premium pay-out largely flexible in terms amount to be paid-out as cash-bonus and payment intervals
• **Some evidence of incentive schemes** which anecdotally incurred productivity improvements, but largely absent – perhaps due to a lack of understanding of worker motivations.

• …From all of this, ‘win-win’ interventions can be targeted, tested, improved and scaled!
Drivers and Constraints for OSH Improvement in Food and Agriculture Supply Chains

Reaching suppliers beyond tier one – ILO, 30 November 2017

Lou Tessier - ILO - LABADMIN/OSH Branch - ILO-EU project on OSH in GSCs
Context

ILO Programme of Action on Decent Work in Global Supply Chains (GSCs)

- ILC 2016
- ILO strategic priorities 2018-2019
- ILO Flagship programme on OSH

ILO-EU project on OSH in GSCs

Project focus: How to scope interventions to improve OSH in GSCs?
- Are traditional intervention models valid in the context of GSCs?
- Can GSCs contribute to leverage good OSH practices?
- What is the right mix of private and public interventions that are necessary to improve OSH at the different stages of a value chain?
What does the methodology do?

- Sourcing country
- Risk rating
  - Main risks, likelihood, severity
  - Control measures
- Vulnerability profile by typology of workers
- Root causes
  - Commercial practices
  - Policy gaps

Supporting functions

- Service providers
- Inputs and raw materials providers
- Labour providers

Market actors

- For each tier of suppliers

Buying countries

- For each chain / country
- Root causes
  - Commercial practices
  - Policy gaps

Gaps Opportunities
Examples of findings and entry points for interventions

**Main markets**

**Coffee from Colombia**
- Canada, EU, Switzerland, US, Japan

**Palm oil from Indonesia**
- China, India, EU

**Lychee from Madagascar**
- EU, Switzerland

**Value chain structure**

**Coffee from Colombia**
- Supply base: smallholders
- Mills and export: medium and large companies, some FDI
- Importers: commodity traders, roasters.

**Palm oil from Indonesia**
- Supply base: plantations & smallholders
- Mills/refineries: independent / vertically integrated
- Importers/buyers: commodity trader, agro food and cosmetics companies

**Lychee from Madagascar**
- Supply base: smallholders and collectors
- Exporters: medium size companies, locally owned
- Importers: specialized traders and supermarkets

**Employment**

**Coffee from Colombia**
- About 1 million workers

**Palm oil from Indonesia**
- Over 5 million workers

**Lychee from Madagascar**
- Over 70,000 workers

**Example of drivers and constraints for OSH**

**Coffee from Colombia**
- Institutionalization
- Delegation of support service provision

**Palm oil from Indonesia**
- Vertical integration
- Consumer pressure

**Lychee from Madagascar**
- Food safety standards
- Market incentives

**Example of employment patterns linked to OSH vulnerabilities**

**Coffee from Colombia**
- Informality

**Palm oil from Indonesia**
- Contracting relationships

**Lychee from Madagascar**
- Seasonality
Tackling Hazardous Child Labour in Agricultural Value Chains

Reaching suppliers beyond tier one – ILO, 30 November 2017

Benjamin Smith – ILO – Fundamental Principles of Rights at Work Branch
Beyond audit: High quality training
Action plans for improvement, with regular follow up
Tripartite engagement
Government ownership
Child labour in the fishing and seafood supply chain in Thailand

- Integrated fundamental rights based approach
- Whole of supply chain approach
- Social dialogue for sustainable change
- Child labour as a “safe” area to begin dialogue
Child labour in the cocoa industry in West Africa

- Public Private Partnership
- Integrated, area-based approach
- Community Action Plans
- Trade union outreach into informal economy
Child labour in the cocoa industry in West Africa

- Improved livelihoods are key
- Community-based monitoring
- Formalization and access to social protection
“Decent Work can lift whole communities out of poverty and underpins human security and social peace.”

- Guy Ryder, ILO Director-General