



# Child Labor Eradication in Nicaragua's Coffee Zones

Prepared by Andrea Castillo and Tamar Benzaken Koosed under the supervision of Dr. Richard Feinberg, Professor of International Political Economy, University of California, San Diego

August 2010

## About BSR

A leader in corporate responsibility since 1992, BSR works with its global network of more than 250 member companies to develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. With six offices in Asia, Europe, and North America, BSR uses its expertise in the environment, human rights, economic development, and governance and accountability to guide global companies toward creating a just and sustainable world. Visit [www.bsr.org](http://www.bsr.org) for more information.



## About uniRSE

The Fundación Unión Nicaragüense para la Responsabilidad Social Empresarial (uniRSE), is a business agency, working in Nicaragua in the field of CSR since 2002. uniRSE cooperates on this issue with other agencies at the national level. At the international level uniRSE is a local chapter of the World Business Council for Sustainable Development (WBCSD), headquartered in Geneva, Switzerland, board member of FORUM EMPRESA (the CSR umbrella body in the Americas), and a member of the Central American CSR Network. Visit [www.unirse.org](http://www.unirse.org) for more information.

## Executive Summary

Nicaragua's constitution prohibits children younger than 14 from working and limits the work of young people aged 14 to 17 to jobs that do not endanger their health and safety. In spite of this, traditional practices of employing children during the coffee harvest season continue to be widespread.<sup>1</sup> On the other hand, as international buyers increasingly demand certifications that forbid child labor, Nicaraguan coffee growers that export to international markets seek solutions to combat child labor in their farms.

The government, along with the International Labour Organization (ILO), UN International Children's Emergency Fund, and international NGOs, has implemented educational programs to discourage child labor on coffee farms.<sup>2</sup> Nevertheless, and despite some gains, the sector still employs thousands of children.<sup>3</sup>

Fundación Unión Nicaragüense para la Responsabilidad Social Empresarial (uniRSE), a Nicaraguan NGO, partnered with BSR to document successful efforts at eradicating child labor in the country's coffee plantations and to promote their replication. Through various farm visits and interviews, the BSR and uniRSE documentation shows that child labor can be reduced at the farm level through several initiatives, including supporting and sponsoring educational programs for children; training parents on the hazards of children working in farm settings and raising awareness about the importance of children's education; implementing certification programs in farms and cooperatives; and forging cooperation alliances among farms facing child labor issues.

The ongoing project will organize a national forum to disseminate information on the benefits of eradicating child labor. Anticipated outcomes of the project include the formation of new local partnerships to tackle child labor, dissemination of good practices in child labor eradication, and, pending a decrease in the number of children working in Nicaraguan coffee farms, an increase in the sector's international competitiveness.

## Opportunity

Nicaragua is the second poorest country in Latin America, with a (GDP) per capita of a little more than one thousand dollars (in current US\$).<sup>4,5</sup> Nicaragua has also suffered a demographic explosion—approximately half its citizens are younger than 18.<sup>6</sup> Many impoverished families in rural Nicaragua depend on their

<sup>1</sup> Political Constitution of Nicaragua, Article 84.

<sup>2</sup> Comisión Nacional para la Erradicación Progresiva del Trabajo Infantil y Protección del Adolescente Trabajador (CNEPTI), January 2008.

<sup>3</sup> "Worst Forms of Child Labor in Nicaragua." [www.globalmarch.org](http://www.globalmarch.org).

<sup>4</sup> International Labour Organization, "IPEC en la Región." Nicaragua, Contexto Sociodemográfico, 2002.

<sup>5</sup> The World Bank. <http://data.worldbank.org/indicador/NY.GDP.PCAP.CD>

<sup>6</sup> Human Development Index Report, 2009.

**The ILO defines hazardous child labor** as “work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety, or morals of children.” Additionally the organization defines hazardous child labor as “work in dangerous or unhealthy conditions that could result in a child being injured and/or made ill as a consequence of poor safety and health standards and working arrangements.”

Source: International Program on the Elimination of Child Labor

**Labor issues, specifically child labor eradication, have grown in the U.S. government’s global agenda.** In a recent statement to the House of Representatives, Sandra Polaski, Deputy Undersecretary for International Affairs of the U.S. Department of Labor and a leader in the Obama Administration in international labor policy, asserted that the United States is improving efforts to reduce exploitative child labor. “The [Bureau of International Labor Affairs,] ILAB has been a leader in the worldwide effort to eliminate the worst forms of child labor. Congress has made this work possible by appropriating approximately \$780 million for this purpose since 1995. In the Obama Administration, we are placing a much greater emphasis on addressing the root causes of child labor,” said Polaski.

children’s work for survival. The coffee sector, which composes 5 percent of the national GDP and generates a third of rural employment, is one of the largest contributors to the most perilous forms of child labor.<sup>7</sup> Harvest season coincides with primary schools’ vacations and, according to some NGOs, coffee growers employ around 65,000 children every year.<sup>8</sup>

Large Nicaraguan coffee growers such as Ramacafe and Nicafrance have strong incentives to obtain internationally recognized certifications such as that of the Rainforest Alliance and UTZ to obtain direct access to higher international prices—and therefore must prohibit child labor. Small farms, such as El Negrito, often also have indirect access to the international market through certified cooperatives and associations such as Asociación Pueblos en Acción Comunitaria (APAC). APAC, for example, is a member of the 4C Association and upholds its socially responsible code of conduct. The organization is also certified by the Ministry of Agriculture and Forestry’s (MAGFOR) *buenas prácticas agrícolas*. Both systems forbid child labor at the farm level.

However, with certification demands being driven largely by international markets and the national Ministry of Labor lacking necessary resources to enforce labor law compliance, farms that sell solely to the national market for local consumption and do not belong to cooperatives lack incentives to eliminate child labor. Additionally, on isolated coffee farms, children do not have viable economic and social alternatives to working at the farm and contributing to their family’s income.

Given this complex situation, the aforementioned successful companies that have obtained higher yields and prices without resorting to child labor function as models to farms that currently hire children. The good practices of some of these model farms have been documented by uniRSE and BSR and will be disseminated through a national forum for coffee producers. The key goal is to inform other coffee farmers of these examples and promote their replication.

## Strategy

The project began by documenting the efforts of Ramacafe, a large Nicaraguan coffee-growing company that has successfully improved its workers’ lives through strong responsible labor practices. As documentation efforts developed and uniRSE and BSR consultants conducted field visits, the project scope expanded to include the efforts of small and medium growers to capture and disseminate information reflective of coffee farmers who vary in size and run their businesses in different settings.

During visits to 13 farms, uniRSE and BSR consultants gathered data to identify good practices in child labor eradication and the challenges different farm initiatives face. The consultants:

- » Interviewed coffee farm owners, children, and parents benefiting from the farms’ social programs.
- » Verified the infrastructure necessary to run effective programs to avoid child labor and farm documentation related to responsible labor activities.
- » Conducted randomized interviews with supervisors and employees to gather opinions on child labor, as well as to assess the current situation of each farm.

<sup>7</sup> Sanchez, Marco, and Rob Vos. “Liberalizing Trade, and Its Impact on Poverty and Inequality in Nicaragua.” UN, 2009, p. 4.

<sup>8</sup> “Worst Forms of Child Labor in Nicaragua.” [www.globalmarch.org](http://www.globalmarch.org).

## La Virgen: An Example

A large coffee farm of 35 families near Matagalpa, La Virgen is owned by Ramacafe, sells directly to powerful buyers such as Starbucks and Illy Coffee, and has Rainforest Alliance, UTZ, and Fair Trade certifications. With sizeable investments, child labor has not existed at La Virgen since 2006 when it was certified. The farm focuses on four areas to help combat child labor:

**Education:** The farm runs a primary school with a 100 percent retention rate.

**Health:** A full-time nurse runs a medical center. The farm employs a dentist part-time and offers 84 days of paid maternity leave.

**Infrastructure:** There is a small inn for guests and eco-homes for 35 families on-site.

**Environment:** Children design labels for trees and create signs posted throughout the farm to encourage recycling.



School at La Virgen farm

## Implementation

The BSR and uniRSE team conducted two sets of field visits to coffee farms. The visits took place at different phases of coffee farming, but not during the peak of the coffee bean harvest, when the most workers are present. The consultants documented the different program implementation challenges faced by both large and medium farms (with more than 50 employees, including temporary workers during harvest season) and small ones (with fewer than 50 employees).

The majority of the large farms had financial incentives from international certifications to enforce a no child labor policy. Large and medium farms also have more resources available to implement social programs that provide children with alternatives to working in the fields. The project team found that large and medium farms that have had successful experiences in eliminating child labor have implemented the following programs:

- » **Educational programs and improved infrastructure:** Farms have schools and recreational activities for children and intensify those during vacation time. Many farms also run clinics and cafeterias for children on their property. Some support their local middle and high schools so that children can continue their education.
- » **Awareness raising and training:** Some farms conduct regular educational meetings with workers about the risks of child labor and the importance of schooling their children. Many farms, especially those that have obtained certifications, focus more broadly on social responsibility and administer worker-training sessions on various responsible labor and environmental topics.
- » **Established alliances:** Some farms partner with foundations, NGOs, commercial partners, and government agencies to implement and guarantee the sustainability of their social programs.

The BSR and uniRSE project team also witnessed the lack of resources of small farms, which are oftentimes family farms, necessary to implement responsible labor programs. Many farmers view farmwork as part of their historic culture, lack knowledge about the perils of child labor, and are rarely inspected by the Ministry of Labor. As a small coffee farmer explained during an interview: "I am not worried about having children help out during harvest season because no one checks up on us and children are the best cutters. It's a tradition."

Some small farms, however, have taken actions to combat child labor. Often times these farms have been certified or are in the process of obtaining social certifications. Some of the implemented programs include:

- » **Farm policies against child labor:** Some farms have written policies prohibiting child labor and have hiring requirements to guarantee the implementation of such policies.
- » **Collaboration with other farms:** Small farms partner up to sell their coffee jointly and access better prices and markets through organizations such as APAC, which provides financial services and other assistance services to small farmers, or through farmer cooperatives. These organizations usually have a social agenda that promotes responsible labor practices, giving small farmers access to these topics.
- » **Assistance to local communities:** Although this is done less frequently and on a smaller scale compared to large and medium farms, owners of some small farms contribute money to local schools, award scholarships, and grant loans to workers' families. Many times these community outreach programs are the result of Fair Trade certification, which requires its social premium to be invested in community development projects.

## A Small Farm's Commitment

Although it began as a coffee producer with only a small plot of land, El Negrito now sells a coffee toaster they designed and their ground coffee to the local market. Plus, they donate a significant portion from the sale of each bag of coffee to social programs focused on children's education.

Owners Salatiel and his wife, Olga, say "We help out the children in the community as much as we can. Even though we do not have our own school, because we do not have the resources, we like helping out with programs in our community." They are committed to children's rights to education and do not employ children as cutters during harvest season.

The BSR and uniRSE project team verified the findings of the documentation process during a workshop, where stakeholders interactively presented their opinions about the document's conclusions. During the workshop, coffee farmers discussed their experiences with child labor eradication.

The major issues debated by stakeholders during the workshop included:

- » **Participants agreed that educating adults about the importance of children's education and recreational school programs** have decreased child labor on coffee farms. Parents whose children participate in summer school programs commented, "My child belongs in school; the one who works in this family has to be me."
- » **Even though many small farmers wish to do more to eliminate child labor, resources for social programs are very limited.** Large growers have to finance their own schools, summer programs, housing for employees, and health care. Smaller farmers cannot make the large investments these programs require.
- » **Cooperatives and coffee associations provide valuable benefits to participating growers.** They offer technical assistance with international certification processes, often training farmers about responsible labor issues.

The project's next step is to disseminate the verified information through a national forum. In addition to disseminating the good practices of farms in the fight against child labor, the forum will allow for greater dialogue and stakeholder collaboration on the issue. It will include coffee growers, government ministries, international NGOs, and local cooperatives. Farms that have eradicated child labor will present their efforts, aiming to promote the replication of such programs. The participation of various stakeholders can also lead to synergies and partnerships to address the challenges documented by the project. Although this forum is yet to be implemented, Ramacafe, the development NGO CARE, and the Ministry of Labor have all expressed interest in actively participating.

## Results

### SHORT-TERM RESULTS

During follow-up visits to Nicaragua, BSR consultants verified the following positive outcomes of the project:

- 1 **Documentation results support existing research on child labor eradication practices.** Several organizations, such as the ILO and Save the Children, as well as the Nicaraguan National Commission for the Eradication of Child Labor, have researched child labor on coffee farms and have documented efficient ways to combat it. This project reinforced the finding that one of the most effective ways to eradicate child labor is by educating parents and children.
- 2 **Small growers feel more motivated to share their successes.** Small producers who attended the workshop shared inspirational stories about their personal fight against child labor. These small producers were motivated to share their stories in a larger setting at the upcoming dissemination forum.
- 3 **Creation of new partnerships.** Some of the workshop attendants were not aware of all the efforts of large and small growers. After the workshop, CARE director Glenda Reyes expressed her interest in working with uniRSE in implementing the ILO International Program on the Eradication of Child Labor's Manual, which targets the most hazardous forms of child labor and guides employers about how to set up programs to end child labor.

Although BSR and uniRSE have successfully documented the efforts of a small number of Nicaraguan farms in their fight against child labor, one of the project's

### Workshop participants included small and medium farms:

El Negrito farm  
Small grower Hugo Lagos  
El Recreo  
Nicafrance  
Ramacafe

### Other stakeholders:

NGO CARE International  
APAC  
La Virgen farm teachers and nurse



Validation Workshop

main undertakings was to disseminate these successful practices so they could be replicated. This phase of the project is yet to be implemented because of delays during the documentation phase. Stakeholders also voiced their desire that the project resources be focused less on documentation and more on developing multi-stakeholder workshops.

### ANTICIPATED LONG-TERM OUTCOMES

The long-term outcomes of the project depend heavily on the successful implementation of the impending uniRSE and BSR dissemination forum. If coffee farmers better understand the benefits of eliminating child labor and how successful companies have done so, some anticipated long-term results of the project include:

- 1 Decreased child labor rates.** Through the dissemination of current efforts, continued education, and with assistance from cooperatives and associations, more growers will likely commit to not hiring children. One verification workshop participant said that she was looking forward to attending the forum because “one of the best outcomes [of the workshop] was the motivation and inspiration felt from listening to the successful experiences of small growers on eradicating child labor and promoting child education.”
- 2 Increased inter-institutional collaboration on the eradication of child labor.** Many organizations on various levels are already working to document child labor issues and eradication efforts and actively contribute to its reduction on coffee farms. Just as CARE and uniRSE formed a new relationship, organizations that attend the dissemination forum will likely find new partnerships and combine their specific areas of expertise to promote child labor eradication.
- 3 Increased competitiveness for the Nicaraguan coffee sector.** As more coffee growers understand the benefits of certifications and become motivated to stamp out child labor from their farms through these dissemination forums, they will be able to go beyond the local market and qualify to export their coffee beans. “The international coffee market is one of the key drivers for child labor eradication,” says Franklin Sandoval, an APAC technician who works closely with small farmers, “It is how we get to the heart of the small grower and get them to join us.” Nicaragua has the opportunity to become a very attractive stop for powerful, socially responsible international buyers.

### LESSONS LEARNED AND USEFUL TIPS

The implementation of this documentation project provides various learning experiences for organizations and firms working to eradicate child labor. Here are some lessons:

- 1 Thorough background research.** To prevent delays and to have effective field interviews, gather as much information as possible regarding current child labor eradication efforts. In the case of Nicaragua, the ILO and the national government have attempted to map out the problem of child labor in the country’s coffee farms. Plus a series of initiatives target child labor eradication in the country. The same is true for many countries in Central America. Using the available information and engaging with stakeholders involved in efforts to fight child labor as a starting point can save project managers significant time.
- 2 Continuous information sharing.** To maintain stakeholder engagement, project leaders and key stakeholders should communicate regularly. Short drafts or informal reports should be shared with participants prior to activities to ensure they use meetings to forge ahead with future activities. Establishing effective communication channels, given logistical challenges, is a key to attaining this goal.



Computer classes at one of Nicafrance’s farms

- 3 **Replication of successful initiatives in the fight against child labor.** Nicafrance's summer camp director says: "Our biggest success was to work with children, conquer their hearts, and have them fall in love with school." Education, nutritious foods, field trips, and sports competitions that are affordable or free for children on coffee farms effectively remove children from the fields and, therefore, should be replicated.
- 4 **Engagement between buyers and local growers.** Coffee growers, according to Henry Hueck, Ramacafe's manager and owner, have more incentives to attend CSR-type workshops when socially responsible buyers are in attendance. Networking opportunities that could lead to new buyer-grower relationships serve as important incentives for local coffee farms to actively participate in responsible labor forums and activities.
- 5 **Collaborating in the implementation of responsible labor efforts.** Coffee farms often lack the resources to establish effective responsible labor programs. Neighboring farms should work together to develop and gather needed resources to decrease child labor in their farms (e.g., hiring teachers, constructing schools, developing after-class activities, etc.). Together they can lower their investment cost in these activities of proven value.

### About DR-CAFTA Project

This case was made possible by a grant from the U.S. Department of State to BSR for its "DR-CAFTA Responsible Competitiveness Project." The project works with producers, labor, government, and international buyers to promote responsible labor practices in countries of the Dominican Republic-Central America-United States Free Trade Agreement (DR-CAFTA). For more information, visit [www.drcafta.bsr.org](http://www.drcafta.bsr.org).