Value Chain Governance and Children’s Work in Agriculture

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Introduction

The vast majority of children’s work in rural Africa is in agriculture (Dachille et al, 2015) and, with the exception of what is used for home consumption, all agricultural produce – whether sold and consumed locally, or exported – moves through a value chain. All such chains link processes of production, trade, processing and distribution, and determine how costs, benefits and risks are distributed. It follows therefore that children’s work should never be seen as simply a farm- or household-level phenomenon, isolated from the broader web of economic and social relations, institutions and politics. For some crops and livestock products, these relations, institutions and politics will be predominately local, national or regional; but in the case of commodities such as coffee, cocoa, tea and sugar, they reach around the globe, linking working children to some of the world’s largest markets and most powerful corporations.

Because much of the work performed by rural children is embedded in agricultural value chains, and all such chains are governed in one way or another, the core argument developed in this chapter is that an understanding of value chain governance can help identify entry points for research on children’s work and for interventions to address harmful work. Although it is widely accepted that private sector actors, from local traders to international agri-business firms, can (and must) contribute positively to development, the reality of market competition and stakeholder interests still presents huge challenges (Scheyvens et al, 2016). We start with the assumption that agricultural value chain actors have some room for manoeuvre that allows them to influence the extent and nature of
children’s harmful work (CHW). However, the question is which actors, in what kinds of value chains and in what settings, are likely to have the motivation to exercise such influence?

In this chapter we introduce the concepts of agricultural value chain and value chain governance in order to highlight the embedded nature of children’s work. Value chains are governed through combinations of coordination modalities between producers, traders, processors, retailers, consumers, and other stakeholders. A typology of such governance modalities is proposed and used to identify entry points for research on children’s work and for value chain-based interventions to address CHW. For the purpose of this chapter, interventions are understood to be all activities undertaken with the objective of addressing CHW: as such, they are social processes that aim to affect the lives of individuals and groups, and to enable and constrain their social strategies (Long and van der Ploeg, 1989). The examples that we use in the chapter are predominately from the West African cocoa sector.

*Value chains*

The term value chains is used in both the professional and development literatures to refer in a generic way to linked processes of production, trade, processing and distribution (Kaplinsky and Morris, 2001; Roduner and Gerrits, 2006; M4P, 2008; Donovan et al, 2015). In the academic literature, the term global value chains (GVC) is more common, with this literature focusing particularly on chain governance – that is, who exercises power to influence the distribution of risks and rewards (Gereffi et al, 2005; Lee et al, 2012)? GVC analyses are common in the manufacturing sector (including garments and automobiles), but less so in agriculture that in much of the Global South is dominated by smallholders and intermediate traders. Other academics prefer the term global production and distribution networks (Yeung and Coe, 2015), which extends the analysis beyond vertical value chain linkages, and highlights the heterogeneity of company strategies and differences in territorial outcomes of these strategies. Recently, the term food chain analysis has become popular (FAO, 2014; Lentink, 2016), which covers production, distribution and consumption within the ‘food system’, often with more emphasis on nutrition and health. In this chapter, we follow the development literature and use the term value chain to refer to the actors linked in the production, trade, processing and distribution of specific agricultural commodities, among whom there is coordination in relation to quantity, quality and transaction terms. We analyse these value chains with a focus on power relations between these actors and the resulting dynamics that influence the inclusion, and terms of inclusion, of
rural households as suppliers of agricultural products and labour, with a special focus on implications for CHW.

Value chain maps depict the flow of a product from upstream to downstream through a chain of intermediating actors (Hellin and Meijer, 2006; KIT and IIRR, 2010; Frederick, 2019). At each link in the chain there is horizontal coordination between similar actors (for example, farmers, traders, processors and so on) and vertical coordination with the other links, both upstream and downstream. Around these transacting parties, there is a network of other stakeholders that indirectly influences their transactions. Figure 6.1 provides a simple schematic of stakeholders involved in a generic value chain and differentiates between ‘chain actors’ involved in transactions and ‘chain supporters’ who influence their room for manoeuvre. Both types of stakeholders are, in turn, constrained by the agronomic, economic and legal realities of the ‘chain context’. There are multiple ties, interdependencies and power relations between these different actors, which create emergence, synergies, resilience, uncertainties, surprises and other system dynamics.

We focus our attention on those links in the value chain where, under conditions of interdependency, smallholders, local agents, farmer groups and traders exchange agricultural products or related services, and in so doing interact around quality attributes, risks and rewards. We are particularly interested in the roles that agri-business – both large multinational agribusinesses and small and medium-sized enterprises – plays in and around these links. Understanding the roles and motivations of agribusiness in value chain governance will be critical in addressing CHW.

Power relations between value chain actors can manifest themselves in multiple forms. Power is expressed not only directly (for example, the buying company imposing specific terms of trade) but also indirectly through relations with chain supporters and institutions in the chain context. For example, large companies have more political influence than smaller firms in how export or import procedures, quality control parameters or labour legislation are codified and regulated; they have more power to influence, shape and/or defend their interests. Other elements of power that are important for CHW are entrenched in norms that structure gender, race and other social relations in and around a value chain (ICI, 2011; ILO, 2018; Constant et al, 2020).

In this chapter, we are primarily interested in farming areas in sub-Saharan Africa (SSA), where children’s work is most prevalent, and second in the local, national and international contexts in which consumers make their decisions around food, such as in urban areas in Africa. The role of importing countries in the Global North is especially significant for value chains involving cocoa, coffee and cotton, where certification schemes are important and discussions around CHW are particularly active (ICI, 2011; ILO, 2018).
Figure 6.1: Schematic of actors involved in a value chain

Source: KIT and IIRR (2010)
Value chain governance

In linking agricultural value chains to children’s work and CHW we focus on value chain governance and coordination dynamics. Coordination is embedded in specific institutional arrangements, such as spot markets, contract farming and certification programmes (Williamson, 2002). We call these coordination mechanisms ‘governance modalities’. Governance modalities are structuring properties (Giddens, 1979): they structure the flow of knowledge and information in the chain, and the distribution of risks and rewards (Handayati et al, 2015). In so doing, they both enable and constrain the agency of actors regarding the characteristics of a product transacted in the value chain. These modalities often make use of a combination of (sometimes conflicting) formal and informal rules and regulations that shape how actors discuss or negotiate issues, including those related to CHW. In the case of smallholder agriculture, informal, unwritten norms and rules are generally more common than formal ones.

Value chain interventions

Many national governments, international organizations and procuring companies undertake activities – ‘value chain interventions’ – that directly or indirectly address CHW. Some such interventions are directed to improve the implementation of national and international laws and regulations, others promote voluntary codes of conducts and some are localized direct actions to prevent brand damage. Ultimately, most of these interventions try to change the behaviour of households (for example, to keep their children away from activities that are considered hazardous) or companies (for example, to change hiring practices or reduce children’s exposure to hazards and their experience of harm).

To analyse the way that interventions try to change behaviour at micro-level, following Michie et al (2011), we focus on the relative capabilities, opportunities, and motivations of the actors involved. However, we want to emphasize that these micro-level behaviours are conditioned by macro- and meso-level structures in the value chain context, depicted as rules and resources in Figure 6.2, that enable and constrain the capacity of actors to effectively change their behaviour. These structures mean, for example, that many households or children do not have the opportunity or capability to act in a particular way, even when they are motivated to do so.

A typology of value chain governance modalities

In this section, we present a typology of governance modalities present in agricultural value chains. We argue that this typology provides insights into
useful entry points for research on children’s work in African agriculture and can help identify interventions that could be used to address CHW. Any particular value chain is likely to involve several of these modalities.

The typology consists of eight modalities, which vary based on the complexity of the arrangements they employ to coordinate value chain actors, and the web of actors and supporters involved. These differences in turn reflect the nature of the coordination challenge being addressed, which depends in part on the degree of interdependency between chain actors. Where product specifications are simple, where little input is needed from buyers, and where scarcity or uncertainty is limited, such as with many staple commodities, there will be little or no coordination (Gereffi et al, 2005). On the other hand, value chains that involve highly specific (and highly valuable) product characteristics, or require investment in specific assets and complex information exchange, imply a higher degree of interdependency between chain actors. As a result, businesses will engage in more complex modalities to coordinate the value chain and secure supply (Ménard, 2004; Gereffi et al, 2005; Chamberlain and Anseeuw, 2019). Although they come with high transaction costs associated with implementation, monitoring and enforcement, such arrangements are intended to better align the incentives

Figure 6.2: Actor behaviour conditioned by access to rules and resources

Source: Modified from Ton et al (2021), based on Michie et al (2011)
of value chain participants and minimize the risk of opportunistic behaviour (Ménard, 2004; Chamberlain and Anseeuw, 2019).

However, agricultural value chains do not only involve economic relationships. They are also embedded in a web of social and political relations and institutions that encompass value chain actors, supporters and other stakeholders (Henderson et al, 2002; Bolwig et al, 2010). The interactions between these multiple and heterogenous actors often generate non-linear outcomes, which cannot be attributed to a single mechanism, but which emerge from interactions between actors (Hammond, 2009; Gardeazabal et al, 2021). The implication is that where such outcomes are undesirable or problematic, such as in the case of CHW, no single actor can drive change independently of other stakeholders (Bitzer et al, 2013). However, the more complex the configuration of stakeholders, the more likely they will have differing interests, values and priorities which will need to be reconciled if undesirable non-linear outcomes are to be addressed (Dentoni et al, 2018; Thorpe et al, 2021).

In Figure 6.3 we present eight value chain governance modalities, which are differentiated by (1) the number of different stakeholders involved, reflecting the differing interests, values and priorities that the arrangements seek to reconcile, and (2) the institutional and administrative complexity of the rules and agreements, reflecting the balance between the need for coordination and the transaction costs involved. These modalities are evident to varying degrees across African agriculture and are present in both ‘traditional’ and ‘modern’ value chains.

Modality 0: self-consumption

This modality comes into play when households produce their own food and do not source inputs like seeds or fertilizers externally. It is seen primarily in remote areas where markets are absent or where households also have non-farm cash-generating activities and only produce part of their food themselves. With this modality, the product is not traded in a market so there are no other chain actors involved. Decisions about children’s work are made by the household and/or the child, and interventions to reduce CHW will need to provide the household with resources that modify their capabilities, opportunities and/or motivation. For example, new information about the toxicity of plant protection measures or long-term health risks due to carrying heavy loads could motivate households to change the types of work done by children.

Modality 1: direct exchange

When a farmer sells the product directly to a consumer, such as their neighbours, without any intermediation, they are engaged in direct
**Figure 6.3:** Value chain governance modalities according to the number of stakeholders involved and degree of institutional and administrative complexity

Source: Author
marketing. With this modality the coordination between the two value chain actors is direct and all aspects of the transaction, including any involvement by children, are potentially open for discussion. Generally, this modality will follow or reflect local norms and traditions.

Interventions to address CHW could target the capabilities, opportunities and motivation of producers and/or buyers. New information could change not only the motivation of the producing household to modify its practices but also the motivation of the buyer to undertake or repeat the transaction. Ultimately, the buyer could look for alternative ways to procure the product.

**Modality 2: spot market mediation**

If buyers and sellers of a product transact through an intermediary, then price is the main coordination mechanism. This is a classic spot market transaction. The intermediary is generally a trader but can also be an electronic trading platform or auction. With relatively straightforward institutional arrangements and multiple buyers and sellers, this modality differs significantly from direct marketing. Spot market mediation is not confined to rural market centres. It is also the dominant modality in situations where farmers sell without prior obligations to passing traders at the farm gate. In this case the farmer can switch to another buyer, as he or she will not have incurred expenses specific to a particular transaction or buyer (Gereffi et al, 2005). The dynamics of spot market mediation changes when repeated transactions over time generate a level of trust that shifts toward the direct marketing modality.

In what follows we identify two broad sub-types, each providing a somewhat different context for value chain interventions to address CHW. However, a major assumption about spot markets and CHW, for which the evidence remains inconclusive (Ravetti, 2020), is that there is a relationship between market price and the prevalence of CHW.

**Anonymous spot market transactions**

Anonymous spot market arrangements are of interest because small-scale producers are very commonly involved in them. Such producers are not formally organized or trading with large companies; rather they operate in informal and trader-driven contexts, which are primarily influenced by the price that other buyers offer. The nature of the interaction between farmer and trader varies in relation to the type of product, frequency of interactions (for example yearly, weekly, daily) and the place where the interaction takes place (for example, in open food markets, auctions and commodity exchanges). The information that the buyer has about the quality of the product is limited to what is visible: attributes such as the social conditions
of production are impossible to determine. Thus, anonymous spot-market transactions do not provide an entry point for discussions about whether or how children are involved in production. Because CHW is not a visible product attribute, farmers are unlikely to face (or fear) a price penalty.

If it is assumed that poverty is the primary driver of children’s work and CHW (Basu and Van, 1998; ILO, 2022), the focus should be on addressing structural factors that depress prices or otherwise reduce household income. Interventions might include, for example, measures that increase the bargaining power of farmers, such as increasing access to market information, or a greater diversity of markets and/or to financial services (which could enable storage in anticipation of higher prices). Another entry point could be strengthening the ability of households to withstand shocks by improving land rights, irrigation and/or other services. More resilient households are likely to be better able to negotiate with traders.

A different approach would be to change the chain context, through for example, stricter competition policy or legally enforced floor prices which might reduce the bargaining power of buyers. For example, Ghana has a system of regulated minimum prices for cocoa and licensed buying companies (Vellema et al, 2016). In 2020, in an effort to combat poverty among cocoa farmers and to increase the farmer’s share in the value added of the global chocolate market, the governments of Ghana and Côte d’Ivoire jointly introduced the living income differential (LID). The LID consists of a levy of US$400 to be used to stabilize and sustain farm gate prices in case the international price drops (Boysen et al, 2021). Systems that raise or stabilize farm prices are present in many countries, and can be politically sensitive. For example, in India, farmers mobilized in 2020–21 to keep the decades-old system of floor prices to stabilize the market for essential commodities (Meijerink and Joshi, 2021). They feared that commercial traders would be able to distort spot markets, resulting in short-term price increases but a long-term price decline with negative impacts on farm income (Jodhka, 2021).

**Spot market with repeated personal interactions**

The second type of spot market also involves mediated exchanges in which price is the primary coordination mechanism but where repeated transaction over time result in the development of relationships between buyers and sellers (Webster, 1992). Although not requiring explicit and formalized governance modalities such as contracts or other types of pre-harvest arrangements, these conditions allow for some degree of negotiation, cooperation and traceability.

In addition to the interventions identified previously, with repeated transactions there is at least some potential for additional measures that reward producers – for example, through a price premium – for addressing CHW.
However, better on-farm labour conditions do not change the resulting product in any observable way, which makes it easy for transacting partners to ‘cheat’. Interpersonal relations can support a learning and trust-building process between buyer and seller, and lower both the risk of opportunistic behaviour and transactions costs to some extent (Williamson, 1975; Goldbach et al, 2003; Cadilhon et al, 2007). To really reduce this risk of opportunistic behaviour, a certification-like governance modality linked to a credible verification system, would be needed (see Modality 6).

**Modality 3: in-company governance**

Not all companies rely on market transactions to procure or sell their products – for some, these transactions occur ‘in-house’. Compared with the modalities already discussed, this means that most links in the value chain where market transactions would take place are eliminated (so-called vertical integration), and objective market prices are replaced by normative internal pricing considerations. Generally, the goal of such an arrangement is to ensure resources are used most efficiently (Shinde, 2018). In-company coordination requires transactions and coordination between different units of the same firm or holding. This modality can involve relatively complex institutional arrangements, but generally include few stakeholder groups.

The ability to address CHW in the context of in-company governance depends to a large extent on the degree of separation between management and ownership. While management exists in theory to achieve the owners’ goals, in practice, managers have their own incentives which mean their decisions and behaviour may not always align with the interests of owners. Thus, the incentives and interests of both management and owners, and how they might be influenced, must be considered. This is as true for efforts to address CHW as for any other social or environmental issue.

**In-company governance in public firms**

The shares of stock-listed firms are owned by individuals and/or institutions who are legally separated from the firm itself. Depending on their objectives, shareholders groups, such as pension funds, mutual funds and hedge funds, can pressure companies to focus on short-term strategies to maximize shareholder profits or longer-term concerns such as social or environmental sustainability.

Although direct involvement of these firms in agricultural production is relatively rare, some operate large farms or estates producing tea, sugar or biofuel-crops. In SSA, due to the land tenure regimes, direct foreign investment in large-scale agricultural production is less common than in Latin America, but may be on the rise (Havnevik et al, 2011; Batterbury and Ndi, 2018). These firms may combine some in-house production with...
an outgrower scheme (see Modality 5). Reputational risk is probably the most important motivation for public firms to consider and act on children’s work and CHW in their supply chains. For example, in Organisation for Economic Cooperation and Development (OECD) countries, the advocacy strategy of non-governmental organizations (NGOs) to address CHW in agricultural value chains often includes public naming and shaming.

In public firms, shareholders influence management by asking for transparency, mainly in financial reporting, but, increasingly relating to the broader environmental, socio-economic and/or governance dimensions of business performance. Such reporting requirements provide incentives for companies to develop corporate social responsibility (CSR) programmes that may pilot approaches that showcase their social commitment, including initiatives to address CHW. CSR initiatives reflect the voluntary behaviour of companies to go beyond the legal requirements of the country in which they operate (Jamali and Mirshak, 2007). In some cases, what started as philanthropy-motivated CSR policies have subsequently become in-company requirements to monitor social conditions of production.

**In-company governance in family-owned firms**

Family-owned firms are less subject to the short-term demands of equity markets. Especially in small and medium enterprises, the owners of the firm are often also the managers. This closer relationship of owners and workers, and a direct relationship with farmers, may motivate them to support social causes that transcend profit-seeking. Equity and management responsibility are often transferred to the next generation within the same family, which may enable the firm to pursue a long-term vision.

While there is little evidence or literature, our expectation is that family-owned firms, with less pressure to respond to short-term interests of shareholders, may be in a better position to address CHW in their agricultural supply chains. However, because of limited transparency and public scrutiny, these firms can also be particularly secretive and ruthless, and many large family-owned firms that are active in African agriculture are also politically connected. In relation to policy aimed at addressing CHW this can play out in one of two ways. On the one hand, these firms may be more pro-active in implementing policy; and on the other hand, they may also in a better position to hinder the implementation or effectiveness of interventions.

**In-company governance in parastatal firms**

The picture changes again when the ownership of the company is partly or entirely public. When parastatal firms function in domestic markets, the close link between the business and the state provides opportunities for
these firms to influence public policy but also to be very directly influenced by policy and politics. Trade unions often have an important presence in parastatal firms and play a role in fostering discussions of the social relations of production, including children’s work and CHW. Therefore, it might be expected that implementation of international conventions and national labour regulations, including those relating to children’s work, would be faster and easier in parastatal firms. It is important to note, however, that this is not so straightforward. For example, in Ghana the Ghana Cocoa Board (COCOBOD) often publicly denies the existence of child labour in the cocoa sector in spite of the formal Ghanaian government policies (see Chapter 10, this volume) and significant coverage of the problem in the local media (Okali et al., 2022).

Modality 4: collective marketing

Collective marketing is used by small-scale farmers to compete more effectively, and might include additional storage, processing or packaging of the crop, with the costs shared by the collective. These marketing groups often start small and develop activities to improve the conditions of production and marketing of specific crops. In relation to the typology, this modality can be characterized as involving more complex institutional arrangements and having interactions with a more diverse group of stakeholders. This is particularly the case when such initiative become larger and start to have subgroups of members with slightly different interests because they live in different geographical areas or use different farming systems.

When collective marketing groups are small, the village is the logical entry points for interventions to address CHW. Village authorities often have an important role in conflict mediation and may be informed about intra-household conflicts related to children’s work or abuse. However, village-based groups tend to have an automatic membership based on geographical residence; they tend to include everyone as member. As a village will likely include households engaged in multiple activities, the leaders are not necessarily the most knowledgeable about the work and working conditions within any particular value chain (for example, fisheries, high-value horticultural crops), and not be best placed to facilitate discussion of issues related to CHW.

The major feature of collective marketing, relevant for CHW, is the existence of an institutionalized coordination and communication mechanism: a leader or leadership group that can speak for a group of farmers. In many rural areas, economic farmer organizations develop into important forms of social capital (Ton, 2015). Collective marketing groups provide a platform to discuss issues in addition to marketing, and can play a bridging role between rural communities and development NGOs (Bebbington,
Interventions to address CHW can use this coordination and deliberation mechanism to start a discussion or collect data about the incidence of CHW. In the following, we distinguish between two (somewhat overlapping) types of collective marketing that differ in the way that membership is defined and the intensity of social interaction. Collective marketing groups are sometimes linked to other governance modalities, such as contract farming (Modality 5), certification schemes (Modality 6), and spot market mediation (Modality 2).

**Village-based marketing groups**

Farmers within a particular village may work together around a specific commodity or value chain. They often start with activities to make themselves more attractive to urban traders, such as arranging storage or transport, or agreeing a place and time to sell, and if successful, move to collective marketing or facilitating procurement of agricultural inputs or other products. Other groups are organized around processing or post-harvest value-addition (for example milling, coffee or cocoa washing and fermentation) and then decide to sell these products collectively.

Village-based groups are often informal due to the limited number of members and the relatively simple processes of coordination and decision making. Awareness of the founding history of these groups is key to understanding how they create trust and organizational capability through collective action (Lyon, 2000). They often emerge from pre-existing networks of individuals who trust each other, or as a result of development interventions of NGOs. For example, Ton et al (2010) report the varying origins of village-based farmer organizations active in sunflower production in Uganda, including groups that started as fellow believers, choir groups and extension groups (formed, for example, as Farmer Field Schools).

**Economic farmer organizations**

When village-based groups grow, for example through merging with others, and become more institutionally complex, they can be considered as economic farmer organizations. These include cooperative-like farmer organizations as well as not-for-profit associations and farmer-led commercial enterprises (formally registered companies with farmers as co-owners). Economic farmer organizations develop specialized functions and begin to require an explicit commitment from members. In so doing, they cease to be all-inclusive. Due to the multiplicity of tasks, these organizations involve members in interactions and transactions during most of the year, which makes them an important form of social capital. They may be constituted formally as cooperatives, as quasi-cooperatives or informal groups.
Cooperative procurement of inputs such as seed and agrochemicals, hiring of vehicles and determining output price is well known among cassava, fish and meat processors in southern Ghana. Often, they aim to bypass local markets and send their products directly to traders, processors or retailers in urban areas. Managing collective marketing at scale is not easy, and many groups face challenges due to opportunistic behaviour of members. However, with good management they can avoid the dangers of side-selling so that group functions are maintained. Collective marketing implies coordination and communication about the quantity and quality of the product being sold by members or purchased from members, and often implies a division of tasks and responsibilities in negotiations about these attributes (Ton, 2015).

Most collective marketing groups ask for only a small contribution from members and do not compensate board members for their time. Therefore, often the better-off farmers are elected to leadership positions, as they can more easily cover the related expenses. Some cooperatives (for example, Kuapa Kokoin Ghana) play an important role in the efforts of multinational chocolate companies to address child labour in the cocoa sector (Nestle Cocoa Plan and ICI, 2017). Training and capacity building efforts aim to increase the effectiveness of these organizations in, for example, identifying, monitoring and addressing child labour and issues that threaten to deprive children of education, health care and development (Tulane University, 2015). The stronger and larger the groups, and with increasing ability to communicate with members, the more attractive they are to buyers or stakeholders, or as potential participants in other value chain governance modalities such as contract farming (Modality 5) and multisector partnerships (Modality 7).

**Modality 5: contract farming**

Contract farming is a commercial relationship between a firm and a group of farmers through which farm production is purchased in advance in exchange for specific services and other benefits (Ton et al, 2018). Although principally a commercial initiative, contract farming is also a way to overcome the challenges that smallholder farmers face when linking to markets or accessing inputs and services. As a governance modality it operates at an intermediate level of institutional complexity and involves a group of stakeholders that is more heterogenous than in the modalities discussed so far. Contract farming concerns an amalgam of different value chain actors – a firm and farmers, often with a financial institution and/or service provider (for example, providing ploughing, irrigation and/or extension).

Contract arrangements and provisions can range from strict to lax. This wide variety reflects different contexts, crops, quality attributes, type of services provided and power relations. Generally, when a new contract
farming modality is initiated, the relations between the value chain actors are quite loose. But over time, due to repeated cycles of contracting and re-contracting, the modality leads to the self-selection of farmers, farmer organizations and contracting firms (Ton et al., 2018). Each faces specific constraints related to opportunities, capabilities and motivation (Michie et al., 2011), which are partly the result of the particularities of the contract attributes proposed (Sartorius and Kirsten, 2007; Abebe et al., 2013; Bellemare and Lim, 2018).

Similar to the collective marketing modality, contract farming provides a coordination mechanism that can be used to reach farming households in relation to CHW. When contractual relations are formal, this modality allows for the specification of requirements relating to children’s work, with only products that comply with these requirements being acceptable to the procuring firm. Depending on the scale of the arrangements, compliance with these CHW-related attributes can be controlled by the farmer group, the contracting firm, or through a relevant certification scheme (Modality 6). In contrast, when contractual arrangements are informal, as they often are, this modality will have similar entrance points for work on CHW as discussed for Modality 1 (direct exchange). We therefore distinguish two sub-types to represent the ends of a continuum.

**Informal resource-providing agreements**

As is common with some cash crops, buyers may prefer certain varieties and provide seeds in advance, sometimes on subsidized terms or on credit. Buyers may also provide packaging material, or cash in advance of the harvest to pay seasonal workers. When the price is not the only coordination mechanism, but additional services and expectations play a role, the arrangement between producers and buyers moves towards a pre-harvest agreement – a common informal contract farming modality especially in vegetable production (Fafchamps, 2004). The services provided vary considerably: for example, in African savannah areas, tractor services and seeds are commonly part of a package of services provided to oil seed producers. Sometimes, this informal contracting is known as sharecropping, with the owner contributing seeds, inputs and market relations and the farmer contributing land and labour, while the harvest is split between them.

The interpersonal relations on which these arrangements are built can be heavily power-laden, as reflected in the fact that this modality can sometimes be forced on farmers due to previous indebtedness. Often, the individual with whom the farmer has a contract plays a pivotal role in the social networks that help households withstand shocks. These dense interpersonal relations and mutual dependencies have implications for whether and how CHW can
be addressed when this modality is part of a value chain. Informal agreements make it possible to trace the product and, in principle, allows communication about the (un)desirability of certain kinds of labour relations, with the threat to withhold resources from the producer when he or she does not comply with the quality attributes. However, informal contracting might very well be inequitable and involuntary, and force households to do things that may negatively affect the wellbeing of their children. For example, children might be required to help during harvest time not only on the land worked by their parents, but also on farm of the buyer.

**Formal resource-providing contracts**

Although covering only a relatively small volume of Africa production, the use of formal pre-harvest contracts is increasing, reflecting the growth of urban populations and changes in the food systems that serve them. The urban food market is replacing self-consumption, principally because urban areas have higher incomes than rural areas (Tschirley et al, 2015; Reardon et al, 2019). Also, processed foods have penetrated both rural and urban markets in SSA: Tschirley et al (2015) reported that 56 per cent of urban, and 29 per cent of rural household food expenditures (in value terms) went to processed foods. Processing firms generally prefer to purchase agricultural products of a uniform quality and look for stable prices to be able to better plan their transformation activities and assure the volume they can deliver to supermarkets. This creates an incentive to find preferred suppliers and shorten the chain of intermediation. Both processors and supermarkets tend to work with medium or large producers, even if they start initially with smallholders (Dolan and Humphrey, 2000). When they work with smallholders at scale, they almost always combine two governance modalities: contract farming and collective marketing by farmer groups (Ton et al, 2018).

Processing firms face more public scrutiny than informal village-based agents, which provides additional entry points to address CHW. Formal, written agreements codify the rights and obligations of the different parties and increase transparency to third parties. For example, to prevent negative publicity, and to comply with the demands of international buyers, the Horticultural Crops Development Authority (HCDA) in Kenya developed a ‘model contract’ that clearly specifies risks, rewards and conflict resolution mechanisms. A company is required by the 1995 export order to use formal contracts and to adhere to certain practices that are specified in the HCDA Code of Conduct (Waarts and Meijerink, 2010). The same processing firms will often manage a national brand and because of this may be susceptible to negative publicity in the local media if it becomes known that children are involved in their operations.
Modality 6: certification schemes

Certification is the formal attestation or confirmation of certain characteristics of a product, person or organization, often based on some form of external review, assessment, or audit. Certification programmes emerged in the 1980s in response to consumer demands for sustainability and fairness: they represent a governance modality with a high level of institutional complexity and involvement of many different stakeholder groups.

The first certification programmes concerned organic production, especially in OECD countries. Later in the 1990s, Fairtrade emerged in response to the low prices received by producers of tropical commodities and the need to support collective action of smallholders. At the same time, the Forest Stewardship Council (FSC) was launched to protect forests and regulate the timber trade, and Rainforest Alliance developed a certification scheme aimed to reduce biodiversity loss. The retail sector in Europe also started certification schemes around food safety and good agricultural practices, which resulted in the EurepGAP and later GLOBALG.A.P. schemes (GLOBALG.A.P., 2022). Despite this diversity, certification schemes have some common characteristics, in large part as a result of the work of the International Social and Environmental Accreditation and Labelling organization (ISEAL), a global platform representing those voluntary standards or schemes that comply with specified credibility requirements (ISEAL Alliance, 2022).

In agriculture, certification schemes are mainly focused on tropical export crops, especially banana, cocoa, coffee, tea, sugar and palm oil. For some crops, the share of certified production has increased rapidly: for example, in 2016 it was estimated that 35 and 44 per cent of cocoa produced in Ghana and Côte d’Ivoire respectively was covered under one or more certification schemes (ISEAL, 2019). The European General Food Law Regulation of 2002 gave an immense boost to certification because it mandated a traceability system and made distributing companies and retailers legally responsible for the products they sell (European Parliament and Council of the European Union, 2002).

Field-level certification

Most certification schemes make a distinction between indirect, group-based certification through an internal control system (ICS), and direct certification of production on an estate or plot. Almost invariably, smallholder production is certified through group membership. The required ICS can be managed by a private firm (for example, a trader or processor) or by the farmer group. Certification schemes have different auditing modalities and critical control points that take this distinction into account. The audit
function will primarily look at the credibility of the ICS through the way that internal control is organized and registered. Auditors have a list of control points, some of which relate to children's work. Generally, these will be based on the ILO definitions of child labour. But increasingly, they introduced requirements that ask for processes to address child labour and refrain from considering the detection of child labour as a reason to reject a product or decertify a producer.

Certification of medium and large producers is directly monitored by a third-party verification body. Here rural workers are the central focus, and among others, auditors consider social issues related to workers and families that live on-site, as well as certain environmental issues (Rainforest Alliance, 2018). Because medium and large producers generally have a high level of control over land and production processes, the power of the firm to comply with the requirements of the certification body is greater than in smallholder group certification. Correspondingly, the threat of decertification based on child labour related criteria is greater for medium and larger producers. This implies a more direct influence of the abolitionist approach on larger producers, with all its associated intended and unintended effects.

Certification schemes collect large amounts of data that offer a potentially useful entry point for both awareness raising and evaluation of interventions related to CHW (Chapter 3, this volume). One of the most CHW-relevant interventions that emerged in the certification community is the Child Labour Monitoring and Remediation System (CLMRS). At the end of 2019, Nestlé implemented CLMRS in 87 cooperatives covering 45,000 households with an estimated 18,000 children considered to be in child labour (Nestle, 2019). Remediation activities are at the heart of CLMRS, including access to education, health services, awareness of laws and so on, and also encompass supporting children, their families and communities to remove children from risky situations (Nestle, 2019). In 2022, Nestlé announced the Income Accelerator programme that introduces a cash incentive paid directly to cocoa-farming households for certain activities such as enrolment of children in school and implementation of good agricultural practices.¹

Landscape-level certification

The discussion of certification and sustainable development has gradually evolved from a focus on field and household level effects, to the higher-level systemic effects (Ruben, 2019; Termeer et al, 2019). Value chain actors operate in large social systems and field-level certification is often patchy. Therefore, especially when ecological outcomes are key, certification schemes need to work on a larger scale, with additional stakeholders. Some certification schemes are experimenting with landscape-level effects and jurisdictional approaches, which involve not only the producers of a
commodity of interest, but also the wider village or region. International climate funds may trigger the emergence of these more ‘systemic’ impacts of certification, for example, by requiring forest management plans that imply the involvement of users on a geographical scale larger than the plots that are being certified, or irrigation and water management plans that require consent from upstream and downstream users.

The fact that these landscape-level approaches consider the wider social system around a production site or process make them particularly conducive to multistakeholder processes (Modality 7). Thus, in addition to direct value chain actors, other interest groups and government agencies working on health and education, biodiversity conversation and water management will influence the governance of the social attributes of a crop, product or production process. This system-wide focus may help to create the incentives for individual firms or households to change their practices in order to benefit children’s wellbeing. CLRM-type monitoring systems increasingly work at landscape-level, and are considered one of the most promising interventions to address hazardous child labour (ICI, 2011; ILO, 2018).

**Modality 7: multistakeholder partnerships**

Multistakeholder partnerships or platforms (both terms are used, abbreviated as MSP) are institutionalized, but voluntary collaborations between private, public and/or civil society stakeholders that seek sustainable solutions to complex, systemic challenges. First popularized at the World Summit on Sustainable Development in Johannesburg in 2002, MSPs exist in sectors from water, energy and health to food and agriculture. In the agri-food sector, MSPs have been defined as ‘a process of interactive learning, empowerment and participatory governance that enables stakeholders with interconnected problems and ambitions, but often differing interests, to be collectively innovative and resilient when faced with the emerging risks, crises and opportunities of a complex and changing environment’ (Brouwer et al, 2016, p 14).

As such, MSP can be characterized as a value chain governance modality with a medium to high level of institutional complexity and involving a very large number of different stakeholder groups. MSPs are intended to achieve transformational change through convening stakeholders and facilitating exchange between them. They aim to foster an enabling environment for collaboration that stimulates new investments, innovations, policies and activities in response to collective challenges. They use networked governance (Rhodes, 1997; Jessop, 2000; Thorpe et al, 2021) to respond to collective action problems which arise from conflicting short-term interests between groups or individuals and which discourage mutually beneficial cooperation (Olson, 1965). The theory is that through dialogue, collaboration and the
experience of working together, stakeholders build trust and mutual respect that promotes problem-solving, rather than bargaining based on individual interests as the key decision-making style (Bache, 2008). Existing studies have classified MSPs based on either structure and arrangements, or the domain or purpose (Treichel et al, 2017; HLPE, 2018). By focusing on the primary purpose, we discuss three analytical sub-types that enable identification of entry points for addressing CHW. For all sub-types, the first entry point is the direct involvement of civil society groups and/or representatives of working children.

Norm and standard-setting multistakeholder partnerships

Norm and standard-setting MSPs are primarily designed to develop, strengthen and enforce global or national norms and standards in a particular industry, sector or crop (Buckup, 2012; Beisheim and Simon, 2016). They are generally industry-led efforts, developed in response to perceived public-sector failures to promote appropriate social and/or environmental practices. Typically, they are dominated by industry leaders and/or civil society.

There are several such MSPs within the food and agriculture sector, including: the International Cocoa Initiative (ICI), the World Cocoa Foundation, Roundtable for Sustainable Palm Oil, Bonsucro, World Banana Forum, Global Roundtable for Sustainable Beef, the Better Cotton Initiative, the Ethical Trading Initiative, the Global Coffee Platform and 4C. Some of these use product certifications as a value chain governance modality, but they also tend to have a broader portfolio of activities addressing sustainability challenges. Large multinational companies are key participants, and through their market power and influence, they seek to enforce agreed standards among chain intermediaries and farmers. Entry points to address CHW include the introduction of specific principles, commitments and/or reporting requirements, the provision of training on CHW for members and auditors, and general industry awareness raising.

Action and service-oriented multistakeholder partnerships

Action and service-oriented MSPs are primarily designed to deliver goods and services or implement policies, programmes and projects (HLPE, 2018). They are common in the food and agriculture sector, with examples including Grow Africa, the Global Food Security Cluster, Global Agenda for Sustainable Livestock, Kudumbashree, German Initiative on Sustainable Cocoa, New Alliance for Food Security and Nutrition, Malawi Tea 2020 and the Farm to Market Alliance.

While these MSPs may be involved to some degree in standard-setting, knowledge co-generation and capacity building, they are more directly
outcome- and impact-focused (Buckup, 2012), with goals that focus on social or environmental issues (potentially including CHW), or particular geographies or value chains. Unlike industry norm and standard-setting MSPs, which are more prevalent in high-value export crops, these MSPs cover both export crops and domestic staples. Membership is typically based on actors’ ability to contribute resources (financial or other) (Witte et al, 2005), and may include governments, private sector operators, donors, UN agencies and farmers groups, among others.

Action and service-oriented MSPs work through facilitating joint action, innovation and pooling of resources (Buckup, 2012) to deliver ‘positive externalities’ that are undersupplied through the market (Witte et al, 2005). These positive externalities may include policy change, better natural resource management, value chain upgrading, innovation and resource mobilization (Witte et al, 2005; Pattberg and Widerberg, 2014; Muoio and Rimland Flower, 2016; HLPE, 2018). They also seek to improve the allocation of scarce resources by avoiding duplication of effort.

Operationally, action and service-oriented MSPs are often set up in specific national and sub-national geographies, even if they are under a global umbrella organization. For example, while the Farm to Market Alliance is a global initiative, implementation takes place in specific value chains and countries. Entry points for addressing CHW include providing technical know-how and support, for example on measures to identify, address and mitigate harmful work, or to improve value chain competitiveness, and enable higher wages (for example, Malawi Tea 2020; Malawi, 2020; Platform, 2015). These MSPs may also facilitate access to finance for investment and innovation, as well as knowledge exchange, and support for pilot projects to address CHW.

**Multistakeholder partnerships for knowledge sharing and learning**

MSPs for knowledge sharing and learning tend to start from the perspective that solutions already exist but are not being used (Loveridge and Wilson, 2017). The focus, therefore, is on awareness-raising via reports, conferences and digital media. They may also involve an element of building trust and respect between different stakeholder groups. In some cases, these MSPs also focus on knowledge co-generation and capacity building (HLPE, 2018), by bringing together stakeholders with relevant information and experiences. This is seen to be especially important in complex contexts, where transdisciplinary and participatory approaches may be particularly important (HLPE, 2018).

In the food and agriculture sector, examples include the Pan-Africa Bean Research Alliance (PABRA), the African Orphan Crops Consortium (AOCC), the Southern Africa Food Lab (SAFL), and the Voice for Change
VALUE CHAIN GOVERNANCE

Partnership (V4CP) Programme. Awareness raising and knowledge sharing are the most obvious entry points for intervention around CHW, through facilitating discussions of CHW-related issues, including challenging assumptions and drawing attention to potentially negative effects of existing interventions.

Next steps

This chapter started with the argument that an awareness of agricultural value chain governance is essential to understand and address CHW in African agriculture. Interventions need to provide relevant stakeholders with the right incentives to change practices that harm children but without negatively impacting the livelihoods of farm households. To design these kinds of interventions, there is a need for greater insight into the ability of various actors to change, by understanding their capabilities, opportunities and motivations. Value chain governance modalities influence these incentives (price, risk and so on) and, even more importantly, point to the communication processes that may be used to initiate discussion and coordination around CHW.

Table 6.1 provides an overview of the typology of eight governance modalities and associated entry points for interventions to address CHW. The modalities differ in institutional complexity and the number and type of stakeholder groups involved. This means that the potential for discussion and decision-making with respect to CHW-related practices varies considerably. Many value chains include several of these modalities, and within a sector there are different configurations of modalities that coexist and compete with each other, such as Fairtrade-certified cocoa production versus bulk trade or plantation production versus smallholder production. Also, farmers might well take part in a certain modality for a specific cash crop, while they are part of another modality for the food crops that they produce.

The increasing incidence of collective marketing, contract farming and certification schemes in sectors such as cocoa provides a way to trace products to their source and thus to discuss CHW as part of the quality parameters of a transaction. The price premiums that tend to be part of these governance mechanism provide a motivation for farm households to comply with more stringent quality requirements, such as the reduction of CHW. There is increasing interest among buyers in the Global North (especially those linked to retailers and consumer brands) in incorporating issues related to household wellbeing and children’s work in their procurement practices. However, it is important that these intentions do not translate into obstacles for smallholder farmers, but rather help them change their practices in ways that reduce CHW.
### Table 6.1: Potential entry points to change behaviours of value chain actors regarding CHW

<table>
<thead>
<tr>
<th>Governance modality</th>
<th>Capabilities</th>
<th>Opportunities</th>
<th>Motivations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modality 0. Self-consumption</td>
<td>Provide information about long-term effects of CHW related with specific agricultural tasks</td>
<td>Facilitate alternative livelihood strategies that involve less CHW</td>
<td>Increase the attention to children’s wellbeing in household decision-making</td>
</tr>
<tr>
<td>Modality 1. Direct exchange</td>
<td>Increase households’ livelihood options (for example land rights, irrigation)</td>
<td>Address structural factors that help household to negotiate better prices (for example storage facilities, competition policy)</td>
<td>Increase price levels in markets (for example, living income differential)</td>
</tr>
<tr>
<td>Modality 2. Spot market mediation</td>
<td>Design a reward system for CHW reducing business practices</td>
<td>Transparency and traceability of social conditions of production</td>
<td>Shareholder and consumer pressure (for example, brand shaming) CSR-reporting requirements</td>
</tr>
<tr>
<td>Modality 3. In-company governance</td>
<td>Training and capacity-building to identify, monitor and address CHW Improve collective action capacities</td>
<td>Create an enabling environment for culturally appropriate internal regulations of CHW practices</td>
<td>Improve prices for products that involve collective action. Use group leaders as a channel to convoke and discuss CHW issues</td>
</tr>
<tr>
<td>Modality 4. Collective marketing</td>
<td>Generate credible information about the social conditions of production</td>
<td>Offer social services, such as proper education facilities, as part of the transaction</td>
<td>Fair prices that incorporate costs of CHW monitoring Discuss CHW issues as part of the contract</td>
</tr>
<tr>
<td>Modality 5. Contract farming</td>
<td>Offer social services, such as proper education facilities, as part of the transaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance modality</td>
<td>Capabilities</td>
<td>Opportunities</td>
<td>Motivations</td>
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<tr>
<td>Modality 6. Certification schemes</td>
<td>Training on Internal Control System and CLMRS</td>
<td>Mobilize consumer preferences for fair and sustainable products</td>
<td>Use certification-related monitoring to identify cases CHW for social remediation (CLMRS)</td>
</tr>
<tr>
<td></td>
<td>Improve collective action capacities</td>
<td>Culturally appropriate requirements and indicators of CHW (for example, refine ISEAL common indicators)</td>
<td>Conditional cash transfers to increase children’s education and wellbeing</td>
</tr>
<tr>
<td>Modality 7. Multistakeholder partnerships</td>
<td>Challenge the narrative about child labour, with a more attention to unintended negative effects of interventions</td>
<td>Address CHW as an additional issue in existing standard-setting MSPs. Fine-tune ongoing interventions in action-oriented MSPs related to (drivers of) CHW</td>
<td>Facilitate multi-stakeholder processes to discuss CHW-related issues</td>
</tr>
</tbody>
</table>

Source: Authors
We argue that with the more sophisticated governance mechanisms depicted in Figure 6.1 there is real potential to address CHW. Provided interventions are locally appropriate, they offer ways to address the capability, opportunity and motivation of farmers to change practices in ways that benefit children’s wellbeing, and capitalize on the consumers’ willingness to pay for extrinsic qualities. On the other hand, where the less sophisticated governance mechanisms predominate, it is likely to be more effective to address CHW through broader social and economic policy (see Chapter 7, this volume).

The typology has considerable potential to inform future analytical research on the drivers of CHW in different contexts. Here the focus should be on economic factors and the nature and distribution of power in transactions, and how these dynamics limit or enhance effective discussions and coordination to address CHW. Moreover, the typology could be useful in the design of more effective interventions to tackle the drivers of CHW. An in-depth understanding of specific value chain governance modalities will be essential if such interventions are to be effective in addressing children’s harmful work in African agriculture.

Note
1 https://www.nestle.com/media/pressreleases/allpressreleases/tackle-child-labor-risks-farmer-income-cocoa-traceability

References


