



FAIR LABOR
ASSOCIATION

Fair Labor Association – Syngenta Consultation on Social Monitoring of the Agricultural Sector in India

Summary Report

The Fair Labor Association (FLA) and Syngenta Seeds Inc. held a multi-stakeholder consultation in Hyderabad, India on December 15, 2006. Representatives of industry, local and international NGOs, development agencies and village-level stakeholders met to define monitoring and remedial strategies to apply the FLA’s monitoring methodology to the agricultural sector in India. Presentations were made on activities undertaken as part of the FLA – Syngenta collaboration in 2006, including: a task- and risk-mapping study of the vegetable seed sector in India, Syngenta’s internal monitoring system for vegetable seed farms and a proposal for an independent external monitoring system for the agricultural sector. Participants identified code awareness, health and safety, wages and benefits and child labor as the four priority issues to address in the agricultural sector.

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Introduction

The Fair Labor Association (FLA) and the seed division of Syngenta India Ltd. organized a consultation on social monitoring of the agricultural sector in India in Hyderabad on December 15, 2006. The consultation brought together 44 representatives from 24 organizations representing non-governmental organizations (NGOs), local and international monitoring agencies, consumer organizations, Indian and multi-national seed production companies, development agencies, research and consultancy groups and village level stakeholders (growers, seed organizers¹ and village school representatives).

The one-day consultation was divided into two sections:

- ❖ The first part of the day was devoted to reporting on the activities undertaken by the FLA and Syngenta in 2006 with respect to enhancing labor compliance in the agricultural sector.
- ❖ The second half of the day allowed participants to identify and develop consensus around priority issues for monitoring in the vegetable seed production sector.

Mr. Surendra Nagda, President of the Seed Division of Syngenta India Ltd. welcomed participants to the consultation. Mr. Aurret Van Heerden, President and CEO of the FLA, briefly described the history of the FLA as an association of multinational brands, NGOs and universities committed to improving working conditions around the world. His remarks focused on the labor and human rights challenges faced by companies with long and complex supply chains such as Syngenta.



Mr. Nagda welcomes Mr. van Heerden to the consultation

Mr. van Heerden also recalled the history of Syngenta's association with the FLA. Syngenta became a member of the FLA in 2004 following the discovery of child labor on cottonseed farms supplying the company in the Andhra Pradesh region of India. Syngenta is the first agricultural company to participate in the FLA. Syngenta and the FLA are engaged in a pilot project to determine how best to adapt the FLA's monitoring methodology developed to address labor compliance in apparel and footwear factories to the agricultural sector.²

¹ The term "seed organizer" refers to third party agents who act as go-betweens between the company and individual farmers. Organizers maintain individual relationships with farmers and agreements with Syngenta to grow a fixed amount of seed.

² Syngenta joined the FLA in 2004 with the intention of applying the FLA's methodology to its cottonseed production processes. In 2005, the company sold its global cottonseed business to Delta and Pineland, a U.S.-based seed company. Following the sale, the FLA and Syngenta determined that monitoring efforts

Both Mr. Nagda and Mr. van Heerden emphasized the necessity of multi-stakeholder participation in the effort to improve working conditions on vegetable seed production farms.

Report on Activities in 2006

Three presentations were made reporting on activities undertaken in 2006 as part of the FLA – Syngenta collaboration: (1) summary of Syngenta’s internal monitoring systems; (2) task- and risk-mapping study on the vegetable seed sector; and (3) proposal for an independent external monitoring system tailored to the agricultural sector.

1. Development of Syngenta’s Internal Monitoring Systems

Mr. R. Mallikarjun, General Manager of Vegetables and Flowers for Syngenta, reported on the company’s progress in 2006 in developing a comprehensive internal monitoring system for its vegetable seed production processes. Mr. Mallikarjun stated that yearly targets for internal monitoring had been established that would ensure all farms are monitored by the end of year three (2008-09) of Syngenta’s implementation period.

Mr. Mallikarjun highlighted awareness-raising about the FLA – Syngenta collaboration and the Syngenta code of conduct among organizers and farmers as key areas of focus in 2006. He said that Syngenta field staff had begun to make monitoring visits in conjunction with quality inspections with the aim of integrating labor compliance and core production processes.

He also discussed challenges in the development of the internal monitoring system, including:

- Lack of legal guidelines regarding wages and benefits
- Lack of labor law enforcement by the Indian government in the agricultural sector
- Low levels of education among growers and workers
- Large number of farms to be monitored (almost 4,500 farms)

Mr. Mallikarjun looked to the group for assistance in defining benchmarks for each code element and developing sustainable remediation strategies.

2. Task- and Risk-Mapping of Hybrid Vegetable Seed Production Processes

Dr. Davuluri Venkateshwarlu, Director of the Global Research firm, presented the results of the study commissioned by the FLA on task- and risk-mapping in the hybrid vegetable seed sector.³ The FLA commissioned the study to better understand the production processes involved in hybrid vegetable seed production after the FLA – Syngenta project shifted focus from cottonseed to vegetable seed.

would shift to hybrid vegetable seed production in India, which represented the next highest area of labor compliance risk after cottonseed.

³ Web reference to the study

Dr. Venkateshwarlu highlighted four high-risk tasks in hybrid vegetable seed production: (1) pesticide application; (2) hybridization; (3) harvesting; and (4) seed extraction. These tasks pose compliance risks related to health and safety, child labor, bonded or forced labor and excessive hours of work.

At the time the study was conducted in April and May 2006, Dr. Venkateshwarlu reported that Syngenta field staff, seed organizers and farmers had limited understanding of the company's policy on labor standards, health and safety standards or the FLA's workplace code of conduct. He said that while Syngenta's contractual ban on child labor created some awareness on the issue, awareness was inconsistent and definitions of child labor were inadequate. Dr. Venkateshwarlu reported that trainings on code awareness were conducted by Syngenta staff in the field from June to December 2006, and that in recent field visits he had noticed better understanding.



Dr. Venkateshwarlu sharing the study results

3. Proposed Independent External Monitoring System for the Agricultural Sector

Mr. Arun Raste, Director of International Resources for Fairer Trade (IRFT), presented a proposal to develop an independent external monitoring system for the agricultural sector. Mr. Raste pointed out that few cases or standards exist anywhere in the world to monitor the agricultural sector. He cited poor record keeping by farmers, low literacy levels among farmers and workers and a lack of company-level internal monitoring systems as factors hindering the development of a system.

The methodology presented by Mr. Raste is based on the existing FLA Workplace Code of Conduct and monitoring benchmarks used in the manufacturing sector. The proposal consisted of a draft code of conduct for the agricultural sector, needs and impact assessment tools, data collection instruments, reporting templates and monitoring guidelines for independent external monitors.

Mr. Raste highlighted several areas where clear benchmarks are needed specific to the agricultural context:

- Hours of work and overtime limitations
- Social security and other benefits
- Rest days and holidays
- Wage compensation, especially for workers hired in groups

Identification and Discussion of Priority Issues

Participants discussed a broad range of labor compliance issues. Four priority issues emerged as key areas of focus for the FLA – Syngenta collaboration and monitoring of the agricultural sector in general: (1) code awareness; (2) health and safety; (3) wages and benefits; and (4) child labor.

1. Code Awareness

Participants agreed on the general lack of awareness among farmers and workers about labor standards and rights. The lack of awareness is compounded by low levels of literacy among farmers and workers, making written materials of little relevance in communicating the code of conduct.

Syngenta field supervisors updated the group on recent efforts to educate farmers and workers about labor standards by convening small informal meetings of farmers in each village where production takes place. Additionally, they said, pamphlets are provided to literate farmers at the time of foundation seed distribution. The group emphasized the need for further trainings, conducted in local languages, and continued creativity in communicating the code to organizers, farmers and workers.



Group discussion on code awareness

2. Health and Safety

Hybrid seed production poses specific health and safety risks to workers because of the specialized nature of hybridization work and the increasing use of greenhouse technology. Participants noted frequent exposure to hazardous chemicals, long periods of work without rest, lack of rest areas, and long exposure to sun and heat as some of the dangers associated with seed production. Furthermore, the use of greenhouse technology prevents the dissipation of chemical fumes into the air. A lack of health services infrastructure in the rural areas and the absence of a state health insurance system increases the health risks to workers.

Participants made several recommendations:

- Clean bathrooms and potable water should be provided and maintained.
- Designated rest and nursing areas should be available to workers.
- Workers should be educated on the hazardous chemicals used in seed production, disposal procedures and proper use of personal protective equipment.
- First-aid kits tailored to farm-specific injuries, such as snake bites and chemical inhalation, should be readily available. Farmers should be trained in first aid.

- Farmers and workers should be educated on the safe use of farm machinery, particularly as related to electricity. Open wells should be made visible.
- Regular health check-ups should be arranged for workers (the current system of government-sponsored check-ups is very sporadic).
- Workers should have access to health insurance, perhaps based on existing low-cost models.

3. Wages and Benefits

Several models of worker compensation were discussed, ranging from hourly wages to lump-sum payments for an entire season of work to collective payments made to a group of workers to conduct a specific task. The group discussed in-kind wage contributions and their role in calculating a minimum wage.

Participants noted that Syngenta is regarded as one of the better paying companies in the seed business. The company's long-term relationships with organizers and farmers were also viewed positively. Some participants asserted that due to the highly specialized nature of hybrid seed production and the need for skilled workers, workers are in an increasingly favorable position with respect to wages.



Syngenta grower speaking on worker compensation issues

The practice of making loan advances to workers was discussed. While some participants were concerned that the practice encourages forced or bonded labor, others noted that elimination of the loans would be detrimental to workers. Further study of the various loan schemes was recommended.

The group addressed migrant workers, who typically work on farms for a period of 60 to 70 days at a time. Because they live on the farm, they are more likely to be paid with in-kind compensation and are at risk of not being paid the minimum wage. The need for school or other educational activities for the children of migrant workers was identified.

Gender-based wage discrimination was discussed. While there was general agreement that women are paid less than men, the farmers asserted that men do a greater number and variety of tasks that command higher wages. Further study and discussion were advised.

Recommendations:

- The minimum wage should be calculated based on cash payments only (exclusive of in-kind compensation). The minimum wage should be equated with hours of work and specified in a written contract.
- Men and women should earn equal pay for equal work.
- Loan schemes and advance limits should be benchmarked so that workers can realize the benefits of loans without being forced into bonded labor.
- Workers should be encouraged to form or join unions for the purpose of collective bargaining (perhaps modeled on worker organization in the tea and coffee sector).

- Agricultural workers should be engaged on a contractual basis, rather than as daily workers as there are no prescribed legal benefits for daily workers.

Further discussion is required on compensation for farm work unrelated to seed production (e.g. firewood collection, housework), crop insurance and leaves of absence.

4. Child Labor

There was agreement that child labor remains a problem in seed production and may even be on the rise. Particularly for lower profit margin crops such as okra, there was agreement that farmers are inclined to use child labor to keep costs down, as children represent a readily available and inexpensive form of labor. Participants recognized that girl children are particularly at risk for sexual harassment and abuse.

There was agreement that existing monitoring mechanisms for the agricultural sector have proved inadequate for child labor. Announced audits have allowed farmers to send children away in advance of the audit, leading to underreporting of the problem and inadequate remediation. There was broad consensus that unannounced auditing should be a key feature of the FLA's and Syngenta's monitoring efforts in the agricultural sector.



Group discussion on child labor

The lack of educational infrastructure and widespread poverty were cited as root causes for child labor in the agricultural sector. Children do not have schools to attend or their families cannot pay school fees; families facing large debts often put children to work to help pay off the debt.

Recommendations:

- Awareness-raising on child labor must be undertaken through schools, adult education programs and other channels.
- The government should invest in awareness-raising and strict enforcement of the Child Labor Act. Syngenta may play a complementary role in enforcing the Act.
- Further exploration of existing resources at the local level is required (i.e., the National Child Learning Program and mid-day meal programs).
- A special school for children of migrant workers should be established.
- Syngenta should align with village schools to promote education and increase interest in school attendance. For example, Syngenta's donation of a computer increased attendance at a school in Maharashtra.
- Remedial strategies should be defined to help former child workers integrate into mainstream schooling. The Bayer-Naandi Foundation may provide a model.

- “Child Labor-Free” villages should be promoted to imbue villagers with a sense of pride in the village’s labor practices. Syngenta could promote such villages on its website.

Concluding Remarks

Three experts closed the consultation: Dr. Dipankar Gupta of KPMG, a leading sociologist of India; Ms. Linda Golodner, FLA Board member and President and CEO of the National Consumers League, a U.S.-based NGO; and Mr. van Heerden of the FLA.

Dr. Gupta emphasized the need for adaptation of the monitoring methodology to the rural context of the agricultural sector. He highlighted increased poverty and lack of infrastructure in the rural setting as compared to urban environments as requiring special attention in the development of the monitoring methodology for the agricultural sector.

Ms. Golodner stated that consumers are turning more attention to labor practices in the manufacture of the products they buy. She said that consumer organizations which have previously advised consumers only on the quality and price of products are now focusing on labor practices, as well.

Mr. van Heerden remarked that the improvement of labor practices in the agricultural sector cannot be addressed by one party alone. He said that even more so than in the manufacturing sector, improving labor practices in the agricultural sector requires networks of stakeholders to act in an integrated way.

Each speaker emphasized the need for a multi-stakeholder approach in improving labor conditions in the agricultural sector, such as the collaboration between the FLA and Syngenta. The need for public measuring of progress was also emphasized. Participants and presenters agreed that the FLA – Syngenta collaboration has the potential to develop ground-breaking best practices for improving labor standards in the agricultural sector.

Note: A longer version of the meeting notes is available by request: RMittal@FairLabor.org.