

BASELINE STUDY OF ENVIRONMENTAL AND SOCIAL CONDITIONS ON RAINFOREST ALLIANCE CERTIFIED BANANA PLANTATIONS IN COSTA RICA AND BELIZE

SUMMARY OF FINDINGS AND RESPONSE

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**RAINFOREST
ALLIANCE**



INTRODUCTION

The Rainforest Alliance Certification program was created in 1989 and has been adopted by banana buyers and producers for more than 30 years now, contributing to help make the production more sustainable. In 2018, RA certified banana production reached 8 million tons of bananas, amounting to approximately 40% of bananas exported globally. A total of 2168 banana farms were Rainforest Alliance Certified in 2018, comprising more than 200,000 hectares of plantations and employing around 160,000 workers. The Rainforest Alliance Certified (RAC) bananas are consumed mainly in the EU (85%) and the US (15%). Despite the growth of the RAC program, however important sustainability challenges in the sector persist.

PROJECT OVERVIEW & RESEARCH METHODOLOGY

In this context, the Rainforest Alliance, IDH-Sustainable Trade Initiative, and private entities in the banana sector have come together to finance and support a project to evaluate social and environmental practices on RA certified banana farms in Costa Rica and Belize¹. The first topic of interest for this research is worker wages and benefits, to be compared against a living wage benchmark for the respective region. Here, the Rainforest Alliance advocates for progress towards payment of a “living wage”, and several leading companies have made public commitments to pay this wage throughout their supply chain. The research also includes a focus on workplace rights and agrochemical safety as two other key topics relevant to RA certification and sustainability in the banana sector.

For this research, information was collected from managers at participating banana farms; various indicators were corroborated by documentation and supplemented by data collected directly from a sample of workers. Data was collected in early 2018 by an independent team of local researchers affiliated with the Global Living Wage Coalition. To understand changes through time and the impact of the 2017 revision of the RA standard², farm managers and workers were asked to report changes in the past two years for selected data points.

In Belize, 3 (out of 18) RA certified plantations participated in the research. In Costa Rica 4 (out of 13) plantations participated in the research. A mix of qualitative and quantitative methods was used, allowing to corroborate and validate findings from different sources. A limitation of this research is that the findings reflect the situation on a small sample of certified banana plantations that agreed to participate. The findings are not necessarily representative for all RA certified farms in these countries.

Costa Rican farms are located in the Caribbean lowlands in the region of Guapiles and range from 200-400 hectares with about 200-300 workers per farm. Farms in Belize are located in the south of the country near the town of Placencia, are about 150 hectares in size, with about 100-200 workers each³. Farms have been RA certified for 3-10 years. In all farms, wages are calculated differently according to the job types. In the banana sector, wages are often

¹ Costa Rica is one of the major global exporters for bananas. Belize is a more recent entry in the banana market; although production is less than neighboring countries, it is nonetheless very significant as an economic force in the south of the country.

² <https://www.rainforest-alliance.org/business/solutions/certification/agriculture/>

³ In all farms, about 2/3 of workers are in various field and harvest activities, about 1/4 of workers are in the packing plant (bananas are taken off racemes, washed, sorted, and boxed), and the remaining few in administration or various other tasks.



paid in a variety of formats: some workers are paid at a fix rate hourly or monthly, while others are paid a piecemeal rate by the units of work (per hectare, per box, etc.). Volume of work can vary significantly both from farm to farm and throughout the production cycle of the year⁴. Wages are prorated to standard working hours aligned with Living Wage methodology (48 hours week / 26 days per month), and then compared against minimum wage per month (281,777 colones / 467 USD in Costa Rica or 686 Belize dollars / 340 USD in Belize) and against the “living wage” per month (414,981 Colones or 741 USD per month in Costa Rica)⁵.

FINDINGS: WAGES

As noted above, several leading banana supply chain actors have made public commitments to increase wages towards a living wage. This research is a first attempt to quantify average wage levels and evaluate progress towards that goal. Although the RA standard does not require the full payment of a living wage, it does encourage increases towards a living wage (new in the 2017 RA standard); farms may also institute their own specific wage policies.

Among participating farms, when salaries are prorated, most wages range from minimum to about 140% of minimum wage (scatter graph 1). In Costa Rica (blue dots), when compared to living wage, we can see that while most job types fall below the living wage, some significant job types at certain farms (the larger bubbles) are paying at or even above living wage. In Belize, while the living wage benchmark is yet to be determined, most farms report wages from 120% to 160% above minimum wage.

Wage data from both countries (as reported by farm managers) was generally corroborated with data collected workers. At each farm and for each job type, workers confirmed wages and piecemeal rates, although in a few cases reported working up to 10% more hours, therefore lowering the prorated wage by the same amount. In each country, most workers reported little change in wages over the past two years, although in Costa Rica 20% of workers reported higher wages (vs only 4% who reported lower wages).

Key take-away:

Most wages range from minimum to about 140% of minimum wage.

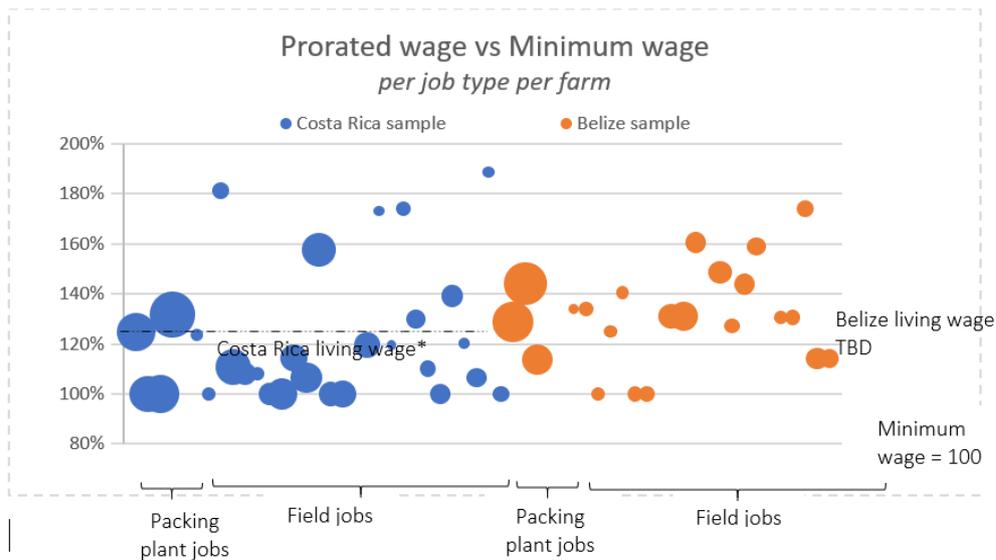
In addition to cash wages, common in-kind benefits include free transport to / from the farm, meals, school supplies, and housing. In Costa Rica, valuable in-kind benefits identified on participating farms included transport (adding a value of 31,000 Colones for workers receiving this benefit) and housing (adding a value of 78,000 colones)⁶. Regarding housing, workers in Costa Rica confirmed provision of basic services electricity, water, sanitation, and locks, rated quality as “very good” or “great”, and all but one indicated that the house had received significant improvements in the past two years, all aligned with the housing conditions requirements included in the RA standard.

⁴ Bananas are harvested year-round, but production rates usually fluctuate. Based on research conducted for this project, hours for packing plant workers are consistently about 10% higher in ‘peak’ vs “low” season. Hours for field workers vary 5-10% throughout the year but are neither consistently higher or lower in “peak” season.

⁵ Living wages are calculated based on an exhaustive methodology created by the Global Living Wage Coalition www.globallivingwage.org. Living wage for banana-producing region of Costa Rica is described in Voorend (2018) <https://www.globallivingwage.org/living-wage-benchmarks/rural-costa-rica-limon-and-heredia-provinces/>.

Living wage for banana-producing region of Belize is forthcoming 2019.

⁶ Cash value of the in-kind benefit is estimated from data in the Living Wage benchmark report, based on the cost that a worker would otherwise incur (ie, the cost of bus transportation or the cost of room rental, in this case). See <https://www.idhsustainabletrade.com/matrix-living-wage-gap/methodology-english/> for more details.



Scatter graph 1: Each point represents a job type (packing plant or field job) at a farm in the study. *Administration, office, and other miscellaneous workers are not included. Size of bubble represents number of workers in that job category. * Costa Rica living wage equals 414,981 CRC per month and 386,204 CRC when adjusted for benefits, or 137% of minimum wage.*

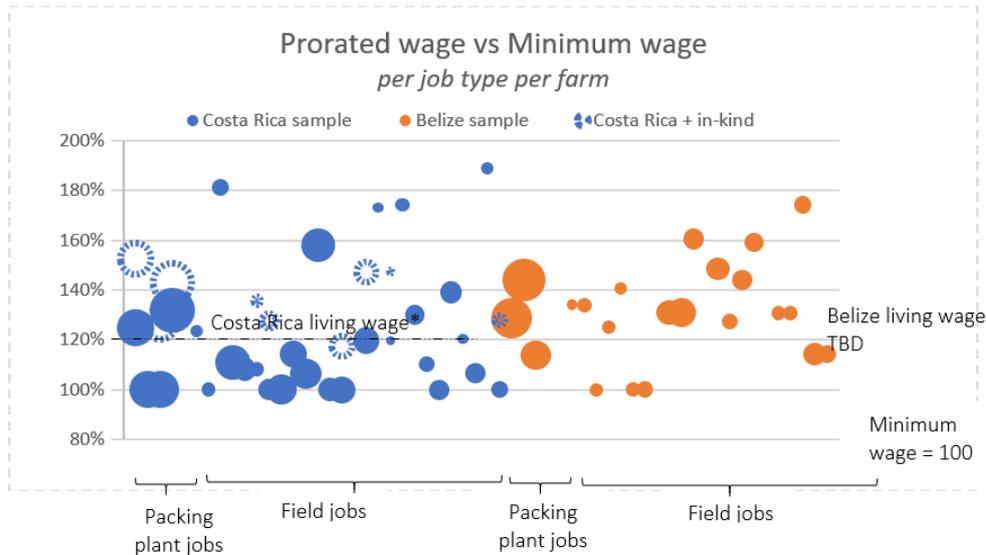
When added to the cash wage, these benefits can increase the total remuneration by 20-30%, so many wages for key job types now actually fall above the living wage benchmark (scatter graph 2). In Costa Rican farms, about half of workers reported that benefits have increased in the past two years, while about half reported they have stayed the same. In Belize, farms provide free transportation, but no food or housing (valuation of in-kind benefits in Belize is still forthcoming). Most workers report little change in the past two years. Overall, in both countries, about 75% of workers report being “better off” compared to two years ago, due to banana work and other factors. About 25% report being “the same”, and 2-4% report “worse off”.

Key take-away:
When accounting for in-kind benefits, total remuneration can increase to a living wage level in Costa Rica.
In both countries, about 75% of workers report being “better off” compared to two years ago

FINDINGS: WORKPLACE RIGHTS

Labor topics have historically been a significant issue in the banana sector; for this reason, the RA certification standard explicitly requires that a grievance mechanism is available for workers, and that workers are informed about this mechanism and their labor rights, including freedom of association. While implementing the new 2017 Sustainable Agriculture Standard, Rainforest Alliance published a mandatory Freedom of Association policy with additional auditing methodologies guidelines for enabling the proper verification of farms compliance regarding this topic, but also ensuring the engagement with other stakeholders ⁷.

⁷ <https://www.rainforest-alliance.org/business/resource-item/policy-on-freedom-of-association/>



Scatter graph 2: Same as first scatter but shows wage + estimated value of in-kind benefits for job types (in dashed outline, directly above the bubble for cash wage).

In Costa Rican farms, managers described details of the grievance mechanism process, and most report that it is reviewed monthly. 92% of workers noted that are “completely clear” on how to file a complaint, 82% noted that the complaint process is anonymous and protected, and 84% stated that the process is “fair and effective”. When asked about worker organizations, all describe their perception as “completely free” to join a worker’s organization (as opposed to “partially free” or “restricted”). All but one worker stated that workers in workers organizations are treated “equally”, as opposed to “very differently” or “slightly differently”. When asked about changes in the past two years, 57% reported that they now have “more freedom” to select a worker’s organization; the remaining 43% report that the situation is the “same” (0% report “less freedom”). 69% report that they are “more informed” about worker organizations, while 31% report that the situation is the “same” (0% report “less informed”).⁸

In Belizean farms, grievance mechanisms and labor rights are less publicized issues (although not necessarily less important). Farms were not able to describe the grievance process in as much detail. Nevertheless, 87% of workers reported that they are “completely clear” about the process, 70% consider it anonymous and protected, and 73% considered the process effective. Regarding worker’s organizations, 63% report being “completely free” to join an organization, 20% partially free, and 13% restricted. However, only 17% report being “well informed”. Most workers do not perceive any changes (in the past two years) regarding worker’s organizations or their knowledge about them.

Key take-away:
84% of workers on Costa Rican plantations and 73% on Belizean trust the grievance mechanism that is mandatory to have in place for RA certification.

Finally, when asked about their overall perceptions, in both countries, about 75% of workers indicated that the farm “respects workers and pays on time and provides extra benefits”. The remaining workers indicated that the farm “respects workers and pays on time but does not provide extra benefits”. In Costa Rica, about 65% of workers attributed overall workplace environment and changes in past two years to “influence of RA certification, other certifications, and a company policy”, compared to government, only a company policy, or other forces. In Belize, only about 35% of workers attributed this to “influence of RA certification, other certifications, and a company policy”,

⁸ In this section, values refer to workers that responded to the question. 5-10% of workers chose not to respond to these questions.



with other workers responding, “company policy” or “administration” (20%), other (30%), or “no influence” (15%).

FINDINGS: AGROCHEMICAL SAFETY

Lastly, agrochemical use and safety is also a significant challenge for the banana sector. The RA standard requires rigorous Occupational Health and Safety (OHS) planning and practices, in addition to numerous specific agrochemical safety practices for workers training, protective equipment, storage, and environmental impact. Several of these criteria are new in the 2017 RA Standard, including an integrated pest management approach and extensive safety practices.⁹

All Costa Rican and Belizean farms report using professional service providers for agrochemical spraying. Costa Rican farms reported revisions to their Occupational Health and Safety plan, new trainings and medical tests. The majority of workers confirmed that they now use protective equipment “more often” than before, as well as receiving more medical exams, more trainings, and having greater availability of equipment and safety facilities. Belizean farms reported similar changes in revision of OHS plans and new trainings and medical tests. Here, most workers confirmed more medical exams, but most workers noted little change in use of protective equipment. Overall, 60-80% of workers rated overall safety perception at the highest level of “very high”, with scores slightly higher in Costa Rican farms.

THE RAINFOREST ALLIANCE RESPONSE TO THE STUDY FINDINGS

We are glad to notice that RA certified banana farms in Costa Rica and Belize overall seem to be aligned with the 2017 RA standard regarding minimum wages and in-kind benefits. We are also glad that the report has found improvements over the past two years, as perceived and reported by workers and management with regard to wages and grievance mechanisms, especially in Costa Rica and though at a lesser extend in Belize. The findings of this study regarding the wages and in-kind benefits indicate that the remaining gap with the Living Wage Benchmark is by no means unsurmountable. This is not to say that producers can easily close the wage-gap under the current market conditions. Closing the wage-gap can only be done with the collaboration of buyers and other actors in the value chain, as paying a living wage needs to be factored into the price of bananas.

The findings of the report also indicate the importance of having a grievance mechanism that is known to and trusted by workers. This demands a clear commitment and follow up by the management, if such a mechanism needs to be able to surface concerns regarding the freedom of association of workers. Stepping up the assurance process on this particular aspect, the Rainforest Alliance issued in 2018 a more stringent “[Policy on Auditing Methodologies for Freedom of Association and Trade Union Freedom](#)”¹⁰.

Safe use of agrochemicals remains a significant challenge for the banana sector. The signals emerging from this research are encouraging, such as the fact that farms use professional service providers for agrochemical spraying, and that Costa Rican farms had recently revised their Occupational Health and Safety plans and implemented new trainings and medical tests. The majority of workers now state they use their protective equipment more often than before and receive more medical exams and trainings.

⁹ <https://www.rainforest-alliance.org/business/resource-item/lists-for-pesticide-management/>

¹⁰ https://www.rainforest-alliance.org/business/wp-content/uploads/2018/06/12_freedom-association_en.pdf