



The Coca-Cola Company

Review on Child and Forced Labor and Land Rights in Guatemala's Sugar Industry





Background

The Coca-Cola Company (TCCC) established industry-leading commitments to protect the land rights of farmers and communities in the world's top sugarcane-producing regions, advancing its ongoing efforts to drive transparency and accountability across its global supply chain. In support of this goal, TCCC partnered with UL's Responsible Sourcing group (UL) to conduct a research study examining the incidence and impact of child labor, forced labor and land rights issues in Guatemala. This study combines field assessments with robust qualitative research and stakeholder engagement to help improve TCCC's commitments in the area of human rights and sustainable agriculture.



Child Labor



Forced Labor



Land rights

PURPOSE	SCOPE	APPROACH
<p>The purpose of this study is to provide a country specific baseline of the possible existence of child labor, forced labor, and land rights issues in TCCC's sugar supply chain in Guatemala, including farms as well as the sugar industry overall in the country.</p> <p>This study is intended to inform TCCC of the possible need to mitigate child labor, forced labor, and land rights issues where they appear to exist in Guatemala.</p>	<p>The research and stakeholder engagement elements were extended to all sugar producers including supporting farms, plantations, and cooperatives in the country. However, field visits were only conducted at TCCC suppliers, including a sampling of their supporting farms and plantations.</p>	<p>To examine incidences and the impact of child and forced labor and land rights issues at the country, industry and supply chain level, UL conducted customized field assessments at sugar mills and sugarcane farms between April and May 2014, and conducted interviews with relevant stakeholders in Guatemala through January 2015.</p> <p>Additionally, UL reviewed publicly available information on child labor, forced labor, and land rights issues in the sugar industry in Guatemala. The research included reviewing information on: Guatemala's legal framework with regards to child labor, forced labor, and land rights; identification of prevalent child labor, forced labor, and land rights issues in Guatemala's sugar industry; initiatives in place to address these issues; and specific actions being taken to protect or help victims.</p> <p>Although most of the desktop research concluded at the end of 2013, additional research was undertaken at the end of 2014 on select topics including women's land rights and water diversion.</p>

NOTE: This report was published in March 2015.



Executive Summary

Child Labor

In Guatemala, poverty, cultural beliefs, the informality of the labor force, and lack of education are the main social and economic factors that contribute to the incidence of child labor. Specifically, poverty is one of the biggest drivers of child labor. Guatemala is the most populous country in Central America, yet half of the population lives below the poverty line. The prevalence of child labor in Guatemala is exacerbated by low wages for unskilled work, which pushes families to involve their children in economic activities. There are deep cultural factors that aggravate the issue of child labor in the country. Traditions within the family structure, and specifically within the indigenous family structure, lead children to work. The lack of education

in rural areas is also a driver of child labor in the country. According to national estimates on child labor, 46% of working children do not receive an education. Families in poverty make the decision to remove children from school in order to increase their household income. Internal migration is another factor that contributes to high school dropout rates in rural areas of Guatemala. A large number of sugarcane cutters migrate internally to work on different farms during the harvest, taking their children with them. Subsequently, this causes children of many farm workers to drop out of school and participate in the harvest.

During the field assessments, UL observed one minor of 16 years of

age cutting sugarcane on one of the farms that is part of TCCC's supply chain. This minor was not employed by the farm. Beyond this confirmed case of child labor, the researchers also witnessed a possible, unconfirmed case of child labor. During the farm manager interview, the researcher witnessed a young sugarcane cutter that was swiftly removed from the farm being visited. The researcher was unable to confirm if this was a child labor situation given that he was unable to find the young worker after interviewing the farm manager. Beyond these two instances encountered during the field assessments, no systematic child labor was observed in sampled farms of the TCCC supply chain.

Forced Labor

Identification of forced labor incidences in the field can be challenging; involving first, information gathering through documentation review, private interviews and visual observation, and second, the analysis of the information to assess for indicators and actual occurrences of forced labor.

In 2008, the International Center for the Investigation of Human Rights carried out a diagnostic of the labor conditions in the sugar industry in Guatemala. This report pointed to the violation of workers' rights and expressed concern over working conditions that resembled forced

labor. The Association of Sugar Producers of Guatemala (ASAZGUA) has developed a set of norms and policies, based on international labor standards, aimed at promoting the well-being of sugarcane cutters. All five mills that belong to TCCC's sugar supply chain participated in the creation of these norms. These mills strive to establish best practices for farms they source from based on ASAZGUA's standards to promote better working conditions for sugarcane cutters.

UL found varied types of management systems to avoid forced labor. Three out of the five mills have strong

programs to protect and guarantee the well-being and rights of sugarcane cutters. However, some of the other mills have very few controls and mechanisms to prevent forced labor situations. UL researchers found 43 internal migrant workers that reported forced overtime and five workers that reported abuse, threats, and UL researchers found 43 internal migrant workers that reported forced overtime and five workers that reported abuse, threats, and intimidation at various farms operated by two mills.



Land Rights

Land tenure is the relationship, whether legally or customarily defined, among people, as individuals or groups, with respect to land. Guatemala's land tenure issues stem from a lack of basic land law in regards to basic tenure types and indigenous rights to land. The sugar industry in Guatemala has been specifically implicated in violent struggles for land since 2005. In the Polochic Valley, there are claims that a sugar company forcibly removed 769 indigenous families from their land.

Another issue closely related to land rights in the sugar industry is the practice of diverging rivers for the purpose of irrigation, and the Guatemalan government's lack

of regulation of such practices. Construction of the Chixoy Dam led to the displacement of approximately 3,500 indigenous residents who were not adequately compensated. In practice, women, like other marginalized indigenous and peasant populations in Guatemala, face systemic exclusion from access to land. The country's patriarchal culture and customary tenure systems make women particularly vulnerable to insecure land tenure. However, under Guatemalan law, women do not face gender discrimination and can enjoy access and rights to land.

In TCCC's supply chain, all five mills had possession of documentation demonstrating legal ownership or

authorized use of the land. In the past 20 years, three out of the five mills stated they have increased their land size. Even though none of the mills have policies in place regarding the protection of land rights and access to land, none of the stakeholders interviewed reported disputes regarding the land that the mills purchased. None of the farms that participated in the study had increased their size in the past 20 years and none of the farms had plans for expansion.

In the studied TCCC supply chain, there is no evidence or claims of land grabs.



The Sugar Industry in Guatemala

For the agricultural sector of Guatemala in 2012, sugar represented the highest source of foreign exchange. For the national economy of Guatemala in 2012, sugar represented the highest source of foreign exchange for the country, after textiles and coffee. During the 2012-2013 harvest, Guatemala exported 75% of its sugar production or almost US\$978.1 million (3% of GDP) in raw and refined sugar to the United States, Canada, and East Asia/Oceania. For the agricultural sector of Guatemala in 2012, sugar represented the highest source of foreign exchange.

During 2012-2013, Guatemala positioned itself as fourth largest exporter worldwide, third most competitive, and first most efficient at port loading in the global sugar industry. Guatemala is the fourth largest producer and second biggest exporter of sugar in Latin American and the Caribbean. Annual per capita consumption of sugar in Guatemala is almost 100 pounds. Domestic consumption is divided, 27% for industrial use and 71% for direct human consumption. According to the Association of Sugar Producers in Guatemala (ASAZGUA), during the harvest season, 85,000 direct jobs and 340,000 indirect jobs are created. In Guatemala, the sugar industry is organized and centralized through thirteen producing mills located in the Departments of Retalhuleu, Suchitepéquez, Escuintla, and Santa Rosa.

THE THIRTEEN SUGAR MILLS ARE SPREAD THROUGHOUT GUATEMALA AND INCLUDE:

- Ingenio Concepción
- Ingenio El Pilar
- Ingenio La Sonrisa
- Ingenio La Unión
- Ingenio Madre Tierra
- Ingenio Magdalena
- Ingenio Palo Gordo
- Ingenio Pantaleón
- Ingenio Santa Ana
- Ingenio Santa Teresa
- Ingenio Trinidad
- Ingenio Tulula
- Sociedad Chabil Utzaj S.A

OF THE THIRTEEN SUGAR MILLS CURRENTLY IN GUATEMALA, TCCC ONLY SOURCES FROM FIVE.

SUGAR INDUSTRY KEY STATISTICS

Planted Hectares	260,000 hectares which accounts for 10% of agricultural area in the country
Percentage of Land Owned by the Mills	55-60%
Percentage of Land Independently Owned	40-45%
Jobs Produced	340,000 direct and indirect jobs
Percentage of GDP	3%

The Association of Sugar Producers in Guatemala (ASAZGUA), was established in 1957 and brought together the country's then 17 sugar mills together in one industry chamber. After sharing their experiences in the 1980s, ASAZGUA members decided to take three actions:

1. Establish a new philosophy in labor relations, a new technological framework for sugar production, and a research center;
2. Develop a world-quality system for domestic distribution and infrastructure for exports, administered by a private company; and
3. Create an autonomous foundation to address the social concerns of the industry and its workers.



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As a result, FUNDAZUCAR was founded in 1990 as the social-investment arm of ASAZGUA. FUNDAZUCAR's mandate is to work with the communities where sugar is produced, as well as those housing large proportions of their workforces. Mill owners and managers of Pantaleón, one of the thirteen current mills in Guatemala, played a leading role in setting up the foundation. FUNDAZUCAR put in place a series of policies that govern the labor force and labor issues in the sugar industry, including child labor and land rights issues. These policies and efforts, however, are targeted at specific mills and not all mills in the country have adopted the policies. According to the manuals of operation and training provided during the stakeholder interview, the efforts to implement industry-wide standards have been carried out with the help of the departments of social responsibility and human resources for seven of the thirteen mills.

All the mills that TCCC sources from participate in ASAZGUA's efforts and in the promotion of its policies.





Research Methodology

TCCC retained a third party, UL, to collect data and perspectives to help TCCC better understand the incidence of child labor, forced labor, and land rights issues in the sugar industry in Guatemala.



PHASE 1

Research of Publicly Available Sources and Stakeholder Engagements

Evaluate publicly available information on:

- The legal framework in Guatemala with regards to child and forced labor, land rights, and illegal settlements
- Prevalent child and forced labor and land rights issues in the sugar industry
- The initiatives in place to address these issues in Guatemala and the types of actions these organizations are taking to protect or help victims

The following stakeholder organizations were consulted:

- Association of Sugar Producers of Guatemala (ASAZGUA)
- Bonsucro
- Catholic Relief Services
- Comité de Unidad Campesina (Committee for Campesino Unity - CUC)
- Fundación Pantaleón
- GIZ Guatemala
- Homero Fuentes
- Mercy Corp
- Ministry of Education
- Ministry of Labor and Social Welfare
- OXFAM Guatemala
- Sindicato de Trabajadores de la Educación de Guatemala (Education Workers' Trade Union of Guatemala)
- Solidaridad
- US Agency for International Development

- US Department of Labor - Bureau of International Labor Affairs
- UNICEF
- United Nations Development Programme - Gender Consultant in Guatemala

In addition to the stakeholders listed above, UL also engaged with:

- 579 workers from TCCC's supply chain, including mill and farm management such as caporales (farm managers who handle the everyday work of sugarcane cutters); and
- In an ad-hoc manner, members of the community to better understand the overall sentiment of people surrounding the area at two sugar mills.

PHASE 2

Supply Chain Mapping:

Mapped TCCC's sugar supply chain to the farm level. A self-assessment questionnaire (SAQ) was developed and delivered to the five supplier mills in Guatemala. The SAQ collected information on:

- General characteristics of the mills;
- Production expectations for the upcoming harvest;
- Policies and initiatives around child and forced labor and land rights issues; and
- Information on each of the supplying farms, including contractual relationship with employees, management of the labor force, and increases in farmland size.

All five mills supplying to TCCC participated in this supply chain mapping process.





PHASE 3

Onsite Workplace Assessments

All five mills supplying to TCCC were visited by researchers. A cross-section of 50 farms was included in the research. This sampling process is described below.

None of the mills that belong to TCCC's supply chain reported use of third party entities to recruit, manage or pay sugarcane cutters. In Guatemala, the mills manage and operate the majority of the sourcing farms and sugarcane cutters. Therefore, UL focused its sampling strategy on farms that were operated directly by the mill.

MILL ONE:

- 95% of the farms they source from are operated directly by the mill.
- The sugarcane farms that source to this mill are located in two states: Santa Rosa and Escuintla. UL visited farms located in both of these states.
- UL visited 9.6% of the total harvested area that is operated by the mill and surveyed the working conditions of 2,487 sugarcane cutters.

MILL TWO:

- 63% of the farms they source from are operated directly by the mill.
- UL visited 16.4% of the total harvested area that is operated by the mill and surveyed the working conditions of 3,459 sugarcane cutters.

MILLS THREE & FOUR:

- 76% of the farms they source from are operated directly by the mill.
- UL visited 15% of the total harvested area that is operated by the mill and surveyed the working conditions of 6,886 sugarcane cutters.

MILL FIVE:

- 97.5% of the farms they source from are operated directly by the mill.
- UL visited a total of 8.7% of the total harvested area that is operated by the mill and surveyed the working conditions of 3,229 sugarcane cutters.

The visits to the farms evaluated the following topics:

- Policies the mills have established to address the use of forced and child labor, and land expansions and disputes.
- The type of due diligence the mills carry out to determine the presence of child labor, forced labor, and land rights issues.
- The ways the mills communicate, train, and monitor their expectations regarding these three issues to the farms and all associated employees.
- The type of management systems the mills require the farms to establish in order to make sure that the mill's policies, the client's specific requirements, and all legal requirements are being met.
- The grievance mechanisms established to provide sugarcane cutters confidential tools to report violations of their working rights or the mill standards and policies.
- The approaches used to remediate farms that violate the mill's social responsibility requirements.
- The use of labor contractors, and their compliance to the mills' policies.
- Plans of mills to increase the amount of land they own or operate.



The visits to the farms evaluated the following topics:



Management Systems

The **mill policies** implemented at the farm level.

The types of **mechanisms** used to alert farm personnel of standards that the farm must comply with.

Verification of employee **age documentation**.

The way the farms **communicate, train on, and manage the legal requirements** in the areas of child labor, forced labor, and land rights.

The type of **grievance mechanisms** in place, either mill or farm managed, to allow workers to report violations to the social policies in place.



Forced Labor

Whether workers are in **debt** and the amount of debt that they are in.

Type of **abusive practices** found on the farms.

Working conditions on the farms.

The types of **employment relationships** between employees and employers.



Child Labor

Number of children between ages 14-17 working and present on the farms.

Number of children below 14 working and present on the farms.

Types of tasks that children and **minors are performing**.

Hazard level of tasks and work performed by children and minors.



Land Rights

Documentation and evidence demonstrating legal ownership or authorized use of land.

If **new land was acquired** since 1994.

If land(s) were **contested** by native or indigenous communities.

If land was acquired or used with the **consent** of these communities.

If expanding farms take into account **social and environmental impact**.



MILL VISITS

During the mill visits, researchers carried out the following activities:

- **Document review:** The researchers reviewed policies related to forced labor, child labor, and land rights, as well as documents indicating legal ownership and authorizations to use the land.
- **Interviews:** The researchers interviewed management personnel with knowledge on the policies, as well as labor contractors and/or labor brokers (if applicable and present).

FARM VISITS

During the farm visits, researchers carried out the following activities:

- **A farm tour:** This was an opportunity for the researchers to verify working conditions and identify any minors participating in the harvest season.
- **Document review:** The researchers reviewed policies, payroll and time records, age documentation, and documents relating to land ownership or authorization of land use.
- **Interviews:** The researchers interviewed farm management staff, labor contractors (if applicable and present), adult farm workers, and child farm workers (if identified through the farm tour).





Detailed Review - Child Labor

Legal Framework - Child Labor

Guatemala ratified the International Labour Organization's (ILO) Minimum Age Convention (No. 138) in 1990 and the Worst Forms of Child Labor Convention (No. 182) in 2001. Guatemala's Constitution and Labor Code prohibit the employment of children below the age of 14. However, the Labor Code allows the Ministry of Labor and Social Services (MTPS) to grant exceptions for the employment of minors below the minimum working age where interested parties can prove that the work is part of an apprenticeship or necessary to contribute to the family income in case of extreme poverty. Such work must be short in duration, light in intensity, and in alignment with ILO requirements. In 2006, the MTPS signed an agreement restating its commitment to the protection of children from economic exploitation and only grants exceptions to the minimum age law in special circumstances. According to the US Department of State, in 2012, the Ministry did not grant any such exceptions. UL was unable to determine if exceptions have been granted in subsequent years.

The Labor Code prohibits minors from working in hazardous conditions. This includes work that involves agrochemicals or garbage, carrying heavy loads, and use of dangerous tools, among others. However, the Code does not define the word "minor," making it difficult to determine the exact age at which youth are permitted to work in hazardous conditions. The ILO's Committee of Experts on the Application of Conventions and Recommendations has urged Guatemala's government to align its Labor Code more closely with the Minimum Age Convention.

In Guatemala, the Office of the Inspectorate General of Labor is responsible for enforcement of child labor laws. It receives and evaluates complaints related to child labor, including those from the MTPS's Adolescent Workers Protection Unit. When inspectors discover child labor, the children are referred to government social services. The employer is provided a time frame for remediation and referred to labor courts if remediation goals are not met. The US Department of Labor was unable to determine the penalties applied to employers violating child labor laws in 2012. UL was unable to determine if penalties were applied in subsequent years.

The US Department of Labor's 2013 Findings on the Worst Forms of Child Labor report concludes that Guatemala made a moderate advancement in efforts to eliminate the worst forms of child labor. The government approved an action plan that outlines specific steps for government agencies to take from 2013 to 2015 to meet the goals set out in its flagship child labor policy (titled the Roadmap toward the Elimination of Child Labor in Guatemala). The government also increased its efforts to enforce child labor law by carrying out significantly more inspections than the previous year. In addition, inter-agency committees at the departmental level took actions to combat child labor. However, children in Guatemala continue to engage in child labor, primarily in agriculture. Lack of government resources, lack of Labor Ministry authority to impose fines, and inadequate judicial enforcement of court orders remain key challenges for enforcement efforts regarding child labor.



Social and Economic Factors Driving Child Labor

In Guatemala there are four interconnected social and economic factors that contribute to the incidence of child labor: poverty, cultural beliefs, the informality of the labor force, and lack of education.

Poverty is one of the biggest drivers of child labor. Guatemala is the most populous country in Central America and half of its population lives below the poverty line, with 13% living in extreme poverty (less than \$1.25 per day). The prevalence of child labor in Guatemala is exacerbated by low wages for unskilled work, which pushes families to involve their children in economic activities. This leads an estimated 21% of 5 to 17 year-old Guatemalans to work, primarily in the agricultural sector, to help support their families. According to the US Department of Labor's Office of Child Labor, Forced Labor, and Human Trafficking (OCFT), poverty as a driver of child labor has been difficult to address because of the desire of young people to migrate from Guatemala. Due to the crime and lack of economic opportunities, many young people look toward the United States as a way out of poverty. Therefore, they do not find poverty reduction plans useful, as their goal is not to stay in Guatemala. This desire to migrate hinders the impact of poverty reduction programs aimed at developing local economies.

On the other hand, there are deep cultural factors that aggravate the issue of child labor in the country. According to the OCFT staff, Guatemalan traditions within the family structure, and specifically within the indigenous family structure, lead children to work. The Conrad Project Association of the Cross, a local non-

governmental organization (NGO), estimates that most child labor in agriculture occurs in rural indigenous areas, particularly in the southwest and western highlands.

In Guatemala, the key role of the Ministry of Labor and Social Welfare is to provide oversight of working conditions as stipulated by the law in the different industrial sectors of Guatemala. Ministry visits to the agricultural sector include monitoring for the use of child labor. Additionally, Vice-Minister Elsa Marina Ávalos Lepe of the Ministry of Labor and Social Welfare added that cultural factors are a root cause of child labor. The Vice-Minister described the behavior of the communities as being counterproductive when monitoring this issue. She reported cases of communities alerting employers about the Ministry's presence in the fields. The employers and, in some cases, the parents actively remove children from the workplace before the visits take place. She believes that the communities themselves are perpetuating the problem of child labor.

Guatemala does not have a social environment that promotes economic development. 24% of the population is illiterate. Therefore, Guatemalans are more dependent on low-skilled work and participate primarily in the informal labor market. According to Vice-Minister Ávalos, an estimated 80% of the labor force works or is involved in some way in the informal labor market, and agriculture makes up a large percentage of these jobs. The relationship between the workers and employers in the informal labor market is unregulated and more vulnerable to illegal labor practices

such as child labor.

The lack of education in rural areas is also a driver of child labor in the country. According to national estimates on child labor, 46% of working children do not receive an education. Families in poverty make the decision to remove children from school in order to increase their household income. This practice affects the children's development and limits their future opportunities. It leads to children who become adults who are only able to gain employment in low-paying jobs that do not adequately support the household, thereby increasing the likelihood that the next generation of children will also participate in child labor.

Internal migration is another factor that contributes to high school dropout rates in rural areas of Guatemala, according to Evelyn Verena Ortiz, the Director of the Educational Quality Management Program of the Ministry of Education. A large number of sugarcane cutters migrate internally, up to two times per year, to work on different farms during the harvest. Ortiz asserted that when parents move, they take their children, making it difficult for children to attend school. Subsequently, this causes children of many farm workers to drop out of school and participate in the harvest.



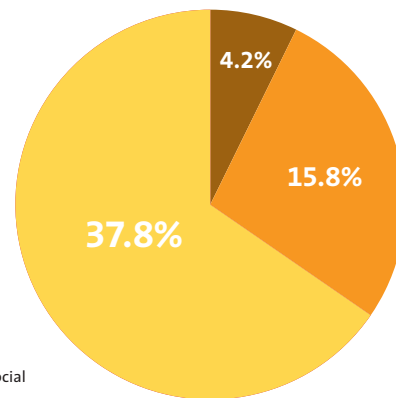
Child Labor Presence in the Sugar Industry

According to the US Department of Labor's 2012 Findings on the Worst Forms of Child Labor Report, 13% of children ages 7-14 years engage in work. The report indicates that 68% of this population is employed in the planting and harvesting of coffee, sugarcane,

corn, and broccoli. The National Report of Child Labor in Guatemala published by the Ministry of Work and Social Security and the National Institute of Statistics of Guatemala (INE) provided a higher estimate of child labor in the country. Based on the data gathered

through the 2011 National Survey on Living Conditions, the Ministry of Work and Social Security estimates that 20% or 850,937 of the 4,184,951 children ages 7 to 17 are engaged in work, with 512,247 (60%) of them working in the agricultural sector.

Child Labor By Age Group (2011 est.)		
7 to 9 years old	4.2%	35,739 minors
10 to 13 years old	15.8%	134,448 minors
14 to 17 years old	37.8%	321,654 minors



Source: National Report of Child Labor in Guatemala published by the Ministry of Work and Social Security and the National Institute of Statistics of Guatemala (INE).

In 2012, a number of media reports criticized the use of child labor in sugarcane plantations in Guatemala. Several newspapers reported children under 14 years of age working in sugarcane plantations owned by the President of the Chamber of Agriculture of Guatemala. The investigation "Child Labor and Exploitation in the Guatemalan

Sugar Industry", carried out by journalist Alberto Arce and Martin Rodriguez for the Honduran newspaper *Plaza Publica*, found that children working in sugarcane plantations are generally between the ages of 10 and 13. These children were performing hazardous activities including working with a machete to cut the sugarcane and then carrying heavy loads

of cut sugarcane. In this investigation, the journalist found that some of the children worked alongside their parents and were not attending school. In one example in the investigation, a father and his two children (ages 12 and 13) reported making about GQT\$60 per day (USD\$7.60), which is less than the daily minimum wage of GQT\$68 (USD\$8.60).

Child Labor in TCCC's Sugar Supply Chain

UL carried out visits to five mills and 50 farms with over 16,000 workers present that belong to TCCC's supply chain in Guatemala. Of these farms and mills assessed during this research study, UL found one 16 year old child cutting sugarcane. The minor was using his father's employee identification number to participate in the harvest and was using a sharp tool to cut the sugarcane. This 16 year old child was not employed by the farm. Beyond this reported case of child labor, the researchers also witnessed

one unconfirmed case of child labor at a farm. During the farm manager interview, the researcher witnessed a young sugarcane cutter that was being swiftly removed from the field. The researcher was unable to find the young worker after interviewing the farm manager.

The five mills that supply sugar to TCCC have processes in place to prevent child labor from occurring in the farms they source from. All five mills are active members of the

Association of Sugar Producers of Guatemala (ASAZGUA). ASAZGUA has a series of policies in place that govern the labor force in the sugar industry, including the issue of child labor. Maria Silvia Piñeda, the Director of ASAZGUA, provided UL with the Manual of Norms and Policies that outlines the industry's standards on child labor and working conditions. The manual stipulates that minors under the age of 18 shall not be hired to participate in the sugarcane cutting process.



ASAZGUA's standards on child labor are in alignment with TCCC's Human Rights Policy on child labor, prohibiting all sugar mills and

sugarcane supplying farms from hiring cane cutters younger than 18 years of age at the time of hire. Even though ASAZGUA does not set forth specific

guidelines on the implementation of a child labor policy, each mill has developed their own processes to implement the standard.

Mills supplying to TCCC have established the following practices to manage the farms they source from and to respond to ASAZGUA's standards on child labor:

- All five mills have a policy in place regarding age verification of sugarcane cutters at the time of hire.
- All five mills communicated the child labor policy to the associated farms:
 - In Mills One and Two, the child labor policies are implemented by the mill's employees during recruitment. This policy is communicated to all sugarcane cutters upon recruitment.
 - Although the mills do not have a specific code of ethics, Mill Two has policies regulating quality and promoting social responsibility. It provides health, education, and other types of services to its workers.
 - Mills Three and Four communicate the policy to the farms they own, lease, and operate, as well as all internal personnel.
 - Together, the mills source their sugarcane from 412 farms. Approximately 15% of the cane purchased is provided by independently owned farms, and the mills have little visibility into the hiring and management processes of the labor force employed in these farms. However, during the week prior to the beginning of harvest season, all cutters participate in an orientation process that includes the overview of the mills' policies, including child labor.
 - The mills' code of ethics and conduct is part of their efforts to positively impact the communities that they produce in and a key component of their corporate social responsibility efforts. As part of these efforts, the mills recruit and hire cutting teams directly and try to prevent the use of children or women in the harvest.
 - In Mill Five, at the beginning of each harvesting season, all supervisors, independent farm administrators, and all sugarcane cutters undergo an induction process that includes an overview of the mill's policy on child labor.
 - The mill's internal processes must comply with specific ethics and policies of social responsibility requirements including commitments to comply with national and international legislations, conventions, and requirements to manage their social impact.
 - The mill directly controls the recruitment, hiring, and management processes of the labor force for both leased and owned farms.
- Mills Three, Four, and Five have a monitoring program in place that oversees the implementation of the corporate social responsibility programs, including the policy on child labor. These mills visit each farm at least once during the harvest season and provide direction to the supplier farms on the type of laws and regulations they are required to follow.



Child Labor Initiatives

The prevalence of child labor in the sugar industry has led to the implementation of various efforts to mitigate this issue. From a national perspective, the Guatemalan government, alongside the International Labour Organizations' International Programme on the Elimination of Child Labour (ILO-IPEC), has devised a Road Map that incorporates anti-poverty, education, and health programs to eliminate the worst forms of child labor by 2015 and child labor in totality by 2020. This Road Map engages different governmental sectors to target the issues of child labor and promote the tracking and monitoring of the progress of eliminating child labor. An important initiative that has arisen from this coordination is Mi Familia Progresá, a conditional cash transfer program that provides education and health subsidies to impoverished families in exchange for assuring that their children receive regular health checkups and attend school (with a minimum of 90% school attendance rate).

The OCFT has implemented several projects to combat child labor in Guatemala. Since 2009, the government of Guatemala, alongside the OCFT, has participated in a \$4.2 million initiative that employs education and vocational training strategies as means to eradicate child labor. The initiative aims to withdraw 5,720 children from work and prevent 3,600 children from entering hazardous work in agriculture, child domestic labor, and the urban informal sector. With the support of the Guatemalan government, the initiative is carrying out education

programs in over 140 public schools in areas with high rates of indigenous populations and child workers in the departments of San Marcos and Totonicapán. The initiative provides working and at-risk children with after-school tutoring, and vocational training, as well as assistance to educators in rural multi-grade schools. The initiative also works with local governments and civil society to help integrate child labor issues into local-level public policies. Additionally, the OCFT recently worked with Catholic Relief Services on a program called "Nuyatalil- Wolken (My Rights Matter): Combating Exploitive Child Labor through Education in Guatemala".

Eileen Muirragui, the Division Chief for Latin America at the OCFT, identified this program as a successful attempt to address some of the cultural aspects that perpetuate child labor in the country through raising awareness. In June 2013, 30 civil society organizations from around Latin America launched the regional campaign called "Yes to Education and Recreation" to raise awareness and take action on child labor. The campaign is comprised of various initiatives that provide government institutions a roadmap to prevent and address issues related to child labor. Although the campaign seeks to tackle the issue of child labor across sectors, it will place an important focus on agriculture given the widespread use of child workers in this sector.

Save the Children, in partnership with ChildHope Foundation, implemented the "Child and Adolescent Labor in El Quiché" initiative to eradicate child

labor and reduce poverty levels in sugarcane plantation communities. The initiative is specifically aimed to influence the formulation, execution, and continuous revision of policies and social programs designed to eradicate the worst forms of child labor in seven municipalities of El Quiché.

In 1990, the Guatemalan sugar mills created the FUNDAZUCAR initiative with the purpose of implementing human development programs in communities where sugarcane is planted. The programs framed within this initiative are based on the principles of community consultation and self-management. The nature of its programs are mostly based on education, health, and local development. However, none of the programs directly address child labor issues.

The Pantaleón Foundation has established a series of educational programs both for adult and children to address the education gap in Guatemala. The Foundation has established four schools and child care centers in the surrounding areas of the mills. Since 2012, the infrastructure has been improved at 19 schools and 876 students have benefited from this program.



Detailed Review – Forced Labor

Legal Framework

Guatemala's Constitution and Penal Code prohibit forced labor. The Labor Code prohibits forced overtime in unhealthy or dangerous occupations as well as retention of employee property. The Law Against Sexual Violence, Exploitation, and Human Trafficking prohibits trafficking in persons for purposes of forced labor and provides additional penalties in cases of the employment of minors in activities harmful to their health, security, integrity and dignity; including imprisonment from two to four years and a fine of approximately \$2,500 to \$12,600. According to the US Department of Labor, child trafficking investigations mainly fall under the jurisdiction of the police force and public prosecutors. In June of 2012, the Public Ministry created a special unit within the Special Prosecutor's Office for Organized Crime to address human trafficking and child labor. The National Civil Police maintains a hotline for reports of child trafficking cases and forwards the information to the Public Ministry, which conducts investigations and pushes forward criminal charges.

Forced Labor Presence in the Sugar Industry

The International Center for the Investigation of Human Rights (CIIDH) carried out a diagnostic in 2008 on labor conditions in the sugar industry in Guatemala. The report "The Bitterness of Sugar: Labor Conditions in the Sugar Industry in Guatemala" lists working conditions and labor practices in the sugar industry that resemble forced labor situations. The CIIDH interviewed cane workers during the 2007-2008 harvest season. Many of the cane cutters were hired through third-party contractors, who offered the workers a verbal contract that did not specify the length of the contract, the nature of the work, or payment terms. The report claims that cane cutters usually worked over 12 hours a day and were often underpaid. The report also claims that if workers vocalized their dissatisfaction with the working conditions, they were placed on a watch list. The labor contractors usually shared these lists with each other, making the recruitment of these workers very difficult. Rafael Gonzales, a field representative for the Comité Unidad Campesina (CUC), an organization that represents indigenous and farming groups in Guatemala, echoed similar concerns about the labor practices in the sugar industry. Even though the use of third-party contractors to recruit workers is no longer a common practice in the industry, the method of recruiting the labor force has changed only slightly. According to Gonzales, the responsibility of contracting sugarcane cutters is, now, the responsibility of the field managers. They get paid per worker provided and the mills usually add a bonus if the cane cutter is efficient and cuts five tons of sugarcane or more per day. Gonzales has seen cases of intimidation from field managers. When cutters are unable to reach the five-ton goal, field managers threaten them with dismissal. Even though, in recent years, cane cutters are being provided with written contracts prior to hiring, Gonzales



asserted that this practice still does not protect workers from labor rights violations. Many of the hired workers are not able to read and write, and the contents of the contract are never fully explained.

Gonzales also reported high levels of favoritism between the field managers and cane workers. Workers that befriend or bribe managers usually receive a larger allotment of sugarcane farm area to work in and experience better treatment in the

fields. They are provided with more breaks, potable water, and shade, while other workers are treated more harshly and the numbers of breaks are restricted.

Forced Labor in TCCC's Sugar Supply Chain

Identification of forced labor incidences in the field can be challenging; involving first, information gathering through documentation review, private interviews and visual observation, and second, the analysis of the information to assess for indicators and actual occurrences of forced labor. From the 50 farm visits carried out in Guatemala, with over 16,000 workers present, UL researchers found 43 internal migrant workers that reported forced overtime and five workers that reported abuse, threats and intimidation.

These workers were found in various farms that were operated by two mills belonging to the TCCC supply chain. Even though the mills have a policy in place to limit the working hours for sugarcane cutters to eight hours per day, all 43 sugarcane cutters reported working from six in the morning until seven at night. In nine farms, operated by Mill Two, workers reported working non-stop, without a seventh day of rest, since January 2014. Employees reported this as a common practice during the last months of the sugar harvest. According to workers from

Mill Two, the farm managers keep a watch list of those workers who refuse to work long days. According to the interviewed employees, if a worker is listed, he or she will not be hired back for the following harvest. This type of intimidation was seen more prominently in Mill Two, where five employees from four different farms reported verbal abuse and threats from farm managers when they refused to work overtime. All of these sugarcane cutters were in a direct employment relationship with the mill. UL researchers did not find any contractors or third party hiring agencies.

The workforce used for the cutting process during the harvest season is recruited both from nearby communities and from the highland area. The internal migration of workers to participate in the harvest is a common practice in Guatemala. There were no reported cases of migrant workers from other countries cutting sugarcane. There were no reported cases of employees indebted to the mills or farms. The researchers did not find encounter any cases of workers whose identifications (i.e.

passports, state provided ID, etc.) had been taken from them as a condition of employment or to limit their mobility. However, one stakeholder noted that workers may not be able to leave independently from where they are working because they are dependent on third party hiring agencies (also known as “coyotes” or “contratistas”) for transport, accommodation, and food.

As active members of ASAZGUA, the five mills strive to establish practices to respond to ASAZGUA's standards to promote better working conditions for sugarcane cutters. In particular, Mill Two has policies regulating quality and promoting social responsibility, and provides health, education, and other types of services to its workers. At Mill Five, internal processes must comply with specific policies on social responsibility requirements including commitments to complying with national and international legislations, conventions, and requirements to manage their social impact.



Forced Labor Initiatives

The Vice-Minister of the Ministry of Labor and Social Welfare, Elsa Marina Ávalos, highlighted the difficulty of knowing the number of workers that are in conditions of forced labor in the sugar industry. In August 2013, a protocol to identify situations of forced labor was accepted by congress to be implemented during field visits. The Vice-Minister stated that in the past years, thanks to the support of the U.S. and French embassies, the field inspectors have been trained on this protocol of forced labor identification and it will be implemented in the upcoming year.

Pantaleón Sugar Holdings is the first company to promote an eight-hour working day. Additionally, according to Fausto Chicas, the head of Human Resources of Pantaleón Sugar Holdings, the cane cutters are paid 2.5 times above the minimum wage. Through direct hiring practices, the company has tried to minimize withholding of remuneration.

ASAZGUA has established policies and standards to promote better working conditions for sugarcane cutters. These policies include the development of mechanisms to communicate the number of hours the sugarcane cutters work in the fields and assure weekly rest is provided. However, the success of these policies in protecting the rights of workers is inconclusive.



Detailed Review – Land Rights

Legal Framework

Land conflicts were a fundamental cause of Guatemala's 36-year civil war, which lasted from the early 1960s until the Peace Agreement was signed in 1996. On December 29, 1996, the government and the National Revolutionary Unit of Guatemala signed the Peace Accords and formally ended the 36-year guerilla war. Article 6 of the Peace Accords, entitled the Agreement on the Social and Economic Aspects and Agrarian Situation, included a rural development strategy to benefit small farmers using market-led solutions for land redistribution. The agreement required that small farmers have access to land and other production resources, juridical security, and a method for conflict resolution.

Additionally, the agreement would create conditions to provide access to credit in the countryside through a land titling and regularization program, known as Fondo de Tierras (also known as Fontierras or the National Land Fund). However, Fontierras was largely unsuccessful in reversing Guatemala's highly concentrated land ownership structure. Large farms were not subdivided, but rather purchased and sold to those with wealth or access to the limited available credit. Additionally, large landowners tended to sell low-quality land at inflated prices, forcing small farmers to incur large amounts of debt. As a result, these farmers were unable to repay their debt, rendering the market-led system largely ineffective.

According to a 2003 agricultural census, only 4.3% of Guatemala's agricultural land was reallocated through Fontierras between 1997 and 2003. The Fontierras market-led land policy was highly criticized for simply supporting short-term land rentals that did little to change the status quo. Guatemala's land distribution still remains the second most unequal in Latin America. Large farms occupy nearly two-thirds of agricultural land, while small farms occupy only one-sixth of agricultural land.

The highest levels of agricultural land concentration are in areas with the most fertile land. Historic expropriations of indigenous land by the government have negatively impacted land-use and food security. In impoverished regions, such as the western and northwestern regions, farm parcels range from 0.5 to 2 hectares per family. These areas not only have the highest density of indigenous populations, but also the highest rates of poverty and social marginalization in the country.

An Integrated Rural Development Law (Initiative #4084) was proposed in 2010 to shift Fontierras from a market-led land policy to a land rental scheme by indigenous and small farmer organizations. The initiative repackaged the land reform of the Peace Accords and aimed to promote economic, agricultural, and social security as well as sovereignty policies that would contribute particularly to women's and indigenous rural community development. However, on November 29th, 2012, the bill failed to win enough votes to pass. Owners of large estates remain fiercely opposed to the bill.



In 1997, the Guatemalan government created the Presidential Office for Legal Assistance and Resolution of Land Conflicts (CONTIERRA) to serve as the official conciliatory mechanism for land conflicts. It was considered a primary structural response to the demands for effective dispute resolution to land conflicts. In 2000, CONTIERRA was transferred to the Ministry of Agriculture to better coordinate the land institutions in the country. Currently, CONTIERRA has been suspended and its functions have been transferred to the Land Affairs Secretariat. When CONTIERRA was active, the number of disputes registered was very high. However, even with a dispute resolution government entity, the USAID Country Profile on Property Rights and Resource Governance for Guatemala notes that there are significantly more disputes that are inconspicuous and/

or have not been registered. Courts are perceived as lacking neutrality on land issues and remain of limited use in resolving land conflicts because they are slow, inefficient, overburdened, inaccessible, and lack rules of evidence and expertise.

In Guatemala, land is typically secured through inheritance, purchase, lease, use, administrative fiat, and government programs. Guatemala has yet to adopt procedures for registration of communal land. The Civil Code states that land held communally by more than one owner will be registered in the name of one of the owners only. In some cases, indigenous groups have registered land rights as municipal property; in most cases they have not registered their communal rights at all. Either approach leaves indigenous groups vulnerable to competing claims by private individuals or entities.

Guatemala still lacks a basic land law that describes basic tenure types and addresses indigenous rights to land. Such shortcomings in Guatemalan land laws and protection of indigenous rights make it difficult to resolve land conflicts, leaving indigenous and small farming populations without the means to obtain legal certainty regarding their interests and rights to land. Tenure insecurity is one of the main causes of poverty among indigenous Guatemalans, who make up 43% of the population. Multiple unresolved land disputes and ineffective mechanisms to resolve them discourage investment and reduce the potential contribution of agriculture to improvements in rural living standards and overall economic growth.

Presence of “Land Grabs” in the Sugar Industry

The most recent land rights issue in the sugar industry has occurred in the Polochic Valley in the northwest region of Guatemala. The land rights struggles began in 2005 when a company received a \$26 million loan from the Central American Bank for Economic Integration (CABEI) to move a sugarcane refinery from Guatemala's southern coast to the Polochic Valley. In order to sell the land to the sugar company, the landowners terminated the renting agreements and labor contracts they had with the surrounding communities and indigenous people that lived and worked on the land. In some cases, the indigenous people tried to compete and negotiate to keep the land, but these negotiation processes were suspended or the company outbid

the communities. Additionally, for some of the farms, the communities had filed purchasing petitions to the government's Land Fund, but the petitions were not respected and the indigenous people lost the opportunity to purchase these lands. The farms were owned by non-indigenous people who had taken the lands from the Q'eqchi community during the civil war.

By 2008, the company, now named Chabil Utzaj, displaced hundreds of people and planted 5,000 hectares of sugarcane. The displaced farmers were forced to seek refuge elsewhere. The new refinery in the Polochic Valley completed its first successful harvest in 2009. However, after this first harvest, the refinery suspended all activities

and Chabil Utzaj declared bankruptcy. In 2010, the CABEI presented Chabil Utzaj with a lawsuit for failure to repay credit to field workers, and in August 2010, the 37 plantations owned by Chabil Utzaj were put up for public auction. In March 2011 the auction was suspended when Grupo Pellas of Nicaragua (NSE) invested over \$20 million in the business under the name "Guatemala Sugar State Corporation."

In that same month, fourteen indigenous communities who had previously been evicted from the Polochic Valley returned to occupy the disputed lands and grow food. Chabil Utzaj successfully obtained a court order for the fourteen communities who had returned to the land to be evicted while negotiations over



settlements were ongoing. The eviction of these indigenous people came to a violent head on March 15, 2011 when 769 families were forcibly removed from the Polochic Valley. During the eviction process, the refinery's security guards and employees destroyed the homes and crops that the indigenous people had built. This incited the evicted bystanders and escalated the situation. The police began throwing tear gas canisters at the communities. One member of the community was killed and various indigenous farmers were injured during this altercation. The killing, the excessive use of violence, and the continuation of the eviction process of these communities angered national and international civil society organizations.

Land rights continue to be a major issue in this region of the country. In 2013, three indigenous farmers that were occupying land from Chabil Utzaj were killed by the security forces of the Guatemalan government and Chabil Utzaj in three separate incidences. Although the Inter-American Commission on Human Rights urged the Guatemalan government to assist the families with food, security, health care, and housing, the government did not take action to comply. Further, the Government of Guatemala announced it will provide land for 158 of the evicted families on September 14, 2013, but UL was unable to find any effective progress made during this study through desktop research. The fourteen indigenous communities continue to be displaced in shelters, community members continue to be subject to threats from the plantation security guards, and some community members still have standing arrest warrants.

Another issue closely related to land rights in the sugar industry is

the practice of diverging rivers for the purpose of irrigation and the Guatemalan government's lack of regulation of such practices. The practice of water divergence was not specifically part of the scope of the evaluation, therefore, the direct effects to the communities surrounding the sugar mills TCCC sources from are inconclusive. However, water resources are stressed by growing demand in the country. Sugarcane requires six months of continuous water to grow.

The Guatemalan Network of Disasters claimed that the sugarcane farms' divergence and manipulation of river basins in Escuintla leaves communities without water in the summer and causes flooding during the winter. Additionally, deforestation and agricultural pressure on marginal farmlands have accelerated soil erosion, causing degradation in the water quality of Guatemala's streams. Contamination by biological and chemical agents occurs in varying degrees throughout the country. Additionally, two stakeholders noted that burning of sugarcane is further exacerbating the water quality issues. Ashes from the burnt sugarcane enter the watershed causing serious health effects on communities that rely on rivers for drinking water and fish for food. Construction of the Chixoy Dam in the 1980s led to the displacement of approximately 3,500 indigenous residents. According to some reports, many of those displaced were not adequately compensated for loss of land, including loss of access to communal lands, and losses due to downstream flooding.

The Constitution defines all water as inalienable, non-forfeitable assets in the public domain. The use of water for purposes of development must be in the service of the community and not

any private person. The use of water, rivers, and lakes for agriculture and other industries contributing to the development of the national economy is the right of the public and no one particular person. Guatemala does not have a national policy or law governing water resources, although there have been negotiations over a draft law. Legal treatment of water-related issues is only addressed throughout the civil, penal, labor, health, and municipal codes. In the absence of a national law, some municipalities have adopted their own policies and codes. The lack of legislation that regulates water divergence makes it difficult for communities to file legal complaints.

The influence of the sugar industry on the political process in the country is a barrier for improving the well-being of indigenous and rural communities, as well as an obstacle to resolving the disparity of land access in the country. According to stakeholders, one of the most well-known sugar families in the country has sponsored candidates and political campaigns that are against agrarian reform.

Mark Visocky, the Director of the Economic Growth Office at the USAID Office in Guatemala, believes that large land owners and the coffee and sugar industries in Guatemala are compromising any efforts made to address the root causes of land conflicts. Rafael Gonzales, the field representative for the CUC, named the failure of the government to protect the land of small farm owners as the chief reason for the issues of land rights in the country. The expansion of sugarcane in Guatemala is inevitable, he claims, due to the profitability of the crop. However, there should be safeguards in place to protect farmers that have leased land to produce their own crops for consumption.



Presence of Land Grabs in TCCC's Sugar Supply Chain

No evidence or claims of land grabs were detected in the sampled farms. UL did not identify any land rights disputes in the sugar industry involving TCCC's sugar supply chain. The five mills had possession of documentation demonstrating legal ownership or authorized use of the land. In the past 20 years, three out of the five mills claim to have increased their land size.

Even though none of the mills have policies in place regarding the protection of land rights and access to land, none of the stakeholders

interviewed reported disputes regarding the land that the mills purchased. Additionally, none of the farms that participated in the study reported increasing their land size in the past 20 years. According to one of the mill's legal departments, the company analyzes and makes decisions regarding their growth on a yearly basis. At the end of each harvest, the company assesses their production capacity and projects future land expansion. This analysis had not taken place at the time of the research.

Mills Three and Four have been directly involved with the surrounding communities and their leaders in order to attend to any problems that could arise from their operation in the area. Even though none of the mills have plans for expansion, all five mills have processes in place to carry out impact assessments. Mills Three, Four, and Five have processes to study the impacts their expansion would have on any surrounding communities and the environment. Mills One and Two also carry out environmental impact assessments before expanding.

The mills and farms only partially follow TCCC's Human and Workplace Rights Issue Guidance with regards to land rights, which are outlined below:

Do mills and farms demonstrate that acquisition has not been assembled through expropriation or other form of legal seizure without a Free, Prior, Informed Consent process and fair compensation for land, resettlement, and economic impact to the affected communities?

- In the past 20 years, Mills Three, Four, and Five increased their land size. According to the documents provided and various interviews with the mills' staff members and legal councils, none of the acquired land was contested by native or indigenous communities and there were no forced evictions.

Do the mills and farms demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts on affected communities?

- Because the expansions took place over land that was not contested, there is no evidence that the farms or mills considered alternative options for expansion. The mills do not have in place a policy that requires this type of practice before expansion.

Do the mills and farms ensure the presence of grievance mechanisms to receive and address specific concerns about fair compensation and relocation, if applicable?

- All mills have processes in place to assess environmental and social impact. Mills Three and Four have ongoing meetings with local communities to address issues with regards to land access. At Mill Two, employees mentioned that the owner of the mill has been very generous in the past years allowing local farmers access to the mill's land. However, it was not clear from the interviews what mechanisms are in place for local farmers to reach out to the owner of the mill. Mill One did not have any grievance mechanisms to receive or address specific concerns about compensation and/or reallocation.



Land Rights Initiatives

With rising land insecurity, the government of Guatemala established a national initiative in 1990 aimed at granting titles for unregistered lands and resolving land-related disputes (such as multiple titles and overlapping borders). The National Commission on Registration Reform was created to automate and protect records, improve land security, and stimulate development. In addition to Fontierras, the Land Affairs secretariat, with support from the World Bank, created the Rural Development Council. The Council, with a budget of USD\$79.8 million, was created to promote projects to increase agricultural productivity. This project covers 125 municipalities and supports farmers who are most in need. Despite various land reform initiatives, the government has rarely attempted to clarify land rights or compensate those evicted. However, in a landmark decision made on February 8th, 2011, the Constitutional Court of Guatemala issued collective property rights to the area of Agua Caliente to the Maya Q'eqchi' community and ordered the government to take the necessary measures to issue a land title to the community. However, so far, out of the 769 families that were evicted from their lands, only 30 have received their lands back.

The World Bank, with USAID and the German Agency for Technical Cooperation, has undertaken two significant land administration projects. The first was a USD\$35 million project to increase the legal security of land tenure in the El Petén region, an administrative area that includes about one-third of the country. The project's accomplishments included a foundation for increasing legal security of land tenure, integration of registry and cadastral services, passage of the Land Fund Law and the Cadastral Information Registry Law to streamline the process for granting and registering individual land rights, and the establishment of a fully functioning Registry office in El Petén. The World Bank's Land Administration project in El Petén also implemented a communications campaign and publicized project events to enable women to have greater access to information about their rights. At the close of the project in 2007, 39% of titles issued by the project were issued to women heads of the household. While some significant accomplishments were achieved, the long-term effects of the project are not yet clear. Notably, the project did not prevent the incident in the Polochic Valley in 2011 when hundreds of people were pressured to leave their land under threat of violence.

USAID and the World Bank are two very active organizations working on land rights issues in Guatemala. These organizations have been heavily involved in titling and cadastral efforts, and have provided financial and technical support to the Guatemalan government. Importantly, these organizations have encouraged the government to consider indigenous populations and their livelihoods in the development of future land rights legislation. USAID programs in Guatemala have resulted in land titles being issued to more than 25,000 farmers in former conflict areas and the resolution of over 300 land conflicts.



The second World Bank project, Land Administration II, was a USD\$64million project to increase the legal security of land tenure in seven additional regions and one municipality. The project consisted of four main components:

1. Carry out the cadastral and limited land regularization processes in the project area.
2. Develop a national and municipal framework to support field surveys to keep cadastral information updated and incorporate it into initiatives for local development and territorial planning.
3. Improve the legal framework for land administration in Guatemala and strengthen the institutional capacity of agencies involved in its application.
4. Strengthen and cover the costs of the project coordination unit and evaluation and monitoring systems.

The outcome of the Guatemala Land Administration Project is rated unsatisfactory by the World Bank. El Petén as locus of the operation was questionable and, although the project successfully developed a parcel-based geographical cadastral database, there is no technological platform for integration with the deed-based registry database as expected. The Land Fund failed to set a limit per family on the size of the land purchase loan, reducing the incentive for beneficiaries to bargain hard over the price. Double the expected number of beneficiary families was served, however, there is no solid evidence to demonstrate that land productivity increased significantly, or that the land market operated more efficiently as a consequence of the land fund.

There are two main organizations that serve the interests of indigenous groups: The Comité Unidad Campesina (Committee for Campesino

Unity - CUC) and the Coordinación Nacional de Indígenas y Campesinos (Coordination of Indigenous Peoples and Campesinos - CONIC). The CUC represents indigenous and small farmer groups in Guatemala to affect social change and promote equality. The organization has evolved since its formation in the mid-1970s. Today, land rights are considered to be at the center of CUC's work. The CUC provides legal and organizational support to communities affected by large infrastructure projects such as those related to mining, dams, and monocultures implemented without the prior consent of local families. The CUC actively provides education about land rights and legal support to farmers that own or rent small land parcels in order to prevent their displacement. They help these farmers access credit through Fondo de Tierras and try to provide them with technical support to make proper and efficient use of the land. For indigenous people, they provide resources to

apply for collective land ownership, and, once the government grants this protection, it is more difficult for companies to access the land.

The second organization, CONIC, was established to promote sustainable livelihoods and community-led development for indigenous peoples across Guatemala. CONIC prioritizes building grassroots power to win rights to land, water, and food, including redistributing excessive land holdings and returning communal lands to their traditional owners. The organization also works to establish a model of rural development and land reform based on the Mayan heritage, promote citizen participation and local authority in the countryside, and hold the government accountable for fulfilling the nation's land reform laws and the promises from the 1996 peace agreements. CONIC is also the umbrella group for various Guatemalan land rights organizations.



Women and Land Rights in Guatemala

Women, like indigenous and peasant populations in Guatemala, face systemic exclusion from access to land. The country's patriarchal culture and customary tenure systems make women particularly vulnerable to insecure land tenure. Guatemalan women make up 49.6% of the country's population and 80% are dependent on land and agriculture for their livelihood. According to the UN's Food and Agriculture Organization, women are responsible for a quarter of the work in Guatemala's traditional production and export economy. Furthermore, rural women participate in nearly all agricultural and livestock activities, resulting in 50% of all income in rural households. As key contributors to agricultural production, women also play primary roles in providing food security to households and communities.

Despite their economic importance, women own a disproportionately small percentage of land compared to their male counterparts. The USAID

reports that only 6.5% of agricultural land is administered by women. The reason for women's limited participation in land control and access is due to constraints shaped by statutory law as well as customary laws and practices. While there are no legal restrictions on women's access and rights to land, patriarchal attitudes exclude women from key decision-making processes.

Under Guatemalan law, women do not face gender discrimination and can enjoy access and rights to land. The 1985 Political Constitution recognizes the equality of all human beings; the Civil Code provides for marriage settlements and distribution of marital property; and the 1999 Land Fund Act provides for co-ownership of land for married couples or couples in de facto unions, and individual ownership for single women. Yet in practice, joint land-registration among spouses remains very low. Patriarchal traditions remain strong in Guatemala, and the subordinate

position of women is evidenced by key social indicators like poverty, literacy and malnutrition—where they regularly rank lower than their male counterparts. Women generally do not have direct access to land rights and are dependent on male relatives to inherit or co-own land. Major decisions, especially ones regarding land use, are deferred to male heads of households.

In the customary tenure system, indigenous and poor women acquire access to land through inheritance. Although civil codes provide for equal inheritance of property by all children, according to ActionAid, daughters are rarely given land or are given much smaller shares than their brothers. Deeply entrenched customs and attitudes about women's limited roles influence female participation in decision-making both within households and at the community level.



Study Conclusions

As a major producer and exporter of sugar in the global economy, and with sugar counting for the third highest source of foreign exchange in the country, the sugar industry will continue to have great social and economic importance for the country. While Guatemala has regulations based on internationally recognized human rights conventions, high levels of poverty, poor enforcement of laws and social and economic inequality render the protection of such rights very weak. The largest underlying driver for child and forced labor is poverty, partially caused by a highly inequitable land distribution system that has prevailed for much of Guatemala's history.

Of the farm visits carried out in TCCC's sugar supply chain in Guatemala comprised of 5 mills, 50 farms, and a workforce of over 16,000 laborers, UL identified one 16 year old child found cutting sugarcane at one of the sampled farms. This child was not employed by the farm and no other confirmed instances of child labor were identified during the study. Among the over 16,000 workers, UL researchers found 43 internal migrant workers that reported forced overtime and five workers that reported abuse, threats and intimidation. These workers were found in various farms that were operated by two mills that demonstrated weak implementation of forced labor policies. Even though the Association of Sugar Producers (ASAZGUA) has established norms and policies to regulate the industry's employment conditions, there is still a large disconnect between the policies and their implementation. Three of the mills supplying to TCCC have established strong programs that include due diligence processes to monitor for child labor and working conditions. However, these types of processes are not standardized across the industry. The other two mills have little oversight over working conditions in their supplying farms.

Land disputes are more prevalent in Guatemala than in other countries in the region. Guatemala has a history of violence against land rights activists, land grabs, and the displacement of indigenous groups in favor of commercial interests. These land rights violations often occur without investigation or prosecution. Not only does the landed oligarchy control the majority of productive land, but their political influence further undermines indigenous and rural groups' access to land. Land rights issues affecting TCCC's supply chain, however, were not detected.



APPENDIX A – The National Context

Guatemala is the most populous country in Central America and half of its population lives below the poverty line. Combined with a largely young population, poverty is a major impediment to economic growth and development. While the country is the biggest economy in Central America, it also ranks among the worst in terms of inequality and poverty. According to the World Bank, the main challenges for Guatemala's government include fostering inclusive growth, addressing social inequalities, and improving education and health. Like many countries in Central America, Guatemala faces severe security issues. Weak institutions, remote areas with little effective state presence, and the country's geographic position between South and North America have made it a prime target for drug traffickers.

GDP per Capita:

\$5,300 (2013 est.)

Exports:

\$10.29 billion (2013 est.) including coffee, sugar, petroleum, apparel, fruit, vegetables, and cardamom.

The Main Economic Activities:

Services (62.7%), industry (23.8%) and agriculture (13.5%).

Labor Force:

4.465 million (2013 est.) Services employs 48%, agriculture employs 38%, and industry employs 14% of labor force.

Foreign Investment:

Since the enactment of the Dominican Republic – Central America Free Trade Agreement (CAFTA-DR) in 2006, investment and economic diversification have increased, particularly in ethanol and non-traditional agricultural exports. According to the World Bank, Guatemala has maintained stable economic growth rates in recent decades, with a growth rate of 3% in 2012. Nevertheless, the primary source of foreign income to Guatemala continues to be remittances from the expatriate community in the US.

Human Development:

Human Development Index: Guatemala's score (0.58, with 1 being the best score) falls below the Latin America and Caribbean regional average (0.74) and ranks 133 out of 187 countries.

Population Below Poverty Line:

54% (2011 est.)



Infant Mortality Rate:

23.51 deaths/1,000 live births, ranking 77th in the world out of 224 countries. Chronic child malnourishment is rampant, with approximately 50% of children considered undernourished, placing Guatemala sixth globally for child malnourishment.

Education:

Males and females average 11 years of schooling and, while students are required by law to attend school until the age of 15, Guatemala has one of the lowest literacy rates in Central America at 75.9% of the population.

Crime:

Crime and violence have been extremely high in recent years and officials estimate that up to 60% of the Guatemalan territory may be under the effective control of drug traffickers. Such insecurity and violence come at a staggering economic cost equivalent to 7.7% of GDP, according to the World Bank.

Political Structure:

Democratic Republic

Presidential Election:

Next Presidential Elections will be held in September 2015.



APPENDIX B – Stakeholder Engagement Highlights

A total of 19 stakeholders were identified in Guatemala, 17 of them were interviewed as part of the study.

Stakeholder Interview Methodology

The researchers identified and engaged with important stakeholders working on the issues of interest in Guatemala. The primary focus was on stakeholders with a physical presence in the country and who are currently implementing or have recently implemented initiatives to address these challenges. The researchers identified stakeholders from the private sector, government and civil society so that a variety of perspectives on the issues of interest were heard.

When conducting stakeholder interviews, the researchers approached organizations with broad, open-ended questions that allowed stakeholders to express their views on the topics. Because stakeholder interviews provide context to the research, the questions were designed to be impartial and capture child and forced labor and land rights issues through a national as well as an industry-specific lens. The researchers raised these topics in a neutral language that did not demonstrate any preconceived opinions. Follow-up questions varied from stakeholder to stakeholder and depended on the work they conducted and the view they related.

Key Perspectives

- Economic need is one of the biggest drivers of child labor. There is a strong link between poverty and the use of children to supplement family income.
- Child labor is decreasing and there is an improvement in working conditions in the country. However, the coordination between the different governmental entities in charge of carrying out the programs to either promote better working conditions or encourage the eradication of child labor has been difficult.
- In many cases parents do not have the necessary financial resources to send their children to school, however, a series of internal reforms to the public education system to minimize the cost a family must incur to send a child to school have been successful at granting access to schooling to a larger number of children.
- Poverty as a driver of child labor has been difficult to address because of the desire of young people to migrate to the United States.
- Internal migration was cited as a reason for the large school dropout rates in the rural areas of Guatemala.
- Child labor in the sugar industry also results in long-term negative health effects, in particular eye and skin diseases, and respiratory illnesses.
- Resource constraints is one of the main challenges that the government faces in order to carry out the different programs and activities established by the International Labour Organizations' International Programme on the Elimination of Child Labour (ILO-IPEC) Road Map.
- Land encroachment by the agro industries, including the sugar industry, has been a historical and ongoing issue that has negatively impacted the most vulnerable populations in Guatemala.
- Tenure insecurity and unequal land distribution are one of the main causes of inequality in Guatemala.



- An issue closely related to land rights in the sugar industry is the practice of diverging rivers for the purpose of irrigation. This leaves some communities without water in the summer and causes flooding during the winter. Additionally, burning of sugarcane is impacting water quality and causing serious health effects on downstream communities that rely on rivers for drinking water and fish for food.
- The influence of the agribusiness in politics leads to a lack of will from the government to address the issues of land access.
- The lack of an integral agrarian policy, the limited range of conflict resolution approaches given the complexity of the challenges, the limited access to resources to do the legal, historical, and technical field survey investigations required to resolve many specific disputes, and the limited coordination between the various conflict resolution and initiatives are some of the hurdles that exacerbate land conflicts in the country.



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