Labour standards

# Facing up to the child labour challenge

By Poulomi Saha and Tobias Webb in London

**Tackling supply chain child labour is not an impossible task**

A recent report by Indian non-governmental organisations has again thrown light on the pandemic that is child labour in the country. "Our Mining Children", written by a fact-finding team from groups including the MV Foundation, Oxfam Swaraj and Campaign Against Child Labour, looks at the issue in India's mining sector, which employs an estimated one million children. The team found about 200,000 of them working in the Bellary district of Karnataka state.

According to the latest (2001) Indian census, out of 210 million children aged between five and 14, an estimated 11.2 million are working. This accounts for about 5% of the estimated 211 million children working in the world and more than half the number of child workers in the Asia-Pacific region.

According to the new report, most of the children at Bellary's mines are involved in strenuous activities like digging and breaking stones. It says they are also engaged in the other processing activities of iron ore mining, without access to any safety equipment.

While the report heavily criticises companies employing child workers indirectly in their supply chains, a few companies are setting an example for the rest in tackling the problem.

Many companies have been seen, when discovering that child labour exists in their supply chains, to have been ignorant of the local social and economic conditions among their suppliers. Key among these conditions are often thin profit margins in poor communities where children often have to work to support a subsistence living.

In the case of many unscrupulous (or desperate) farm and factory owners and managers, the low level of their revenues can lead to the employment of cheap labour in the form of children.

Child labour experts say companies should address this on a basic level by raising their suppliers' profit margins and pushing them to employ adults, using audits to verify progress. However, corporate insiders point out that in many nations, the use of child workers is almost institutionalised, ingrained in local cultures through years of poverty, poor education and lack of strict law enforcement systems.

NGOs often acknowledge this, and the fact that the culture of child labour existed before the sourcing of products by multinational companies from poorer nations. However, both sides generally agree nowadays that, morally and reputationally, this excuses no-one from taking action on this most emotive of issues.

Regular third-party monitoring and social audits of supplier premises are necessary to ensure that buyers' social and environmental standards are enforced, say labour standards experts.

Swedish home furnishings company Ikea has a strict code of conduct, says its ban on child labour is "non-negotiable" and makes suppliers sign up to the company's code of conduct to secure purchase orders.

Ikea requires all its suppliers to disclose all their production centres, which it then monitors through announced checks, while its auditors, KPMG, spring surprise inspections.

Factories found to be in violation of Ikea's code of conduct are put on probation for at least six months. During this time they are expected to put forward an action plan to ensure all child workers are placed in schools and that their education to the age of 14 is paid for. In some cases, suppliers are expected to compensate child workers' families for the income lost by placing them in schools. If all this is not done to the company's satisfaction, Ikea withdraws its business.

**Complex outcomes**

Partnerships, says the International Labour Organisation, are imperative to finding collective solutions to the problem of child labour.

Back in the late 1990s, the organisation's International Programme on the Elimination of Child Labour had success in eliminating child labour in the soccer ball industry of Pakistan's Sialkot district with the help of local NGOs, the district government and the Sialkot Chamber of Commerce and Industry. With ILO training in operational, auditing and reporting standards, the local NGOs are now better equipped to monitor progress. However, in this case, the end result was not what some might have wanted.

While child labour was virtually eliminated from the area's soccer ball production, that meant all workers had to be monitored. For cultural reasons, many women workers were not able to leave their houses and work in a monitored factory, and so lost their jobs. According to one source involved in the project, some 20,000 workers became unemployed so that child labour could be eliminated from the branded soccer ball industry in time for the 1998 World Cup.

To avert such an outcome, The India Committee of the Netherlands suggests companies should involve local community members or NGOs in the auditing and monitoring process. Locally known faces, used as part of the auditing process, can help win the confidence of workers, it says. The issue of homeworkers and associated problems of monitoring this informal economy is a well-acknowledged problem, but there are potential solutions beginning to emerge. (see Box on page 42)

Poverty is historically seen as the dominant cause of child labour in India. But this view is being increasingly challenged by NGOs such as the MV Foundation, which cites India's incompetently run education system as a principal challenge. Other barriers include bureaucratic hurdles for the poor to access and stay in schools, gender and caste discrimination and, more generally, the absence of a norm that children should not work but be in school.

Such systemic problems, the NGO says, can be overcome when people are confident that their local school is functioning. Today, as a result of the foundation's work, 700 villages in India's Andhra Pradesh state are child-labour-free and 320,000 children have moved from work to school.

Unicef, the United Nations Children's Fund, has collaborated with Ikea to address some of these challenges in the carpet industry of India's Uttar Pradesh state.

Ikea finances Unicef initiatives that aim to improve the educational infrastructure in communities and help children get back to school. Among these are "alternative learning centres" or "bridge schools" that aim to help older children who have lost study years through work to catch up with others of their age within 18-24 months. Ikea has invested about $1.5 million over a seven-year period towards these initiatives. Another $270,000 has been dedicated towards various health programmes run by Unicef and the World Health Organisation to ensure children do not skip school because of ailments.

### A new approach

Though not bonded labourers per se, most children in Uttar Pradesh's carpet industry are compelled to work in order to repay debts taken by their parents from local moneylenders, usually at exorbitant interest rates.

In an innovative approach to tackling this, Ikea has helped the women in these communities to form self-help groups. These women are encouraged to make small financial savings that they can later use to inter-loan within the community and reduce dependence on local moneylenders. These loans, with support from some nationalised banks, are then used to finance micro-enterprises that in turn help fund children's education.

Ikea's technical team did a study of local skills in the area and found the women to be extremely deft at embroidery. So, the company has now started directly placing orders for cushion covers with these women, without the interference of any middlemen. As a condition of sale, these women must be a part of the self-help community.

While Ikea tackles the issue in its supply chain with the help of Unicef and local groups, members of the tobacco and chocolate industries are attempting to alleviate the problem collectively, with mixed results.

Global tobacco giants British American Tobacco, Philip Morris, Imperial Tobacco and Gallagher Group are members of the Eliminating Child Labour in Tobacco-growing Foundation (ECLT), established in 2001, with the help of the ILO and the International Tobacco Growers' Association.

As most tobacco farms are family run, children working on them are not bonded labourers. The first challenge the ECLT Foundation faced was one of awareness raising among the farmers about the need for educating their children.

Following this, the partnership has been involved in building schools and digging wells for farmers in countries including Malawi, Uganda and Tanzania. In a recent move, it has also announced the decision to extend micro-credit to tobacco farmers in Kyrgyzstan at low interest rates. This aims to ensure that some farmers are able to send their children to school rather than keep them on the farms.

The foundation says it is "engaged in dialogue" with local governments and NGOs in order to "enlist their support" towards addressing the problem. It has established partners on the ground, it says, to monitor the progress on the various initiatives it funds.

But of the tobacco companies involved in this initiative, only BAT reports on the progress of the foundation's work (at some length) in its annual corporate responsibility report. BAT makes detailed references to commitments towards addressing the problem of child labour in tobacco growing, while the other companies are reticent, publishing little information on targets and real achievements.

Out of the eight ECLT projects currently underway in various countries, BAT has directly run four of these – in Brazil, Mexico, Fiji and Pakistan. Under the programmes run in Brazil, BAT subsidiary Souza Cruz subcontracts to farmers with children only if they produce a declaration of school attendance signed by a teacher or headmaster. Breach of the condition ends the contract.

### The role of lobbying

Peter McAllister, executive director of the International Cocoa Initiative funded by chocolate industry members such as Hershey, Mars, Cadbury Schweppes and Nestlé and aimed at tackling child labour, says businesses should engage with governments on the issue. He says companies have an imperative to engage governments if they are not implementing national laws and international conventions on child labour that they have ratified.

## Homeworker standards

Identifying and monitoring homeworkers in a company's supply chain is extremely difficult. Most homeworkers get paid less than half the legal minimum wage with no pay for overtime hours. They do not receive the benefits or protections of on-site workers. In many countries, such as India, homeworkers are not protected by national labour laws. Child workers form a large part of this homeworking community.

ILO Convention 177 and Recommendation 184 provide a guideline on what systems companies can put in place to protect homeworkers. These include records of workers' details being maintained by suppliers, including proof of age; workers being told their rights and taught how to keep records of hours worked; and overtime hours being paid at a premium rate.

Companies including Hallmark Cards provide health and safety equipment and training to homeworkers while assessing their workplaces. The company provides homeworkers with details of complaint mechanisms like that of the Ethical Trading Initiative. These aim to provide a secure channel for workers to express their concerns about working conditions.

The SA8000 labour code, one of the most comprehensive, requires suppliers to make frequent visits to the homes of workers to assess their working conditions. Some labour experts also recommend that companies encourage freedom of association and collective bargaining within homeworker communities.

## US action on child labour

The US has taken some legislative measures to tackle child labour. The Tariff Act of 1930 was amended in 2000 to ensure that the statute that forbids the importation of goods made with forced or indentured labour also applied to goods made with child labour.

According to the Trade and Development Act of 2000, the Office of the United States Trade Representative has to conduct a yearly review to ascertain if countries that receive trade benefits under the act's Generalised System of Preferences are implementing their commitments under the ILO's Convention 182 to eliminate the worst forms of child labour.

The US Trade Act of 2002 directs all US trade negotiators to "promote respect for worker rights and the rights of children consistent with core labour standards of the ILO".

Senator Tom Harkin of Iowa, who was instrumental in amending the Trade and Development Act of 2000 to reflect its current position on child labour, is also keen on reintroducing to Congress the draft Child Labour Deterrence Act, stalled back in 1999. If passed, the legislation would prohibit the importation of manufactured and mined goods that are produced by abusive child labour, heavily penalising companies that allowed this.

In a recent report to the US Department of State, Elliot Schrage, writing for the University of Iowa Center for Human Rights, suggested that companies participating in private voluntary initiatives that seek to improve supply chain conditions, such as anti-child-labour programmes, should be given favoured status on trade missions. The report also called for the US government to encourage federal agencies to buy products from companies taking part in private voluntary initiatives that seek to raise labour standards. It also suggested the government ask international financial institutions (IFIs) to require companies participating in IFI-funded projects to participate in qualified private voluntary initiatives as a condition of financing.

McAllister says companies should identify influential NGOs and advocacy groups that could initiate conversations with governments to convince them of the risks of the child labour problem – the risks of business boycotts and the loss of an educated workforce.

He says companies have a range of tools, including staff training resources, database designing capabilities and policy framing skills, that they can offer to governments.

While the support programmes to eradicate child labour are ongoing in the cocoa farms of West Africa, industry-led certification systems that would measure progress and declare farms child-labour-free were not in place by the agreed date of 1 July 2005.

Jeroo Master, a child protection officer at Unicef India, says that if governments were approached through intermediaries such as Unicef or the ILO, officials may be less prone to hostility towards business's suggestions. Master sees the corporate role as "helping with the capacity-building of government law enforcement mechanisms".

While the biggest barrier to eliminating child labour remains the enforcement of national labour laws, international trade rules are beginning to factor in the issue of child labour.

Recently the European Parliament called on the European Commission to bring legal action against any European importers found using child labour. Members of the European Parliament also want the commission to make compliance with labour standards, including child labour norms, a condition in its own purchasing and contracting policies. MEPs want the commission to make tackling child labour a permanent element of bilateral trade deals with developing nations.

While the governments of the EU and the US (see box opposite) are looking at ways to tackle the issue via trade rules and political pressure, business clearly has its own important role to play in finding creative solutions to the problem of child labour. ■

**Useful links**

www.ilo.org/public/english/standards/ipec/
www.ethicaltrade.org/
www.worldcocoafoundation.org/

**Ethicalcorp.com keyword searches:**
child labour, ILO, Ikea, chocolate, labour standards