

# CHILD LABOUR WORKING GROUP 2020 ANNUAL REPORT



**Global Compact**  
Network UK

Research for:



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\*This report summarises the key learnings from each of these discussions.

# ACKNOWLEDGEMENTS

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Alcumus Group, Hitachi Rail, Kingfisher, Marshalls plc, Sophos, The Very Group, and Vodafone

## **PARTNERSHIP AGAINST CHILD EXPLOITATION (PACE) CONSORTIUM**

The [PACE Consortium](#) is a ground-breaking partnership of the private sector, academic, media development, and civil society organisations working together to combat the exploitation of children in the worst forms of child labour.

# THE ISSUE OF CHILD LABOUR

In December 2020, UNGC-UK Child Labour Working Group (CLWG) members heard from Karen Hayes (Pact). Below are key highlights from the discussion.

## OVERVIEW OF THE PHENOMENON

The term “child labour” is often defined as work that deprives children of their childhood, their potential, and their dignity, and is harmful to physical and mental development. It affects an estimated 152 million children each year, including 72 million who are involved in the Worst Forms of Child Labour (WFCL) i.e. slavery, trafficking, prostitution, and armed conflict.

*Young boy working in local brick kiln, DRC*



The impacts of child labour on children include:

- **Physical risks** i.e. exposure to toxins, injury or accidents, damage to children's growing bodies.
- **Psychological risks** i.e. mental stress and trauma, precocious sexual debut, adult responsibilities.
- **Security risks** i.e. exposure of children to child trafficking, forced labour, sex work, violence.
- **Social risks** i.e. limitation of life options from missing out on education, and exposure to a migratory life.

[Target 8.7 of the Sustainable Development Goals](#) calls on the global community to end child labour in all its forms by 2025. Unfortunately, the huge gains made towards ending child labour over the last 20 years risk being reversed by the COVID-19 pandemic.

The [International Labour Organization \(ILO\)](#) estimates that up to 66 million children could fall into extreme poverty due to the pandemic. These worrying statistics mean that millions of children will be left vulnerable to child labour and its worst forms.

In 2020, COVID-19 has massively disrupted education globally, particularly in rural areas where remote education is non-existent. Resuming school is often not possible for many children whose families have been hit hard financially by the pandemic.

There are growing concerns that those households may increasingly resort to child labour to cope with job loss and health shocks. Gender inequality may also grow acute with girls burdened by increased domestic chores and caring responsibilities.

Data suggests that COVID-19 might also increase levels of human trafficking and debt bondage. Vulnerable individuals and families are likely to be at greater risk of falling prey to lenders providing credit on terms constituting debt bondage.



*Young child sieving minerals in river near a gold mine in South Kivu, DRC*



*UN Global Compact Network UK team speaking with local children at a brick kiln*

Lastly, the pandemic has resulted in a significant disruption of child labour/ WFCL responses. Many governments and businesses had to redirect their resources towards tackling the immediate effects of COVID-19, thus leaving the issue of child labour behind.

## CHILD LABOUR IN THE DRC

In the Democratic Republic of Congo (DRC), the main drivers for children finding themselves in the WFCL include:

- **Extreme poverty.**
- **Lack of real alternatives:** Children who have stopped working do not have any meaningful alternatives available to them, such as support centres where they could learn skills to enable them to earn a living, or quality education that takes into account their lived experiences.
- **Financial independence:** Once children become accustomed to earning their own wage, it becomes increasingly difficult to encourage and motivate them to return to school. This is primarily because they value being financially independent from their families over gaining access to education.
- **Social norms:** Laws exist but are not respected or implemented, and local communities have their own view of what is acceptable. ■

# PRIVATE SECTOR ENGAGEMENT

In May 2020, CLWG members heard from Quintin Lake (FiftyEight), as well as UNGC-UK representatives who presented their findings from their engagement with international companies in Turin, Italy (September 2019), and Congolese companies in Kinshasa, DRC (February 2020).

## INTERNATIONAL COMPANIES

Companies are facing increasing demand by investors and civil society to ensure their supply chains are free from child labour, a complex issue which often occurs deep down in the lower tiers of the supply chain. Failure to tackle child labour can have devastating impacts on a brand and lead to reputational, legal, and financial risks.

The key challenges international businesses face when tackling child labour are:

- **Complexity of child labour:** Child labour is deeply rooted in poverty, a lack of or inadequate schooling, and in social and cultural traditions and structures. Some companies suspect the possible existence of child labour in their supply chains but deem the issue too complex to address alone and require support from other stakeholder groups.
- **Lack of transparency:** Various companies revealed that they are unaware of the presence of child labour in their business operations due to a lack of transparency and visibility in their supply chains.
- **Lack of awareness:** There is a lack of awareness of this issue among top senior management. Child labour - and human rights issues in general - largely remain the domain of a few professionals, rather than being corporate Boards' top priority.
- **Reputational issues:** Many companies avoid referring to organisations that can help them address child labour, or advertising such partnerships. This is because they believe that to partner with such experts is to publicly admit that they have a human rights problem.

*European Local Network peer learning session on child labour*





*Business roundtable with Congolese companies and members of the Global Compact Network DRC*

## COMPANIES IN THE DRC

The key challenges Congolese businesses encounter when tackling child labour are:

- **Cultural and economic context of the DRC:** Children in rural DRC work in mines or in agriculture for several reasons: striking poverty, volatile context, lack of positive alternatives, lack of education, lack of skills, and teenage pregnancies. When addressing this issue, it is crucial to be mindful of the local cultural and economic context. In remote areas, children's viable alternative to employment is often enrolling in armed groups and taking on work that would be deemed the worst forms of child labour.
- **Lack of awareness:** Matters of decent work and human rights remain the domain of a few Corporate Social Responsibility (CSR) professionals. CEOs and senior management should also be engaged in this issue because ultimately they decide where the company's focus and resources should be prioritised.
- **Lack of compliance and corruption:** Despite companies instructing their suppliers to sign commitments and codes of conduct, it is often difficult to verify their implementation. There are many actors that benefit from child labour, and thus refuse to take action to address the issue.
- **Multistakeholder effort:** Both international and Congolese companies agree that child labour cannot be effectively tackled by the private sector alone. Long-term, multi-stakeholder approaches involving governments, expert NGOs, UN agencies, and industry initiatives are more likely to be successful at addressing child labour.
- **Useful tools to integrate children's rights in companies' operations:** The [UN Children's Rights and Business Principles](#) provide a good framework to help companies take a holistic look at the impact of their business on children, families, and communities.
- **Partnerships with local organisations:** Long-term partnerships with local organisations provide opportunities to deliver context-specific support to children and families.
- **Businesses' core skills:** A significant number of companies are using their core competencies and market strengths in efforts to address child well-being issues. For example, pharmaceutical company GSK is focusing on childhood immunisations and development of child-friendly medication.
- **Education:** Some companies suggest partnering and capacity building with NGOs, government, parents, and local community leaders to move children out of hazardous work and into classrooms. There are companies who also provide apprenticeship programmes for adolescents.

## POSSIBLE SOLUTIONS

There are several ways in which the private sector is addressing the issue of child labour:

# TOOLS FOR BUSINESS

In September 2020, UNGC-UK CLWG members heard from Rebecca Hall and Oscar Larsson (Verisk Maplecroft), who presented Verisk Maplecroft's Child Labour Index.

## **VERISK MAPLECROFT'S CHILD LABOUR INDEX**

Assessing the risk of child labour in a company's operations and supply chain is a crucial first step to address this issue. Businesses benefit from understanding child labour prevalence linked to locations and commodities, as this awareness brings better decision-making.

During Working Group discussions, we identified a useful tool developed by consultancy firm Verisk Maplecroft (VM) to assess child labour risks: the Child Labour Index (CLI).

The CLI is constructed using the 'structure-process-outcome' approach as developed by the Office of the High Commissioner for Human Rights (OHCHR).

- **Structure (15%)** – assesses the quality of the legal framework protecting a given human right, i.e. the extent to which the state has signed or ratified international treaties; quality of the domestic legal framework in its protection of a given right.
- **Process (35%)** – captures the commitment and ability of the state to uphold a given right, i.e. efficacy of the state in investigating human rights violations; institutional capacity to enforce regulations; extent of corruption in law enforcement.
- **Outcome (50%)** – extent of violations of a given right, i.e. frequency of violations, severity of violations, geographic coverage.

The Outcome score is adjusted based on how an administrative area performs on three sub-nationally assessed indicators:

- How many events per population? i.e. number of specific human rights violations reported by independent media articles and NGO resources.

- Is the area in conflict?
- Are human rights violations severe and systematic?

### **Industry Scorecard:**

The CLI has a feature that allows clients to nuance risk scores for each country based on industry. This helps segregate risks within companies' supply chains, and prioritise due diligence activities. For example, in Brazil, the risk of child labour in agricultural products is very high, whereas it is significantly lower in different sectors such as professional services or advertising.

### **Commodity Risk Service:**

VM's Commodity Risk Service allows clients to quickly access information based on commodity, sourcing country, or risk issue so they can make informed decisions and better focus resources on areas of their supply chain that have the highest level of risk exposure.

### **Youth Labour Index:**

The Youth Labour Index (YLI) includes young workers from 15-24 years old, thus, young persons who are also included in UNICEF's definition of a child. This Index may help anticipate some of the risks that children face as they move out of the technical definition of a child, or risks they face when they pretend to be a couple of years older than they are.

# SOLUTIONS ON THE GROUND

During two distinct sessions, UNGC-UK CLWG members heard from Karen Hayes (Pact) and David Sturmes and Dr Jose Diemel (The Impact Facility). Both organisations work in difficult contexts, such as the DRC. Below are some highlights from the discussion.

## EXAMPLES OF INTERVENTIONS BY NGOs IN THE FIELD

### THE IMPACT FACILITY

Artisanal and small-scale mining (ASM) is the second biggest livelihood generator across Africa. More than 40 million people work in mining, which includes 3TGs, gemstones, and quarrying minerals.

Most of Africa's mining activity relies on ASM, which is defined as mining by individuals, groups, families or cooperatives with minimal or no mechanisation, and at a smaller scale than industrial mining. Often, ASM lacks the appropriate geological data and resources to mechanise and legalise the process.

The Impact Facility (TIF) is a UK Charity set up to address complex challenges in artisanal mining communities struggling with child labour, and environmental pollution. TIF is an impact financing vehicle established to manage grant and impact finance with the aim of creating lasting change in mining communities.

TIF's model is based on a blended finance approach requiring grant financing to set up programmes, as well as commercial capital (impact financing or long-term competitor financing) to set up long-term sustainable solutions and incentivise good practice.

TIF offers three services to the ASM sector:

- **Access to capital and equipment:** TIF channels impact investing into these SMEs.
- **Access to capacity development:** Training is key to show people how mines could be managed in a safer and profitable way.

- **Access to markets:** Market access brings legitimacy to ASM and prevents miners becoming stuck in illegal/informal relationships. Otherwise, mines rely on selling to illegal actors, e.g. gold smugglers who are also linked to money laundering, human trafficking etc. Companies should instead recognise SMEs efforts, initially accept the minimum requirements and improve overtime.

The issue of child labour in ASM is too complex to be tackled by one organisation or sector. Pooling all resources and stakeholders together allows for a more positive impact.



*Local miners bagging and tagging minerals to be transported to a selling centre in Bukavu*

© UN Global Compact Network UK/ Benafsha Delgado, 27 February 2020, South Kivu, DRC



Oil drum containing minerals to be exported from the DRC to Europe

Sourcing from ASM rather than disinvesting in difficult contexts altogether, as well as working together with mines and local communities, is the only way to improve the situation for thousands of children.

## **PACT**

Pact is a non-profit international development organisation working on the ground in nearly 40 countries to improve the lives of those who are challenged by poverty and marginalisation.

Pact's interventions on the ground largely depend on the needs of the children. There are three main groups of children in child labour:

- **Children working with or for their families, after school, on weekends, and/ or holidays:** These children's parents may be young, ill, in need of economic support, and/or do not understand the risks of child labour properly. In this instance, there is a structural social focus around the child, therefore Pact's intervention focuses on family and economic support.

- **Children who are separated from their family and are working for a third-party adult:** These children often do not attend school, have very little control over income, and are vulnerable to child predation. In these instances, Pact focuses on child protection.
- **Adolescents who are already economically active and may have dependents:** School is no longer an option as they need to earn a living. Pact focuses on skills training.

These interventions are all possible in partnerships with different actors. There are three main categories of interventions:

### **Socio-Economic Interventions**

- Raising awareness among communities and in schools
- Give agency to children
- Apprenticeship programmes for youth

### **Supply Chain Interventions**

- Assist companies, cooperatives, and traders to implement due diligence processes.
- Increase productivity/wages, and organise health and safety trainings.

### **Systems & Institutions Interventions**

- Multistakeholder committees at both local and provincial level to reinforce capacity of government to provide protection and promote children's well-being.
- Capacity assessment of all institutions (NGOs and government) to determine and build their ability and resources to address WFCL.

Tackling child labour effectively needs collective action, partnerships, and coordination among stakeholders. The private sector is a huge agent of change in this sphere and must be included in any intervention addressing child labour.

Despite the numerous initiatives, engagement at field level is still not enough. There is a serious lack of coordination between services, NGOs and donors, which leads to a duplication of efforts, and waste of resources.

Change is possible but the biggest obstacle is reluctance to engage, due to the complexity of the issue.

# CONCLUSION

**T**his report summarises the key takeaways from our 2020 CLWG meetings. The meetings largely focused on providing an overview of child labour, discussing the challenges businesses face when tackling child labour, and highlighting possible tools and solutions.

Child labour is a complex phenomenon caused by both socio-economic and political factors. After years of continuous improvement, the unprecedented economic impact of the COVID-19 pandemic is likely to increase the number of children in the worst forms of child labour.

Companies are aware that failure to tackle child labour can have devastating impacts on their brand and lead to reputational, legal, and financial risks. They face numerous challenges when trying to address this issue, ranging from poor supply chain visibility, to reputational concerns when they decide to tackle the problem.

Nevertheless, many businesses are already tackling child labour, by integrating children's rights in their business, joining multi-stakeholder initiatives, partnering with local organisations, and utilising their core competencies to help children locally.

To inspire action, it is necessary for the private sector to utilise tools, such as the aforementioned 'Child Labour Index', which helps companies assess the risk of child labour in particular geographies, industries, and commodities.

Lastly, we have heard from two NGOs highlighting how critical it is for the private sector to collaborate with organisations working on the ground to effectively address child labour.

We invite all UNGC-UK members to get in touch should they have questions regarding this report or if they want to find out more about joining our CLWG.



*Young boy working in brick kiln*



*Young boys stacking bricks at local kiln*

## ABOUT THE UNITED NATIONS GLOBAL COMPACT

As a special initiative of the UN Secretary-General, the United Nations Global Compact is a call to companies everywhere to align their operations and strategies with Ten Principles in the areas of human rights, labour, environment, and anti-corruption.

Our ambition is to accelerate and scale the global collective impact of business by upholding the Ten Principles and delivering the Sustainable Development Goals through accountable companies and ecosystems that enable change. With more than 12,000 companies and 3,000 non-business signatories based in over 160 countries, and 69 Local Networks, the UN Global Compact is the world's largest corporate sustainability initiative – one Global Compact uniting business for a better world.

For more information, follow [@globalcompact](https://twitter.com/globalcompact) on social media and visit our website at [www.unglobalcompact.org](http://www.unglobalcompact.org)

## ABOUT THE UN GLOBAL COMPACT NETWORK UK

The UN Global Compact Network UK connects UK-based organisations that are part of the United Nations Global Compact in a global movement dedicated to driving sustainable business.

Through an extensive programme of activity, we promote practical sustainability leadership, share knowledge across sectors, and actively shape the responsible business environment to create a world we want to live and do business in.

For more information, follow us on [LinkedIn](https://www.linkedin.com/company/unglobalcompactuk/) (UN Global Compact Network UK) and [Twitter](https://twitter.com/globalcompactUK) (@globalcompactUK) or visit our website at [unglobalcompact.org.uk](http://unglobalcompact.org.uk)

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