

How SMEs Can End Forced Labour

Priorities for Action

Webinar recordings are available here: [English](#), [French](#), and [Spanish](#).

In April 2021, the ILO Global Business Network on Forced Labour (GBNFL) and Alliance 8.7, the global partnership aiming to eradicate modern slavery by 2030, jointly organized a webinar and one-week online discussion on how small and medium-sized businesses (SMEs) can end forced labour.

Over 80 participants joined the webinar with its five expert speakers, including three representatives from Alliance 8.7 Pathfinder Countries. In addition, more than 160 people joined the online discussion. Together, they identified the following priorities for action.

1. **Inequality equals vulnerability. We need to address root causes.**
2. **Formalize the informal: Formalizing SMEs reduces vulnerability.**
3. **SMEs need to access information in a way that is meaningful to them via local institutions.**
4. **Working in partnership with SMEs yields results and should happen more often.**
5. **The above priorities for action must be part of 'building back better'.**

This summary of the webinar and online discussion looks at each priority action in more depth, presents a Costa Rican example of working in partnership with SMEs, and ends with a list of resources shared during the webinar and the online discussion.

SPEAKERS

Douglas Opio (Chair)

Executive Director of the Federation of Ugandan Employers and ILO GBNFL Steering Committee Chairperson.

Milena Grillo

Director Strategy and Innovation at the PANIAMOR Foundation, Costa Rica.

Robert Okodia

Founder/Managing Director, Wimrob Bees Company Limited, Uganda.

Suresh de Mel

Owner of SME *Lanka Fishing Flies*, Board Member of the Employers' Federation of Ceylon, and Chairman of the Sri Lanka Export Development Board.

Laura Greene

Programme Technical Officer, ILO GBNFL.

PRIORITIES FOR ACTION

1. Inequality equals vulnerability. We need to address root causes.

To tackle forced labour and child labour, the right policies and enforcement measures must be in place. However, even these will have limited impact if root causes are not addressed. Where poverty is rife, people may have no choice but to take risky work that leads to forced labour or to send their children out to work. High levels of inequality means high vulnerability to forced and child labour.

"Inequality means vulnerability. It means that some children go to school and access all kinds of services, while others live in poverty, making them vulnerable to all kinds of abuses. We can't eradicate forced and child labour without ending inequality and poverty."

Milena Grillo, Director Strategy and Innovation at the PANIAMOR Foundation, Costa Rica.

2. Formalize the informal: Formalizing SMEs reduces vulnerability.

Informality is a root cause of forced and child labour as it means businesses do not access government support and information. As a result, these businesses may be tempted to use cheaper labour, including forced and child labour, in particular when they experience shocks. In Sri Lanka, around half of SMEs are thought to be in the informal economy and therefore not able to access government relief aimed at supporting businesses during the COVID-19 pandemic.

"I feel very strongly that formalizing the informal SME is key to eradicating forced labour and other irresponsible business practices."

Suresh de Mel, owner of SME Lanka Fishing Flies, Board Member of the Employers' Federation of Ceylon, and Chairman of the Sri Lanka Export Development Board.

Reaching SMEs in rural areas can be particularly difficult, and even more when these have informal status. Institutional capacity building in remote areas is key. In Sri Lanka, the first district-level chamber of commerce was set up 30 years ago, even though for 150 years there had been an urban chamber of commerce. Today there are chambers of commerce in rural areas, including women's chambers, sectoral organizations, and more. This institutional capacity building has made a significant contribution to formalizing the informal sector.

3. SMEs need to access information in a way that is meaningful to them via local institutions.

SMEs are generally not included in the conversation on responsible business conduct. Partially because of this, many SMEs do not have the right policies and risk identification

processes in place, nor the skills to set these up and then implement them. Entrepreneurs and SME leaders need to be made aware of labour standards and associated policies and practices. Awareness must lead to taking responsibility.

‘As an SME, we don’t want child labour and forced labour. We want to support our community. But most corporate buyers across the value chain just look at money, not at the impact of the product they buy, and that of the business they are buying from, on the local community. We need them to see the bigger picture and help them to identify child and forced labour risks. Information is power’

Robert Okodia , Founder/Managing Director, Wimrob Bees Company Limited, Uganda.

SMEs need information in bite-size chunks in language that make sense to them. Ideally this information would be conveyed by a champion who SME owners and managers can relate and look up to. In addition, SME owners and managers need to be upskilled on responsible business conduct. Local organizations, such as employer organizations and chambers of commerce, can play a crucial role here.

4. Working in partnership with SMEs yields results and should happen more often.

SMEs often want to do what is right but are not sure how to achieve this. They lack information, tools, incentives, the right policy framework and more. Involving them in a genuine partnership, where all sides have an open discussion and contribute, can prove game changing, as illustrated by the case study on the next page.

5. The above priorities for action must be part of ‘building back better’.

COVID-19 government support for businesses and society must go beyond focusing on pure economic recovery. Children, women, and men must be protected from child and forced labour. Post Covid-19 regeneration must be used an opportunity to end child labour by 2025 and forced labour by 2030, as set out in Target 8.7 of the Sustainable Development Goals.

Bringing on board SMEs: A Costa Rican example

Prior to the COVID-19 pandemic, tourism was the main source of income in Costa Rica. Sexual exploitation, particularly of minors, in tourist accommodation was rife.

Twenty years ago, the PANIAMOR foundation decided to tackle this, working together with SMEs in the tourism sector. As a first step, PANIAMOR convinced the SMEs that the problem was real and would impact their bottom line if no action was taken. Fundamentally, if sexual exploitation is publicly linked to tourism, tourists will be less keen to come.

Once the tourism sector acknowledged the issue, PANIAMOR asked the SMEs what they needed to play their role in preventing and addressing sexual exploitation. The SMEs asked for more information. They wanted to do the right thing but lacked the tools and knowledge to make this happen.

The outcome of the discussions was a code of ethics, launched in 2003. Today, the Code of Conduct for the Protection of Girls, Boys and Adolescents against Commercial Sexual Exploitation associated with travel and tourism (ESCNNA-VT) is adhered to by 453 businesses across the country.

The companies that adopt the Code train their staff on the issue of sexual exploitation in the tourism sector. They also develop and implement a zero tolerance policy and share this with customers, peers and suppliers. The companies are also trained to handle and report any suspected cases of sexual exploitation. In turn, the companies that adhere to the code recommend it to others and invite their suppliers to be part of the programme.

During the first decade of the initiative, the code was implemented in partnership by SMEs and PANIAMOR. After 10 years of implementation, the Costa Rican government came on board, following lobbying by the SMEs for social responsibility standards for the tourism sector. The code is now a responsible tourism initiative of the Costa Rican Tourism Institute (ICT) and part of the sustainable tourism model promoted by Costa Rica.

For further information, and to access the code (in Spanish) click [here](#).

RESOURCES SHARED DURING THE WEBINAR

- ▶ Becker, J. 2017. Campaigning for Children: Strategies for Advancing Children's Rights. Stanford University Press.
- ▶ ECPAT & Save the Children 2007. Buenas prácticas empresariales: casos exitosos para la prevención de la explotación sexual de niñas, niños y adolescentes en América Latina.
- ▶ ILO. ILO 11 Indicators of Forced Labour Booklet
- ▶ ILO. 2016. Eliminating and Preventing Forced Labour: Checkpoints App
- ▶ ILO-IOE guidance. 2015. Combating Forced Labour: A handbook for employers and business
- ▶ ILO. Q&As on Business and Forced Labour
- ▶ ILO GBNFL 2021. Podcast series on the role of SMEs in forced labour eradication
- ▶ ILO GBNFL 2021. Calling all SMEs! Ten steps on the journey to ending forced labour by 2030.
- ▶ ILO GBNFL 2021. Why and how businesses want to eradicate forced labour
- ▶ ILO GBNFL 2020. Putting Small- and Medium-sized Enterprises First: Why SMEs are Crucial in the Responsible Business Conduct Conversation
- ▶ ILO GBNFL. 2020. Webinar - ILO's 11 indicators on forced labour
- ▶ Save the Children 2019. Buenas prácticas en la aplicación de los derechos del niño y principios empresariales: sistematización de experiencias en América Latina.
- ▶ Save the Children 2005. Sistematización de las iniciativas regionales para la prevención del turismo sexual infantil en América Latina: hacia una estrategia regional.
- ▶ Interactive Map for Business of Anti-Human Trafficking Organizations