

**From the Streets to School: Providing parents with funds that allow them to send their children to school rather than to work.**

**INCENTIVE TACTICS** The tactics in this section make it easier for

people — parents, business owners and consumers, for example — to choose to do the right thing by providing them with an incentive.

When parents feel like they need to send their children to work in order to survive, financial support can give them an incentive to send the children to school instead.

When businesses are tempted by lower labor costs to hire children, they may be convinced not to do so when their loans are tied to labor practices or when lucrative markets for humanely produced goods open up. And when businesses are looking to build their brands, they may find a powerful incentive for supporting human rights in a generation of consumers who are vocal about their values.

The tactics we include here all involve financial incentives, but other things can be powerful motivators as well — recognition, prestige and standing in the international community, for example, can motivate both people and governments.

Poverty is one of the root causes of child labor. Many families would like to send their children to school but cannot afford to do so because they need the income those children can earn. A program has been created in Brazil to provide economic support to families, thus allowing their children an education.

The Bolsa Escola program in Brazil provides families with a monthly stipend so that children can attend school rather than working in the streets. The program, which began in the city of Brasilia, was created with the realization that the working children of today are the poor adults of tomorrow. Bolsa Escola was expanded to a federal program in 2001.

The Bolsa Escola program is managed by the Department of Education. Qualifying families receive monthly payments and ATM cards (electronic bank cards) that allow them to access the stipends directly. Families must meet the following criteria: the children must be between the ages of six and 15 and cannot miss more than two days of school per month; each unemployed adult in the family must be registered with the National Employment System (SINE) and actively seeking employment; and the family must have lived in Brazil for at least five years. The family receives the stipend for a minimum of two years to a maximum of eight. If a child does not meet the mandatory attendance rate, the stipend for that month is withheld.

In addition to combating poverty and encouraging children to complete their education, this tactic has significantly decreased the numbers of child laborers and reduced the numbers of school dropouts. To date the Bolsa Escola has helped the families of 8,289,930 children. When the federal program was created, Bolsa Escola became the broadest social program in the world.

Families are often complicit in the use of child labor — because of need, rather than choice — and this tactic gives them an alternative. Providing ATM cards that look like and can be used like other ATM cards also helps recipients avoid the stigma associated with poverty and public assistance. This approach clearly requires significant financial resources and also demands a great deal of administration and coordination among the various agencies and institutions.

***What incentives, in addition to money, will motivate your adversaries or your potential allies?***

## Linking Loans to Human Rights: Offering loans with favorable terms to small-business owners with the condition that they not use child labor.

A group in Bangladesh gives communities an alternative to using child labor, providing loans with favorable terms to businesses that agree not to hire children.

The Bangladesh Rural Advancement Committee (BRAC) administers the Micro Enterprise Lending and Assistance (MELA) program, which offers loans with favorable terms to small businesses that would not normally be able to secure funds, on the condition that they agree not to use child labor.

The lending program provides credit to new or existing small businesses that show entrepreneurial promise, including enterprises in the textile, food processing, service and transport sectors. Borrowers are often eager for the loans, which range from US\$300 to US\$3500 with a 15 percent service charge. The average loan size is approximately \$1,000. Borrowers agree to their terms because regular banks are unwilling to lend to rural people and require repayment in lump sums, rather than in equal monthly installments. Borrowers repay their loans over a period of one to two years.

BRAC also monitors the activities of its borrowers to ensure that they comply with the terms of their loans and field staff are prepared to take immediate action upon finding any human rights violations, regardless of whether they involve BRAC borrowers.

Since its inception in 1996, the program has lent to over 45,000 borrowers in Bangladesh, all in enterprises that do not use child labor. The program simultaneously generates employment by injecting new capital into local businesses, creates awareness of the problem of child labor and reduces the use of the practice.

The incentive here is clear: BRAC has identified a need and fills it, while spelling out its requirements for respecting human rights. This tactic could also be used in other situations where there is a connection between financial activity and human rights, such as in guarding against discrimination, in guaranteeing fair wages or in providing safe working conditions. The loans themselves have to be attractive enough to provide an incentive, perhaps by having lower interest rates or better repayment terms than those provided by ordinary banks.

## Labeling to End Child Labor: Creating a market to support fairly produced products.

Sometimes consumers, lenders, shareholders and others who are far removed from the abuse itself — from the use of child labor, from unfair labor practices, from the environmental degradation in another country — have incentive to change their behavior. They may also feel that they have no alternatives or they lack the information needed to make humane and just choices. One foundation provides people who are far away from the sources of their purchased products with the information and alternatives they need to make choices that support human rights.

The Rugmark label, which shows a smiling face on a carpet, has become the trademark for a promising initiative to identify and promote hand-knotted carpets made without child labor. The Rugmark Foundation awards licenses to carpet exporters who agree not to use child labor and who voluntarily submit to a monitoring system that includes surprise inspections and cross-checking of export records and looms. Children who are found to be illegally working during inspections are rehabilitated and schooled by Rugmark.

Rugmark implements a three-step process of investigation:

- 1 License approval after a series of inspections. Inspectors are hired and trained by the Rugmark Foundation, and measures are taken to ensure the investigations are carried out properly. The inspectors either approve the manufacturers or, upon finding evidence of child labor, give them a limited time to stop the practice.
- 2 Random surprise inspections, only after which carpets made in that period will be certified.
- 3 Carpet tracking, whereby each Rugmark carpet can be tracked by maker, location and exporter.

Rugmark has faced some challenges in its efforts. Due to the widely scattered location of looms in India, regular inspections are difficult. The structure of the industry is not uniform. While some exporters are closely connected to the looms, many employ intermediaries, making it difficult to enforce the tracking component of the certification process. Nevertheless, upwards of 4,000 children in India, Pakistan and Nepal have been rehabilitated through Rugmark programs and, from the publicity generated by Rugmark, thousands of other children have been prevented from working at the carpet looms altogether.

Essential to Rugmark's success is the understanding that there is an increasing demand for products made without child labor. Because Rugmark deals with carpet importers, not directly with consumers, it must convince importers that there is a market for these carpets. Importers of Rugmark carpets pay, in addition to the cost of the carpets, a 1.75 percent royalty on the total yearly cost of the imports, a portion of which goes to rehabilitation and education programs for the children. In return, Rugmark promotes the retailers carrying their carpets. These retailers are mentioned in Rugmark's outreach materials and at events in which Rugmark plays a role, such as the World Day against Child Labor. Retailers are also provided with promotional materials explaining the importance of purchasing Rugmark carpets. Rugmark tells importers and retailers that carrying certified carpets not only helps them reach the consumers who wish only to purchase child labor-free carpets, but enhances the public image of their stores.

The Rugmark label, like many other labeling systems created in the last decade or so, provides consumers with the information they need in order to avoid contributing to human rights abuses. At the same time, it raises awareness of the problems associated with a particular product, and creates demand for products that are produced and moved to market humanely. Because producers want access to that market, they have an incentive to participate.

Such programs risk dilution of the meaning of their "brand" if they are not associated with a suitable stringent monitoring process — which can be complicated and resource-intensive. They may also need to be used in conjunction with other awareness-raising tactics in order to inform consumers and producers and convince them that they have a reason to care about changes in the production process.

INTERVENTION	Region	Initiating Sector	Target Sector	Focus	Human Rights Issue
Incentive	Asia	Civil Society	Society	National	Child labor

Region	Initiating Sector	Target Sector	Focus	Human Rights Issue	INTERVENTION
Asia	Civil Society	Business	International	Child labor	Incentive

## When Businesses Lead the Way: Concentrating all steps in the production process in facilities to make it easier to monitor and eliminate the use of child labor.

Reebok is one of the best-known brands in the business, a brand that has been protected in part by the company's efforts to protect human rights through monitoring.

In 1996 Reebok International initiated factory monitoring, product labeling and education programs to prevent the use of child labor in the manufacture of their Pakistani-made soccer balls.

An estimated twenty percent of laborers in soccer ball production facilities in Sialkot, Pakistan, were children. Reebok human rights standards require that workers in its factories be 15 years old at a minimum, or older, depending on applicable local laws.

When it entered the soccer ball market, Reebok acted to prevent the use of child labor by containing all production, including stitching, in a single state-of-the-art manufacturing facility in Sialkot. All work is performed on-site and is free of child labor. Monitors inspect the production facilities periodically, interviewing workers and supervising inspectors who oversee the shipments of panels in and out of the factories. They also maintain ties with the local community and visit surrounding villages to confirm that no Reebok balls are stitched outside the factories. The soccer balls are then labeled "Guaranteed: Manufactured Without Child Labor." This provides consumers a choice regarding how their soccer balls are produced and builds awareness about child labor in the soccer ball industry.

As a result of concentrating production in child labor-free facilities, Reebok has been able to produce tens of thousands of soccer balls without the use of child labor.

In 1997, Reebok created the Reebok Educational Assistance to Pakistan program (R.E.A.P.) and allocated US\$1 million from the sales of these balls to support local education in the region where the balls are manufactured. In 1997 Reebok joined with the Society for Advancement of Education in Sialkot to establish the Chaanan Institute, which works with local families to place children in schools and keep them out of the labor pool.

Reebok saw a market for products made without child labor and decided to fill it. For several years public awareness had been building around this issue. As a multinational corporation with a strong market share, Reebok was in a unique position to influence the entire chain of production and distribution for its products. That is an important aspect of this tactic; the increasing number of steps between raw materials and consumer in the global economy makes it difficult to monitor human rights abuses. Reebok realized it needed to consolidate those steps in order to ensure that products were made without child labor.

This labeling tactic could be used to fulfill market demand for other "fair labor" goods: produce for which growers are paid a fair price; goods made in factories where laborers are paid a fair wage; and products made or grown in an environmentally friendly way.

*Are there businesses that could be unexpected allies in your struggle?*