



## **FORCED LABOUR, SLAVERY AND POVERTY REDUCTION: CHALLENGES FOR DEVELOPMENT AGENCIES**

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### **Summary**

Why should development and donor agencies, whose major concern tends to be poverty reduction, specifically address such concerns as forced labour, slavery and slavery-like practices? And if they can be persuaded to do so together with their multiple other concerns, what can they best do in practice? This paper throws out some thoughts on both these two points, and aims to map out some kind of development agenda for action against modern forced labour and slavery. Moreover, beyond the interventions of governments and inter-governmental agencies concerned with development and poverty reduction, it also considers what can be done by civil society actors including NGOs, the business community and trade unions.

### **1. INTRODUCTION: THE CHALLENGES AHEAD**

*“One of the biggest changes in the process of development in many economies involves the replacement of bonded labour and forced work... with a system of free labour contract and unrestrained physical movement”.*

(from Amartya Sen, Development as Freedom, Anchor Books, New York, 1999)

Professor Sen was referring mainly to traditional agriculture, to the need to reform the servile tenancy and labour practices that still affects many indigenous peoples and rural workers throughout the world. There is certainly a strong correlation between longstanding forced and bonded labour practices – often associated with deep-rooted discrimination against caste minorities in Asia, indigenous peoples in Latin America, or the descendants of slaves in Africa – and extreme poverty. Worse still, their exploiters *very deliberately* lock such persons in extreme poverty as a means of extracting unfair economic advantage from them.

Yet there is more than “unfinished business” here. It is not only a question of tackling feudal landlords and agrarian systems, in order to eliminate coercive practices and enable the poor to compete without restrictions in the market economy. In recent years there has been an explosion of concern about the new forms of coercion affecting large numbers of persons on the labour market – particularly migrant workers, and a large proportion of these women and even children – in the context of contemporary globalization. One cannot draw hard and fast distinctions between the “old” and the “new” forced labour, because they certainly overlap. A 2005 ILO global report on forced labour has argued that the old forms of forced labour are transmuting into new ones in the burgeoning informal economy of many developing countries (and also some industrialised countries). But there is a wide and justified concern that, unless careful safeguards are adopted, contemporary globalization can be a dangerous breeding ground for new patterns of both coercion and impoverishment. More and more people including young women are on the move, at a time when changing patterns of production and consumption are in turn affecting demand for labour. And when many of these people are in a technically irregular status in the place they live and work, without access to many systems of social protection, they can be placed in a situation of extreme vulnerability which can readily be abused by those who wish to exploit them. A particular problem throughout the world has been the manipulation of financial credit, locking poor people into severe indebtedness and in the worst cases a debt bondage that can be equated legally with modern slavery.

These issues, long a concern for the international human and labour rights movement, are gradually reaching the radar screen of aid and development donors. Ambitious poverty reduction goals have often foundered because, while it is hardly difficult to identify those who suffer from poverty and malnutrition, policies and programmes have insufficiently addressed the structural factors which impede the efforts of the world’s poor, and those working on their behalf, to uplift them from poverty. For the most part, however, the entry point has been action against human trafficking, rather than slavery or forced labour in these terms. The US government spent no less than USD 447 million on anti-trafficking projects between 2001-2007. Projects and programmes against trafficking have received some priority in official development assistance (ODA), for example from DFID and several of the Scandinavian donors. The Swedish Ministry of Foreign Affairs has an official policy on Poverty and Trafficking in Human Beings, adopted in 2003. Of the international financial institutions, the Asian Development Bank (ADB) has made some effort to mainstream anti-trafficking initiatives in its poverty reduction operations, commissioning extensive research on the means to do so.

The Slavery Bicentennial now provides the opportunity to strengthen these initiatives, and reinforce integrated action against all forms of forced labour and modern slavery. ILO figures are that trafficking accounts for only some one fifth of the minimum of 12.3 million forced labourers in the world today. So there are bigger challenges ahead, if we to mainstream forced labour concerns in poverty reduction processes; and conversely, if anti-poverty measures are going to target those in forced labour and slavery more specifically than is now the case. It is nevertheless perfectly possible, with political will and the allocation of sufficient resources, to make a significant dent on these problems and hopefully eradicate them altogether over the next decade.

There are also some conceptual issues that need to be addressed, if combined global action is to be as effective as possible. Some talk about slavery, others about forced labour, others about trafficking, or about labour or sexual exploitation. We need to know whether or not we are talking about the same thing. We also need a better handle on the numbers affected, globally, by region and country, by sex and age, and by form of forced labour. We also need the best possible understanding of the drivers of forced labour and trafficking. Is it extreme poverty, or other failures of governance, labour market or credit policies that permit people still to be in forced labour and slavery today? And what of the remedies? In the world of anti-trafficking for example, it is commonplace to talk of the “three Ps” of prosecution, protection and prevention? But where should the balance be, how do the three approaches overlap, who should the main institutional actors be, and how much of the responsibility lies with civil society as well as governments? What are the respective roles of business actors and workers’ organisations, the media, academics, religious and cultural institutions and others?

And for the ILO itself - which with strong UK support is now promoting a Global Alliance against Forced Labour with the aim of eradicating all forced labour by 2015, as its own contribution to the Millennium Development Goals – a key question is how to involve other partners in the human rights and development world.

This is intended as a discussion paper, to promote further debate on the way forward. It begins with a brief conceptual discussion, indicating some reasons why on economic as well as moral grounds the global fight against forced labour should be accorded higher priority by development actors. After reviewing the numbers and main forms of forced labour in today’s global economy, and the linkages between these and poverty, the paper then reviews some examples of integrated action by governments against these problems (frequently with ILO assistance), and in the strategies and operational programmes of key development donors.

It ends by suggesting some priorities for future action, in the context of a Global Alliance against Forced Labour.

## **2. CONCEPTS OF FORCED LABOUR, SLAVERY AND SLAVERY-LIKE PRACTICES, HUMAN TRAFFICKING AND LABOUR EXPLOITATION**

Some clarification of concepts is useful. The term *forced labour* is used in this paper, because this is the entry point for the ILO’s work on coercion, based on a standard adopted over 75 years ago. Forced labour is broadly defined as work or service into which people enter against their freedom of choice, and which they cannot leave without punishment or the threat of punishment. It can be imposed either by the state or by private actors, though the ILO estimates that some four fifths of forced labour is now exacted by private agents. *Slavery* was defined first in a 1926 League of Nations instrument as the “status or condition of a person over whom any or all of the powers attaching to the right of ownership are exercised”; and later in a 1956 UN Supplementary Convention on what may be called “modern slavery” or slavery-like practices, which focuses more on the structural issues of debt bondage and serfdom which were then widespread in developing countries, but which were also being addressed through land reform and tenancy laws and the extension of labour protection to rural workers. In any event the essential element of both terms is coercion, which can take subtle forms. It is arguably the result of their mandates and

procedures that the ILO tends to treat slavery like practices as a subset of forced labour concerns while the UN sometimes does it the other way round. The ILO also considers forced commercial sexual exploitation as a form of forced labour.

Definitions of human trafficking are more complex, because there are often heated debates as to what makes up the process or offence of trafficking, who can be the victims, and for what purpose. Many interest groups and indeed some national legislations consider that the offence of *trafficking* refers only to the sexual exploitation of women and children. Recent international instruments and directives have largely clarified this. The main instrument is the “Palermo Trafficking Protocol” to the UN Convention against Transnational Organised Crime, adopted in 2000, which contained the most widely accepted definition of trafficking in international law, which has been basically followed by other international instruments since then. While particularly concerned with the plight of women and children, this indicates that trafficking is an abusive process which can also affect men, and that it is for the purpose of exploitation which includes as a minimum “the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs”.

There has been much debate as to what purpose, mechanisms or outcomes are required to make up the offence of trafficking. In 2003 an EU Experts’ Group identified forced labour as the “crucial element”, setting it aside from the offence of smuggling. In conducting its global estimate in which trafficking is seen to account for about a fifth of all forced labour worldwide, the ILO took the position that the offence of trafficking has the three elements of deceptive or coercive recruitment, movement, and the forced labour exploitation at the place of destination. Others have taken a different stance, arguing that movement is not a necessary criterion for identifying a trafficking victim. In the words of the US Government’s 2007 *Trafficking in Persons Report*, “To define trafficking in persons on the basis of movement is to create an artificial and unfounded distinction between victims who are exploited without being moved and those who are moved prior to and during their exploitation”.

These can be trivial concerns. What matters is that there be strong laws against coercive exploitation, vigorously enforced, covering all human beings including nationals and migrant workers. It doesn’t make much difference whether the laws are against forced labour or trafficking, as long as they capture the forced labour dimensions.

This being said, the fight against forced labour is only one part – and in statistical terms quite a small part – of the fight against exploitative labour practices in today’s global economy. At the bottom end of the labour market, irregular migrants can work for excessively long hours in difficult and dangerous conditions for scarce remuneration, and the media often denounces such practices as “slave labour”. Some countries have in their criminal codes the legal concept of working conditions “incompatible with human dignity”. Others have laws against forced labour, including such criteria as late payment of wage which – while perhaps a useful indicator of forced labour – is not based on coercion. India’s Supreme Court in the early 1980s passed a judgment, presuming that all persons not paid the legal minimum wage were in *beggar* or forced labour conditions, and placing the onus on their employers to prove that this was not the case. There is indeed a continuum from the most flagrant forms of coercive exploitation through to the decent work conditions to which all workers aspire. But the eradication of forced labour represents the first step on the

ladder to decent work, and is an issue on which consensus can be achieved in the context of often difficult debates on labour market functioning, migrant and contract labour policies, and other sensitive concerns.

### **3. CAPTURING TRENDS: THE QUESTION OF NUMBERS, FORMS OF FORCED LABOUR AND THEIR IMPLICATIONS**

#### *Broad typologies*

To come to grips with these challenges, we need some typologies of the poverty-slavery nexus, and some disaggregation of the main forms of forced labour in the world today. It is almost a truism that the poorest and the most assetless people are the most vulnerable to forced labour and slavery. But in simple terms, one has to distinguish between two main types of situation. First there are those persons, or families and perhaps entire communities, who have been caught up for generations in forced or bonded labour. These can be called situations of traditional bondage or serfdom, where persons are tied to a traditional landlord or exploiting agent in the informal economy, such as a brick-kiln or a small mine. These people have barely been engaged in the market economy. Second, there are those persons who, while originally free agents, are deceived and trapped by recruiting agents and intermediaries into situations of coercion. This is most likely to happen when vulnerable people are away from their own communities or even their own countries. This makes up the growing abuse of human trafficking, affecting in particular young women or children for sexual or labour exploitation, that has increasingly caught the world's attention. The ILO Director General has adequately depicted such human trafficking – now affecting almost every country as place of origin, transfer or destination – as the “underside of contemporary globalization”.

In its 2005 Global Report the ILO had its own typology, breaking forced labour down into the three categories of: *forced labour imposed directly by the state; forced labour linked to poverty and discrimination; and the forced labour that arises from migration and trafficking across the world, often associated with globalization*. But these can only be loose categories, and the overlaps will be fairly clear to anyone familiar with the problems of coercion on the world's labour markets. It is tempting to talk about the “old slavery” as a residue of agrarian serfdom and other longstanding servile labour practices; and the “new slavery” or “modern forced labour” most commonly associated with the trafficking of human beings. As the ILO report argued however, older forms of coercion and compulsion are transmuting into new ones. The clearest example is the bonded labour in South Asia, traditionally anchored in feudal or quasi-feudal agrarian systems, which almost certainly accounts for the largest absolute numbers of forced labourers in the world today. Recent research in India and Pakistan is now detecting its incidence in different sectors, essentially in small enterprises and the informal economy. A 2005 ILO review of India<sup>1</sup> found significant incidence of bonded labour in agriculture, brick kilns, stone quarries and mines, power looms and cotton handlooms, rice mills, gem cutting, fish processing, mat weaving, salt pan workers and several other sectors. In Pakistan a series of field studies carried out in ten different economic sectors found that the problem of labour bonded by debt, and subject to coercive and abusive labour arrangements, was significant in at least the five sectors of agriculture, mining, carpet-weaving, brick

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<sup>1</sup> Ravi S. Srivastava, *Bonded Labour in India: its Incidence and Pattern*. Special Action Programme to Combat Forced Labour, Declaration Working Paper No. 43, ILO, June 2005.

making and domestic work<sup>2</sup>. All of these sectors employ a very large number of people, suggesting that the bonded labour issue in Pakistan is of sufficient magnitude to warrant urgent national attention and international assistance.

### *Estimating numbers and trends*

Numbers can have a powerful impact on policy and public opinion. For any problem area, journalists tend to want to know three things. How many? Are things getting better or worse? And which countries are the main offenders?

Two figures for global estimates are widely quoted today. One is the figure of 27 million persons in contemporary slavery, given by US academic Kevin Bales in the late 1990s. The other is the minimum estimate of 12.3 million in forced labour, provided in the ILO's 2005 Global Report. In fact the discrepancies are not so great, with the exception of India. Bales estimates 20 million persons in slavery in India alone. The ILO gives an estimate of 9.5 million forced labourers in Asia and the Pacific, 1.3 million in Latin America and the Caribbean, 660,000 in sub-Saharan Africa and some 360,000 in the industrialized countries. The ILO refrains from giving disaggregated figures by country, though serious efforts are now under way to help countries develop their own national estimates.

There can be a strong and justified skepticism regarding the chances of capturing the true incidence of such a hidden and underground problem as forced labour and slavery. The ILO itself readily accepts that, as awareness grows and more research and surveys are done, the real figures could be considerably higher. One important contribution of the ILO estimate is to shed more light on forms of forced labour as well as its regional incidence, and also breakdown by gender and age. A key feature is that globally only 20 percent of all forced labour is exacted directly by the State or its armed forces. The rest is exacted by private agents who are essentially taking advantage of vulnerable people in order to make unfair profits at their expense. And these profits are huge for the criminal entities involved. According to our estimate, they make some USD 32 billion dollars out of trafficking alone (some 28 billion of this from sex trafficking), and at least USD 44 billion per year from all forms of forced labour<sup>3</sup>.

The ILO estimates that only a fifth of all forced labour today is the result of human trafficking for either sexual or labour exploitation (or a mix of both). There have been some polemics over this, as some analysts (eg. the US State Department in its most recent annual report on trafficking), tend to see all forced labour as a form of trafficking. The ILO – while agreeing that coercion is the essential feature of a trafficking situation, which sets it apart from the criminal offence of smuggling – would argue that trafficking is only one part of the forced labour challenge today. The trafficking offence requires movement away from the place or country of origin, a recruiting intermediary, and coercive exploitation in the place of destination.

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<sup>2</sup> Rapid Assessment Studies of Bonded Labour in Different Sectors of Pakistan, Bonded Labour Research Forum in collaboration with Ministry of Labour, Manpower and Overseas Pakistanis, Government of Pakistan, and ILO, Islamabad, 2004.

<sup>3</sup> For more information, see: Patrick Belser, Michaele de Cock and Farhad Mehran *ILO Minimum Estimate of Forced Labour in the World*, ILO, Geneva, April 2005; and Patrick Belser, *Forced Labour and Human Trafficking: Estimating the Profits*, Working Paper No. 42, Declaration/Special Action Programme to Combat Forced Labour, ILO, Geneva, March 2005. The profits arise from the appropriation of the value-added which is produced by the people forced to work. This is a different matter from the profits realized by smugglers.

As for gender and age, the ILO estimates 56 per cent of those trapped in forced economic exploitation are women and girls, and that between 40 and 50 percent of all those in forced labour are children under 18 years of age. For forced commercial sexual exploitation, some 98 per cent of the total are unsurprisingly girls.

So much for the available estimates. There are other aspects on which very little quantitative work has so far been done, such as a possible correlation between ethnicity and forced labour, or the extent to which religious and other minorities may be particularly prone to slavery-like exploitation. In South Asia for example, bonded labour is clearly most severe among the Scheduled Castes and Scheduled Tribes in India, indigenous minorities in Western Nepal, and non-Muslims among the most affected provinces in Pakistan. In Latin America, today as in the past, available information indicates that the main victims of forced labour are indigenous peoples. In many parts of Africa, contemporary forced labour and slavery-like practices are most evident in these countries which have a history of slavery, and where there are reports of continuing patterns of discrimination against persons of slave descent. In many of these countries, research by the World Bank and others has also pointed to a correlation between ethnicity and extreme poverty.

As for the forms of forced labour, some generalizations can be made. Up to a few decades ago, the bulk of forced labour and slavery-like practices were bound up with traditional forms of serfdom, with individuals tied to agrarian landlords and others. So the remedy was seen as agrarian and tenancy reform, local economic development, and in some cases the extension of labour protection to rural workers (though this never went very far). Systems such as serfdom and slavery were challenged by national law. And international standards (such as those of the ILO) went together with the equity-oriented development and redistribution through growth policies of the 1960s and 1970s. Despite their limitations, these policies had their impact on regions where serfdom and slavery were closely connected with inequitable agrarian systems.

Much forced labour today is in the informal economy, in remote or hidden locations in developing and industrialized countries alike. It is affecting vulnerable women much more than before. Witness the growing concerns, by trade unions and others, with the plight of many million of migrant domestic workers moving from South and South-east Asia to the Middle East, as well as the wealthier Asian countries. Many of the sender countries have a policy of deliberately exporting their labour, albeit sometimes providing some protection through consular services and overseas employment agencies. And indigenous peoples of Latin America, while they used to be in bondage to labour contractors for seasonal agricultural work in their own countries, are increasingly moving to national capitals, to the wealthier Latin American countries such as Brazil and Argentina, and up to Mexico, Canada and the United States. Africa also has its own migrant flows to the wealthier parts of the continent, and also of course to Europe.

Moreover, a key feature of modern forced labour is the exploitation of the poor and vulnerable by intermediaries, and is basically a form of modern debt bondage. There is much deception, over contracts and anticipated conditions of employment. But recruitment agencies can link up with credit agencies, to trick the vulnerable and trap them into exploitative situations away from their communities.

#### **4. FORCED LABOUR AND POVERTY REDUCTION: THE KNOWLEDGE BASE AND THE LINKAGES**

Rigorous statistical work on the linkages between forced labour and poverty is barely beginning. Poverty may be at the root of forced labour, precisely because of the vulnerability that it engenders. But is there any *prima facie* reason to believe that forced labour is any more *likely* in the poorest countries, independent of any other structural or causal factors? A preliminary ILO assessment has indeed found that there is more forced labour as a proportion of the population in countries with lower GDP per capita. GDP per capita can therefore be considered a statistically significant variable. However, the variation in GDP per capita only explains 17 per cent of the variation in forced labour. In other words, in statistical terms it can only provide a fifth or less of the explanations of forced labour.

While the existing knowledge base is scant, it tends to be of three kinds.

First, there is the empirical based on regression analysis, which aims to seek some correlation between aspects of globalization and forced labour incidence. An interesting recent example is a paper concerning the impact of globalization on forced labour for women<sup>4</sup>. This has a very general conclusion that there is less incidence of forced labour in countries more integrated in global markets than in more closed countries. However, other recent research<sup>5</sup> concludes that there is more trafficking into open economies. Far more research is clearly needed, but the findings to date tend to confirm the need to differentiate between the more traditional and newer forms of forced labour, as different forms of forced labour today have different determinants.

Second, there are the micro assessments based on country case studies, sometimes covering different economic sectors. In Pakistan for example, research found that bonded labour in its most acute forms has been a substantial contributor to extreme poverty. Bonded agricultural labour in Punjab province, and large parts of the domestic work sector, earned significantly less than the prevailing wage for unskilled workers (itself, far below the legal minimum wage). A series of studies on bonded labour incidence in ten different economic sectors, undertaken by the Government and academic institutions with ILO assistance<sup>6</sup>, helped to establish some linkages between levels of indebtedness and bonded labour in its more and less acute forms. Of the workers surveyed, the vast majority took loans from their employer often provided by a labour contractor who in turn receives an advance from the employer. These may be small subsistence loans; larger loans to cover such major expenses as weddings and funerals, or several months of unemployment during an off-season; or loans taken to cover the share of agricultural inputs. Yet the correlation between indebtedness and forced or bonded labour may not necessarily be strong. Much indebtedness might be considered relatively "benign", in that it can easily be repaid from current earnings. The major problems occur when substantive debts are incurred which cannot be repaid from current income, and employers and labour

<sup>4</sup> Eric Neumayer and Indra de Soysa, *Globalisation, Women's Economic Rights and Forced Labour*, The World Economy, Blackwell Publishing, 2007.

<sup>5</sup> Gergana Danailova-Trainor and Patrick Belser, *Globalization and the illicit market for human trafficking: an empirical analysis of supply and demand*, Working Paper No. 53, Declaration/SAP-FL, ILO, Geneva, December 2006.

<sup>6</sup> *Rapid Assessment Studies of Bonded Labour in Different Sectors of Pakistan*, Bonded Labour Research Forum, Islamabad, 2004.

contractors are confident of their capacity both to enforce the debts and track down any worker who attempts to escape. There have also been some cases of severe restriction of personal liberty, including in the worst cases “private jails” on farms.

Third, a decision may be taken to focus specifically on poverty – forced labour linkages in the preparation of rural development and other aid projects which seek to reach the extreme poor. If such an exercise is conducted seriously, it can generate much useful information. Again in Pakistan, a correlation between bonded labour incidence and extreme poverty was systematically documented by consultants for the Asian Development Bank several years ago, in the context of preparing a rural development project in Sindh Province. The consultants, on the basis of field research and household survey reviews, found that 66 per cent of rural households in lower Sindh province, almost all of them bonded sharecroppers and labourers, survived on less than 2,000 Pakistan Rupees per month (effectively, extreme poverty levels). They accordingly proposed a project design which should have captive labour as a specific target group, with project interventions tailored to their needs

As regards trafficking for either sexual or labour exploitation, there is a general assumption that poverty lies behind the decision to undertake risky migration, and to enter into contact with the recruiting agents. In recent years there has been a spate of studies examining the trafficking and poverty linkages, such as one by the Asian Development Bank on trafficking of women and children in South Asia<sup>7</sup>, and one last year by UNESCO on poverty, gender and human trafficking in Africa<sup>8</sup>. This is part of research work that seeks a holistic approach to migration management, examining the livelihood systems of those at risk of trafficking, addressing prevention strategies in their broader socioeconomic and cultural context, and placing emphasis on new approaches to social capital and expenditure in order to address the root causes.

There are still big questions marks as to whether those at risk of trafficking are in absolute or relative poverty. It has to be remembered that some who end up in trafficking situations can pay huge amounts of money to recruiting intermediaries. An extreme case is the Chinese, who can pay as much as USD 60,000 to reach the USA, or up to 20,000 Euros to get to Europe. South Asians pay an average of USD 3,000 to labour brokers to get to the Gulf States, placing themselves at risk of debt bondage if they cannot repay their debts.

A forthcoming ILO study on forced labour and trafficking in parts of Europe<sup>9</sup> focuses on these supply side issues, indeed asking whether poverty or relative deprivation is the main causal factor. Based on research carried out in ten European countries (a mix of source, transit and destination countries) between 2003-7, it compares the experience of “successful migrants” with those who ended up in forced labour and trafficking situations. Unsurprisingly, research results indicated a causal relationship between the poverty of the source country, as well as the individual economic situation of a migrant, and vulnerability to trafficking. Perhaps one important finding was that low income and unemployment were more important push factors than discrimination, corruption, or political instability.

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<sup>7</sup> Asian Development Bank, *Combating Trafficking of Women and Children in South Asia*, RETA 5948 REG, July 2002.

<sup>8</sup> Thanh-Dam Truong, *Poverty, Gender and Human Trafficking in Sub-Saharan Africa: Rethinking best practices in migration management*, UNESCO, 2006.

<sup>9</sup> Beate Andrees, *Forced labour and trafficking in Europe: how people are trapped in, live through and come out of it* (provisional title, ILO Working Paper, Declaration/SAP-FL, forthcoming, 2007).

## **5. STRATEGIC APPROACHES: NATIONAL AND INTERNATIONAL EXAMPLES**

A serious human rights abuse like forced labour requires a differentiated approach to poverty reduction and targeting. As is widely recognized, effective action against forced labour and trafficking will always require a mix of prosecution, protection of those in or at risk of forced labour, sustainable rehabilitation of those released from it, and preventive strategies which address the root causes of the problem and provide for sustainable livelihood alternatives. There will also be need for good data, benchmarks for monitoring progress or regress, and preferably a media campaign to keep these issues in the public eye and shame those responsible.

For development actors such as the Banks and the bilateral donors, there is an immediate practical question. When and under what circumstances do problems like forced and bonded labour merit a specific strategy or operational intervention? Or are they best dealt with through a safeguards approach, which tries to ensure that other interventions do not cause or contribute to forced labour? Is forced labour best considered a sub-set of other mainstream approaches, such as migration policy, labour market governance, measures against discrimination, strengthening micro-credit for vulnerable groups, and others? How should forced labour be dealt with in the main poverty reduction and development frameworks at the country level, such as PRSPs and UN Development Assistance Frameworks (UNDAFs)?

The typology of forced labour presented above may help develop some answers. There are countries where the problem is localized and concentrated in specific sectors, and where forced labour is clearly linked to a pattern of poverty and discrimination. Here it seems to make good sense to have a targeted intervention against forced labour. The arguments for this were provided through an attempted ADB project in Sindh province of Pakistan. There have been similar interventions in Western Nepal, where an identified number of some 50,000 indigenous peoples were affected by a particular form of bonded labour known as the *Kamaiya* system, and where the Government had adopted a new law and policy for the socioeconomic reintegration of those forced labourers.

Targeted action at the community level can also pave the way for higher level interventions. While NGOs are often best equipped to do this, an organization like the ILO can build bridges between the community-based and upstream policy work. In India for example, the ILO has built up experience over a five-year period in community-based and microfinance-led interventions for the prevention of bonded labour among vulnerable population groups. A project, in Tiruvallur district of Tamil Nadu, worked through local NGOs and in close collaboration with the District Administration. Efforts were made also to open a dialogue with employers in the brick-kiln, rice mills and handloom sectors on how working conditions and contractual arrangements could be improved, and with trade unions on how to extend their outreach to informal sector workers vulnerable to bondage.

Experience at community level demonstrated the complexity of household livelihood and financial management strategies, and the challenges inherent in achieving sustainable improvements in household income and security. Microfinance alone could not solve the problems, and an integrated approach to empowerment was required. Such families find income diversification through self-employment a

challenge, and often prefer casual day labour. But project loans allowed clients to improve their debt portfolio, reducing their recourse to moneylenders and employer credit. Lessons generated through the project, particularly in terms of microfinance products and delivery systems, and gender equality have since been taken up by other development projects, including a major World Bank funded poverty reduction programme covering several Districts in Tamil Nadu.

In the international financial institutions, there is scope for addressing forced labour more systematically. In the World Bank for example, core labour standards (one of which is the abolition of forced labour) should be addressed in Country Assistance Strategies (CAS). Toolkits have been prepared, assisting staff to understand core labour standards and their relevance to development and poverty reduction. And in the International Finance Corporation (IFC), policy and performance standards on social and environmental sustainability have since 2006 included a direct reference to labour and working conditions. On forced labour, the performance standard covers any kind of involuntary or compulsory labour, such as indentured labour, bonded labour or similar labour-contracting arrangements. A related development has been the new Equator Principles adopted in July 2006, a voluntary industry framework for addressing social and environmental risks associated with private finance, backed by 33 private banks and other international financial institutions. The principles now require partner institutions to follow the new IFC performance standards.

A key strategic entry point is labour market governance. Indeed, one of the greatest failures of any labour market functioning is the presence of coercion, and inflated costs for job seekers locked into excess transaction charges and indebtedness to intermediaries and job brokers who effectively escape national and international regulations. As this is such an important aspect of modern forced labour, it is given separate treatment below.

The prospects for effective action against forced labour are best, where there is some policy framework and implementation mechanism in place. In Pakistan, a basic mechanism has been the National Policy and Plan of Action for the Abolition of Bonded Labour and Rehabilitation of Freed Bonded Labourers, adopted by Cabinet in September 2001. This provides for a National Committee on the subject, to review progress, monitor the working of District Vigilance Committees, and address the concerns of national and international bodies on forced labour. It also provides for activities over a specific timeframe, including a relief package for freed *hari* bonded labourers in Sindh province, registration of brick kilns, legal aid cells for needy bonded labourers, awareness raising, vocational training programmes for freed bonded workers, and creation of self-employment opportunities through micro credit schemes.

This mechanism, assisted by the ILO, has played some part in keeping action against bonded labour on development agendas. At the macro policy level, a Poverty Reduction Strategy Paper (PRSP), adopted in late 2003, highlighted bonded labour as a priority concern<sup>10</sup>. At the more downstream level, an ILO project has been active in seven camps near Hyderabad in Singh province, where former bonded *hari* families had fled following escape from their landlords. It seeks to enable these families to establish sustainable livelihoods and prevent them from falling back into bonded and other exploitative labour relationships. Microfinance and other services

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<sup>10</sup> Government of Pakistan, *Accelerating economic growth and reducing poverty; the road ahead*, PRSP, December 2003, p. 102.

are delivered through self-help groups within the camps. And one innovative element has been a land-lease scheme, devised to purchase and lease to beneficiaries a 20 acre plot of land, the costs to be repaid over a one-year period through a special credit product.

An ongoing ILO project in Pakistan seeks among other things to mainstream action against bonded labour in major poverty reduction programmes of government, donors and civil society which target the very poor. Its main implementation strategy is to leverage existing institutional mechanisms, to mainstream the bonded labour issue into the regular national, provincial and local plans related to poverty alleviation. It has a particular focus on the registration of brick kilns, where there has been a generalised absence of written contracts, and lack of a regulatory framework.

Brazil has a good record of government mechanisms, awareness raising and law enforcement against forced labour. An Executive Group for Curbing Forced Labour (GETRAF) was first established in 1995, later replaced during the present government by a National Commission to Eradicate Forced Labour (CONATRAE). A Special Mobile Unit was also established within the Labour Inspection Unit of the Ministry of Labour, to respond to denunciations of forced labour and release the victims. In 2003 President Lula launched a highly visible "National Action Plan to Eradicate Slave Labour", which has since been followed by state level action plans. By mid 2007 the Mobile Inspection Units could claim to have released over 24,000 workers from slave labour conditions, the pace of these releases accelerating in recent years.

In Africa, there are some signs of integrated action in Niger, one of the world's poorest nations, which like Mauritania has a legacy of slavery together with widespread reports of discrimination against people of slave descent. Niger has recognized its forced labour problem, and in recent years has taken steps to adopt a national action plan for its prevention and eradication. It adopted legislation in 2003, to outlaw slavery-like practices and impose heavy sanctions on slave-holders. Moreover, the ILO has had a technical cooperation programme with Niger since 2003, including a national forum on forced labour organized with the Government and the Association of Traditional Chiefs of Niger (ACTN) in 2001, awareness-raising workshops with traditional chiefs in three parts of the country, and a community radio-based information campaign

Forced labour is included as a priority issue under the current UNDAF, under the rubric of good governance. The development donor community has taken these concerns on board, for example considering the funding of projects to benefit freed slaves. The ILO in the meantime has been implementing a project mainly in Niger, with support from the Government of Sweden, as part of a broader programme to combat forced labour and discrimination in Africa. Part of its work has been at the policy level, assisting the Ministry of Labour to establish an inter-Ministerial Commission on the vestiges of forced labour and discrimination, which has been entrusted with the drafting of a National Action Plan against forced labour. The Commission's discussions were informed by the results of an in-depth study, that investigated socio-economic conditions in pilot areas. It proposed the types of community-based intervention needed to benefit the most vulnerable groups, in particular those of slave descent, but without alienating other members of the community. A second phase of this project since April this year continues a two-track approach, implementing pilot measures alongside the development and adoption of

the action plan. There can be some expectations that all this will influence donor strategies, helping them to target resources at vulnerable groups with particular characteristics as persons of slave descent, in poor villages of the country. In the meantime as a result of a decision taken by the National Commission, an additional part of the programme strategy has been to support implementation of a national survey to quantify aspects of forced labour and associated discrimination, thus allowing for better targeting of efforts both under the action plan specific to forced labour, and ideally as one element of broader poverty reduction policies and programmes.

### *Trafficking, migration and poverty: strategic approaches*

Some governments have vested very large amounts of money in anti-trafficking projects. The US Government for example, between 2001 and mid 2007, had invested approximately USD 447 million in foreign assistance to NGOs, international organizations and foreign governments to combat and help eliminate human trafficking. Yet a rigorous examination of these projects, conducted in 2007 by the US Government Accountability Office<sup>11</sup>, found that it was difficult to measure impact. Broadly speaking, assistance aimed to enhance efforts to (a) prevent human trafficking through public awareness, outreach, education and advocacy campaigns, or (b) protect and assist victims by providing shelters as well as health, psychological, legal and vocational services, or (c) investigate and prosecute human trafficking crimes by providing training and technical assistance for law enforcement officials. But the GAO assessment found that 18 out of 23 projects did not explain clearly how activities would achieve stated goals. Moreover, the typology of such assistance suggests that such assistance is concerned with such issues as short-term rehabilitation, rather than what may be seen as the structural roots of trafficking.

Of development and donor organizations, some have published specific strategies on trafficking. USAID issued a strategy paper in 2003<sup>12</sup>, which identifies the “trafficking and development link”. It has a section on addressing the root causes, with a focus on educational and vocational opportunities for children and young women and their families. Also in 2003, the Swedish government issued a strategy concerned specifically with Poverty and Trafficking in Human Beings. This covers a very wide range of preventive measures, including: increasing income opportunities for young people and improving working conditions; ensuring free movement; education for children at special risk; promoting gender equality and childrens' rights; strengthening the social safety net; informing people at risk; discouraging the demand for sexual services; relevant and harmonized legislation; and effective law enforcement and legal prosecution. The Swedish strategy – which at that time focused on women and children at risk – also stressed the importance of licensing and control systems for companies that employ foreign labour.

There have been signs of similar integrated thinking in the European Union, although its work on trafficking has until now been dominated by a law enforcement approach, and a tendency to see action against trafficking mainly as part of efforts to stem irregular migration. In mid 2006 an opinion was issued by the European Parliament's Committee on Employment and Social Affairs, which calls for an integrated approach in fighting human trafficking. Coordinated thinking on trafficking at the EU level,

<sup>11</sup> Human Trafficking: , US GAO, Report to Congressional Requesters, July 2007

<sup>12</sup> Trafficking in Persons: the USAID Strategy for Response, February 2003

through an EU development policy that focuses on the primary objective of poverty reduction and the achievement of the Millennium Development Goals, should “address fundamental factors that make persons vulnerable to trafficking, e.g. poverty, lack of access to basic and higher education, gender equality, denial of the right of nationality, discrimination and the lack of access to services and of equal opportunity”.

Trafficking does pose particular challenges for those who advocate an integrated and poverty-related approach to tackling forced labour. It involves complex movements across continents, involving a wide range of actors and often large financial transactions. We have seen that it can relative poverty, together with massive wage differentials between the sending and receiving countries, that drives people to move from their home communities.

So the poverty linkages need to be examined carefully in individual cases. And the desired remedy stems from understanding these linkages, and understanding the goals of those who fall into forced labour situations. A key question is whether their vulnerability stems from movement away from their places of origin where they can benefit from protective networks, or whether they are exploited and discriminated within their own communities. A second is whether a relatively small improvement in their infrastructure, services and livelihood opportunities would dissuade them from moving into vulnerable situations on the labour market: or whether substantial investments would be required to stem the flow.

### *Labour market governance*

There are growing concerns that, if inadequately regulated and monitored, contract labour systems with the large incidence of informal labour brokering can degenerate into forced labour. Over the past few years the US Government, in its annual *Trafficking in Persons Report*, has devoted considerable space to the conditions faced by many migrant workers, who may have been contracted legally to perform low-skilled work in developed countries, but who were later subjected to fraudulent misrepresentation of work conditions, debt bondage, or forced labour conditions at the hands of employers in destination countries. As it observed in its 2007 report, research is increasingly showing that source countries permit or encourage some exploitative practices that either place migrant workers in involuntary servitude before they leave for work abroad, or place them in unfair debts that are precursors to involuntary servitude in the destination country. It thus insisted that – in addition to the obligations of the destination countries to monitor their labour markets and employment practices – source countries also have obligations to protect these workers’ interests by limiting pre-departure fees and commissions to reasonable levels that do not contribute to situations of debt bondage<sup>13</sup>.

And yet such contract labour across international borders can be of immense importance to survival strategies in the poorer countries. An example is the Philippines, which has pursued a highly active policy of labour exporting over the past decades. In this country the total amount of overseas remittances was officially recorded last year at USD 12.8 billion, or just over 10 per cent of GDP. It has been estimated that remittances contribute significantly to poverty reduction, reflected in higher spending per capita among the lowest 40 per cent of households. In dollar

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<sup>13</sup> *Trafficking in Persons Report*, US Department of State, Washington DC, June 2007.

amounts, remittances are yet higher in India and Mexico. Such remittances (the portion of an international migrant's earnings that are sent back to their country of origin) often account for a substantial proportion of a state's income. What is *not* known is how much greater such remittances might be if part of the earnings were not siphoned off by abusive practices of labour market intermediaries, the gangmasters and bogus contractors who overcharge for job interviews, visas, transport, or accommodation in the destination country. Though there has been a spate of recent NGO reports of the abuses of such contract labour systems, for example by Human Rights Watch in the Gulf countries, there has been little rigorous analysis of the way in which better managed systems of labour contracting, with greater protection against abusive condition of work and payment, could contribute to overall poverty reduction. In any event, structural problems of this kind cannot be addressed through projects in the sender countries only. There is a need for integrated approaches in the sender and destination countries, with labour as well as migration officials agreeing on suitable regulatory frameworks and monitoring procedures. There is also an obvious need to involve business actors and workers' organizations, in both sender and destination countries.

More generally, the growth of such abusive practices both within and across borders calls for the strengthening of labour inspection, and creative ways of looking out for such abuses. An excessively liberal approach to labour market governance and contribute to forced labour practices and impoverishment.

## **6. A GLOBAL ALLIANCE AGAINST FORCED LABOUR: MOVING THE AGENDA FORWARD**

When two years ago the ILO called for a global alliance against forced labour, the intention was to galvanise as many actors as possible to a ten-year campaign, seeking to rid the world of this abuse. Some may say this is a pipe-dream, given the deep rooted structural problems in certain countries. But it is a worthwhile goal, given that the numbers are not impossibly high, and given that this is a very practical way of concentrating donor resources at the most marginal, vulnerable and also discriminated people in the world today.

Our global report also sounded warning bells about new forms or patterns of coercion creeping into production systems and labour markets around the world, mainly in the informal economy, but also sometimes in the supply chains of modern industrial enterprises and supermarkets.

There is certainly a growth of concern, reflected in the emphasis on safeguards against forced labour in private sector lending, the comprehensive strategies against trafficking and poverty, the incorporation of core labour standards in development processes, and much more. There are some signs of integrated action against forced labour at the national level, in some cases anchored in poverty reduction strategies or processes. All of this seems nevertheless seems to be at an early stage, and based on insufficient knowledge and understanding of the problems.

With support from DFID and others, the ILO is moving steadily forward with building a global alliance, with a twin-track approach. One part is advocacy, based wherever possible on solid research and surveys, working with other international institutions to see how they can address forced labour in appropriate ways in their own policy

frameworks. This does not necessarily imply a specific and targeted strategy on forced labour and trafficking, though this can be warranted in certain circumstances and country situations. But it does imply giving particular attention to the victims of forced labour, or to those at risk of forced labour, in a range of social policies.

Forced labour and trafficking are important aspects of other poverty and developmental challenges, such as migration policy and labour market governance where it can be difficult to achieve consensus. In this sense, a focus on forced labour can be an important and practical way of achieving the initial consensus as a building block for further action. People may have different attitudes to migrant workers, but hopefully noone will tolerate forced labour and slavery,

A second track is action at the national level, combining policy level work with direct action at the local level. The ILO has its own planning processes, in what are called Decent Work Country Programmes, where the challenge is to achieve consensus between governments, employers' and workers' organizations (the tripartite partners), as to what they can each contribute and how they can combine their efforts. The next challenge is to ensure that the concerns receive due priority from UN partners and other development agencies, in broader development assistance frameworks. This work is still at an early stage, though some initial building blocks are in place.

An effective global alliance goes way beyond governments. This is why we are actively supporting the International Trade Union Confederation (ITUC) in its promotion of a Workers' Alliance against Forced Labour and Trafficking, and are increasingly engaging business actors in helping prevent the risk or incidence of forced labour in their supply chains. NGOs like Anti Slavery International have a crucial role to play, as do the media, academic institutions, religious and cultural institutions, and many others,

Critical comments and constructive ideas are invited, as to very concrete measures in what has to be a decidedly multi-stakeholder initiative.