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"Children have the right to be protected from economic exploitation and from performing hazardous work"

1989 UN Convention on the Rights of the Child (article 32).

Annual Report 2001 & 2002

ECLT FOUNDATION

Addressing the challenge of child labour in tobacco growing



Our Origins

One of the most important emerging issues in recent times is the use of child labour. More than 70% of 250 million child labourers worldwide are engaged in agriculture, including tobacco growing. Rural children, in particular girls, tend to become economically active at an early age. These children are not only exposed to health risks associated with rural poverty but also to those associated with agricultural work. High level risks exist for children working in tobacco fields: poor sanitary conditions, exposure to toxic pesticides, a high rate of occupational injuries, extreme weather conditions, and long hours of work and ensuing fatigue. Overall, working children are:

- ◆ denied their human rights;
- ◆ deprived of their childhood;
- ◆ deprived of their right to health, safety, education and well-being;
- ◆ denied a decent future.

One can identify several causes of child labour in tobacco growing:

- ◆ poverty: plantation workers and small-holder farmers are often forced to use their own children to supplement very low wages. Recent statistics from the International Labour Organisation (ILO) show that wages in African commercial agriculture have decreased by 60% during the last 15 years;
- ◆ lack of awareness and long-standing traditions;
- ◆ lack of an efficient schooling system;
- ◆ indirect costs linked to attending schools: books, uniforms and transportation;
- ◆ HIV/AIDS: AIDS orphans or children whose families have been devastated by this disease are forced to become their own breadwinners.

In view of this reality, a first initiative was launched in June 1999 when representatives of the labour unions (IUF – International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association) and the tobacco farmers (ITGA – International Tobacco Growers' Association) signed a joint statement, which was witnessed by the ILO. In doing so, the ITGA and the IUF recognised the need to contribute to the elimination of child labour in

tobacco growing. This initiative was then extended to the tobacco corporate sector and British American Tobacco (BAT) joined in what was to become the first-ever global initiative to fight against child labour. Global because it was not limited to certain geographical areas and because it united in a common cause organisations representing tobacco farm workers and growers as well as multinational companies.

In October 2000, a conference was jointly organised in Nairobi by the IUF, ITGA and BAT with the participation of the ILO. The foundations were laid for ongoing collaborative work to eliminate child labour and for widening the network of additional partners.

One year later, in October 2001, the ECLT Foundation (Eliminating Child Labour in Tobacco Growing) office was set up in the outskirts of Geneva, Switzerland. It has been registered under Swiss law as a non-profit organisation. In April 2002, the ECLT Foundation was officially launched.

In 2001, following the Nairobi conference, new partners from the tobacco manufacturing and processing sectors joined in: Dimon, Imperial Tobacco, Japan Tobacco, Philip Morris International, Scandinavian Tobacco, Standard Commercial Corporation and Universal Leaf Tobacco. In 2002, Gallaher and Philip Morris USA also became members of the ECLT Foundation.

The ILO, and more specifically its International Programme on the Elimination of Child Labour (IPEC), has been involved in this process since its early days and has become the ECLT Foundation Board main advisor.

Foundation Board Meetings were held in Geneva on 3 October 2001, 11 December 2001, 5 April 2002 and 1 October 2002. On these occasions, Board Members approved the principles and operational plan of action that guide the work of the ECLT Foundation.

Our Values

ECLT Foundation Statement

To contribute to the elimination of the use of child labour in the tobacco growing sector in order to provide children with an upbringing that gives them the best chance in all aspects of life.

The ECLT Foundation Board Members agree that the needs of each country differ and local solutions should be found within a framework including the following three principles:

- ◆ children have the right to schooling, a full family life and a safe and healthy upbringing;
- ◆ children under the minimum legal age or under the age recognised by ILO Conventions 138 and 182 (see below) should not be employed in the production of tobacco leaf;
- ◆ as many tobacco enterprises are family-run, it may be possible that children take part in routine chores as part of family life for the development of craft skills. This must not extend to potentially

hazardous tasks using machinery and agro-chemicals and must not impede proper educational development including school attendance.

Whereas the ECLT Foundation focuses mainly on addressing the challenges of child labour in tobacco growing, it does not exclude looking at the child labour issue in tobacco manufacturing, if such cases should arise.

The ECLT Foundation Board members are committed to supporting local initiatives, sharing best practice and working with all relevant stakeholders to eliminate child labour in tobacco growing.

Summary of ILO Conventions 138 and 182

Minimum Age Convention, 1973 (No. 138)

It requires States to pursue national policies which will effectively abolish child labour. It establishes a minimum age for admission to employment or work which shall not be less than the age of completion of compulsory schooling, so that young people can develop physically and mentally before entering the workforce. The minimum age is set at 15 years old (or more but no less than compulsory school age). Developing countries may apply a level of 14 years. The Convention further states that children can undertake light work together with education at 13 years, or 12 years in developing countries. Convention 138 has been ratified by more than 120 states.

Worst Forms of Child Labour Convention, 1999 (No. 182)

It defines as the worst forms of child labour such practices as child slavery, forced labour, debt bondage, trafficking, serfdom, prostitution, pornography, and various forms of work that are hazardous to a child's health, safety and morals. In this latter category, the Convention mentions among others and as examples, work with dangerous machinery and tools, handling of heavy loads, and work in an unhealthy environment, which may expose children to hazardous substances. All these last features are relevant to plantation work and tobacco growing. The Convention calls for immediate and effective legislative measures to secure the prohibition and elimination of these forms of child labour as a matter of urgency. Convention 182 has been ratified by more than 130 states.

Our Activities 2001 & 2002

The work of the ECLT Foundation focuses on:

- ◆ supporting and funding local and community-based projects;
- ◆ commissioning independent research to produce an objective picture of the conditions and level of child labour in tobacco growing;
- ◆ establishing and sharing best practice and lessons learnt.

To support and fund local and community-based projects

Action Principles

To combat child labour in tobacco growing, the ECLT Foundation supports and funds local and community-based initiatives in order to raise awareness and fight pragmatically with hands-on projects against child labour. With a three-person team based in Geneva, the ECLT Foundation does not have the capacity to implement projects on its own but is convinced that the most efficient way to be successful in fighting child labour is to build broad and effective alliances of partners on the ground.

These projects need to be based on relevance, feasibility, cost-effectiveness and sustainability. Monitoring, controlling and auditing play an important role as well. Projects also need to be impact-based in order to provide parents and children with a concrete improvement of their conditions. Schooling and education are obviously part of the answer but do not provide a complete solution. The causes of child labour, mainly poverty and long-standing traditions, also need to be addressed. Local capacity and skill-building is essential for long lasting improvement and sustainability. Projects may include:

- ◆ community-based activities that address education as well as the living conditions in the children's communities (programmes dealing with health, food security, environment, access to credit schemes, etc.);
- ◆ supportive measures which provide an incentive (financial or material) for parents to send their children to school;
- ◆ supportive measures to develop the educational system;
- ◆ awareness-raising projects on education and schooling;
- ◆ specific programmes to support AIDS orphans working in tobacco growing;
- ◆ and any initiatives which might not be directly linked with education but relevant to address child labour issues.

Ownership of the projects by the communities themselves is ensured through their active involvement during the design and implementation phases.

Activities and results

The ECLT Foundation focuses on the child labour situation prevailing in developing countries. From October 2001 to December 2002, ECLT Foundation staff visited the following countries:

- ◆ Southern and Eastern Africa: Malawi, Mozambique, Tanzania, Uganda and Zimbabwe
- ◆ Latin America: Argentina, Brazil and Mexico
- ◆ Asia: Indonesia and the Philippines.

In order to produce a clear picture on the situation of child labour, field visits to tobacco farming areas have been conducted and contacts held with all relevant stakeholders: ECLT Foundation Board Members' local affiliates, as well as representatives of civil society involved in the issue of child labour, namely NGOs, community and religious leaders, women's and teachers' associations and representatives of governments and UN bodies, such as the ILO and UNICEF. The objective of these visits is to identify local partners who will develop community-based projects to combat child labour in tobacco growing. The ECLT Foundation has established and shared working guidelines for developing projects that are helpful in the process.

As a first result of these contacts, two projects have already started in 2002 in Malawi, which is a priority country for the ECLT Foundation (see details below).

In addition to Malawi, projects and contacts are being developed in other countries, especially in Tanzania (with IPEC), the Philippines (with the Ministry of Labour and Employment), Uganda and Mozambique in order to launch new projects in 2003 and beyond.

Association for the Elimination of Child Labour (AECL), Nkhotakota district, Malawi

AECL is an association that groups representatives of trade unions, the tobacco growers' association and governmental departments. The project, which started in December 2002, focuses on an area composed of 7 villages which lacks any school facilities. It consists of:

- ◆ building a junior primary school;
- ◆ awareness-raising of children, parents and estate owners on child labour.

In a unique partnership, the Tobacco Tenants' Union (TOTAWUM) and the Tobacco Association of Malawi will be informing farmers and tenants of their rights, training them in bookkeeping and raising awareness on the consequences of child labour.

This 2-year project (2002-2004) has an overall budget of USD 170,000, which is exceptionally funded by Scandinavian Tobacco through the ECLT Foundation. All other and future ECLT Foundation projects are to be funded by the Foundation Board members collectively.

Together Ensuring Children's Security (TECS), Dowa and Kasungu districts, Malawi

This project, which was launched in July 2002, addresses the child labour situation at its root causes, mainly poverty, by improving the general living conditions of children and their communities in 60 tobacco growing villages. The project is being implemented by three local NGOs under the coordination of TECS, which is a partner organisation of the ECLT Foundation in Malawi. It focuses on three main areas:

- ◆ Food Security and Agro-forestry: to enable farmers to generate additional income so that it becomes easier to



send their children to school. Irrigation pumps, provided to farmers through a revolving loan scheme, increase food quality, quantity, security and diversification. Tree nurseries and planting allow a better soil conservation and maintain

fertile land. They also alleviate the burden left to children of fetching wood farther and farther away from the villages. Our partner, Total Land Care, has been working for several years in forestation and food security projects in Malawi and Zambia.



- ◆ Awareness-raising and Education: to improve access to and attractiveness of schools by mobilising local communities, rehabilitating school blocks and training teachers. Creative Centre for Community Mobilisation (CRECCOM) is the implementing partner: it is a well-known NGO with a broad experience in community development and educational projects.

- ◆ Water and Sanitation: to improve access to clean and safe water and help prevent infectious diseases. It also alleviates the burden of fetching water at far-away sources, which is a task that often falls upon children. Topped shallow wells are being built close to the villages. They are run by local well committees in charge of maintenance and repairs. Our partner, Nkhoma and Livingstonia Synod, has a long experience in water and sanitation programs in northern Malawi.



This 4-year project (2002-2006) has an overall budget of USD 2,088,000, which is fully funded by the ECLT Foundation.



To commission independent research

Though the topic of child labour in agriculture has already been extensively researched on, little has been written on the specificities prevailing in the tobacco growing sector. Independent research will help to further improve the ECLT Foundation overall response.

Activities and results

In December 2002, the ECLT Foundation signed an agreement with the ILO/IPEC whereby the latter will have research conducted on the three following issues:

- ◆ child labour in tobacco growing in Indonesia;
- ◆ child labour in tobacco growing in three African countries (Malawi, Tanzania and Uganda) as a result of the HIV/AIDS pandemic;
- ◆ child labour in tobacco growing and manufacturing in the cigar sector in the Dominican Republic.

The results of these research projects will be published during the last quarter of 2003 and made public on the ECLT Foundation website. Some of the existing research

on child labour in tobacco growing (in the Philippines, Uganda and several other African countries) has already been posted on the ECLT website (<http://www.eclt.org/activities/research.html>).

To establish and share best practice and lessons learnt

Although the socio-economic conditions tend to vary a lot between Latin America and Sub-Saharan Africa, the ECLT Foundation has a role to play in disseminating best practice among its own Board Members – and especially their local affiliates – as well as with external partners. The long-standing experiences of ILO/IPEC and trade unions as well as of some multinational companies and tobacco growers are of crucial importance. They should help the ECLT Foundation to develop best practice in its own specific field. The ECLT Foundation is working on developing workshops for all relevant stakeholders in order to disseminate best practice and lessons learnt.

ECLT Foundation

Eliminating Child Labour in Tobacco Growing

Founding Members

International Union of Food,
Agricultural, Hotel, Restaurant,
Catering, Tobacco and Allied Workers'
Associations (IUF)

International Tobacco Growers'
Association (ITGA)

British American Tobacco

Members

Dimon Incorporated
Gallaher Group Plc
Imperial Tobacco Ltd.
Japan Tobacco Inc.
Philip Morris International
Philip Morris USA
Scandinavian Tobacco Company
Standard Commercial Corporation
Universal Leaf Tobacco Co., Inc.

Staff

Marc Hofstetter is the ECLT Foundation Director. He has extensive work experience in the private sector and in non-profit organisations. He spent 12 years with the International Committee of the Red Cross, providing humanitarian assistance to the populations of Iraq, Sudan and Tajikistan. He is a graduate in economics and holds a master in international relations from the Boston-based Fletcher School of Law and Diplomacy.

Alain Berthoud is the ECLT Foundation Project Manager. He has a large experience in development work and projects: from identification to project management, evaluation and fund-raising. He has been President of the Project Selection Board at the Geneva Foundation for Development Cooperation and Director of a housing program in Ecuador. He is a graduate of the Geneva Institute for Development Studies (IUED).

Cécile Requedaz is the ECLT Foundation Administrator. She has several years experience in the corporate and NGO sectors and is particularly versed in communication tools and information technology.

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Financial Accounts 2001 & 2002

The ECLT Foundation operates with two annual budgets:

- ◆ an operational budget, which covers the running of the ECLT Foundation office in Geneva
- ◆ a project/research budget, which provides funds to local field projects and research.

A funding formula has been established and agreed upon between the ECLT Foundation Board Members who contribute collectively to the ECLT Foundation budgets.

The financial accounts for 2001 and 2002 have been audited by an independent Geneva-based firm, Jakar SA Fiduciaire. They have been approved by the ECLT Foundation Board, upon recommendation of the Foundation Treasurer. The currency used is Swiss francs (CHF). Extracts:

2001

July 1st to December 31, 2001

BALANCE SHEET AS AT DECEMBER 31, 2001

ASSETS		CHF
Treasury		
Union Bank of Switzerland	24,923.00	
Coop Bank (Project account in name of IUF)	336,227.53	
Cash	<u>52.80</u>	361,203.33
Debtors		
Régie Cogérim	9,900.00	
Deposit for Guarantee on Capital	25,000.00	
Due from Members	147,689.00	
Withholding tax	<u>80.00</u>	182,669.00
Fixed assets		12,002.00
		555,874.33
LIABILITIES		
Creditors		
IUF	11,400.00	
Deposit from Members	298,689.00	
Transit Liabilities	<u>23,994.30</u>	334,083.30
Capital and Reserve Funds		
Foundation Capital	50,000.00	
Profit of the exercise	<u>1,791.03</u>	51,791.03
Membership fees		170,000.00
		555,874.33

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JAKAR SA FIDUCIAIRE

**REPORT of independent accountants
to the Foundation Board of
The Foundation for the Elimination of Child Labour on Tobacco-Growing
Verrier (Geneve, Suisse)**

We have audited the accompanying statement of accounts (Balance Sheet, statement of Expenditures and Receipts) of The Foundation for Elimination of Child Labour on Tobacco-Growing for the period July 1st, 2001 to December 31st, 2001 (six months).

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement referred to above presents fairly, in all material respects, a correct view of the situation of The Foundation for Elimination of Child Labour on Tobacco-Growing for the referenced period.

JAKAR SA

Carouge, March 16, 2002

ANNEXES: Statement of Accounts (Balance Sheet, statement of Expenditures and Receipts)

Member of the Swiss Federal Association of Certified Accountants and Tax Consultants

INCOME AND EXPENDITURE FOR THE YEAR 2001

	Budget	Effective	Difference
EXPENDITURE			
Management and support services	282,200.00	<u>245,432.77</u>	<u>(36,767.23)</u>
INCOME			
Members contributions	282,200.00	247,000.00	(35,200.00)
Others receipts	<u>0.00</u>	223.80	<u>223.80</u>
	<u>282,200.00</u>	247,223.80	<u>(34,976.20)</u>
EXCESS	<u>0.00</u>	1,791.03	<u>1,791.03</u>

2002

January 1st to December 31, 2002

BALANCE SHEET AS AT DECEMBER 31, 2002

<u>ASSETS</u>		<u>CHF</u>	<u>2001</u>
Treasury			
Union Bank of Switzerland (c/a)	575,597.96		24,923.00
Union Bank of Switzerland (Guarantee for rent)	9,948.70		
Union Bank of Switzerland (GBP)	(7.56)		
Coop Bank (Project account in name of IUF)	0.00		336,227.53
Cash	<u>902.00</u>	586,441.10	52.80
Debtors			
Régie Cogérim	9,900.00		9,900.00
Deposit for Guarantee on Capital	0.00		25,000.00
Due from Members	6,885.95		147,689.00
Transit assets (Expenditures to be paid in 2003)	18,469.70		0.00
Withholding tax	<u>255.65</u>	35,511.30	80.00
Fixed assets (Gross value: 74 577.22)		<u>2.00</u>	<u>12,002.00</u>
		621,954.40	555,874.33
 <u>LIABILITIES</u>			
Creditors			
IUF	17,921.85		11,400.00
Deposit from Members	0.00		298,689.00
Transit Liabilities	<u>251,457.22</u>	269,379.07	23,994.30
Capital and Reserve Funds			
Foundation Capital		50,000.00	50,000.00
Reserves and results			
- Membership fees	245,000.00		170,000.00
- Results from previous year	1,791.03		
- Profit of the exercise	<u>55,784.30</u>	302,575.33	<u>1,791.03</u>
		621,954.40	555,874.33



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REPORT of independent accountants to the Foundation Board of

The Foundation for the Elimination of Child Labour on Tobacco-Growing
Verstraë (Geneva, Switzerland)

We have audited the accompanying statements of accounts (Balance Sheet, statement of Expenditures and Receipts) of The Foundation for Elimination of Child Labour on Tobacco-Growing for the second accounting period, i.e. January 1st, 2002 to December 31st, 2002.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement referred to above presents fairly, in all material respects, a correct view of the situation of The Foundation for Elimination of Child Labour on Tobacco-Growing for the referenced period.

JAKAR SA

Carouge, January 24th, 2003

ENCLOSURES: Statement of accounts (Balance Sheet, statement of Expenditures and Receipts, Annex)

Member of the Swiss Institute of Certified Accountants and Tax Consultants

INCOME AND EXPENDITURE FOR THE YEAR 2002

	<u>CHF</u>		
	<u>Budget</u>	<u>Effective</u>	<u>Difference</u>
EXPENDITURE			
Operating costs			
Management and support services	<u>791,100.00</u>	707,016.60	<u>(84,083.40)</u>
Projects/Research costs			
Justified transfers on previous projects	910,000.00	946,164.50	36,164.50
Justified transfers on additional projects	0.00	91,200.00	91,200.00
	<u>910,000.00</u>	1,037,364.50	<u>127,364.50</u>
TOTAL	<u>1,701,100.00</u>	1,744,381.10	43,281.10
INCOME			
Members contributions (Operating costs)	791,100.00	790,784.10	(315.90)
Members contributions (Projects/research costs)	910,000.00	917,196.00	7,196.00
Additional contribution for projects	0.00	91,200.00	91,200.00
Others receipts	0.00	985.30	985.30
	<u>1,701,100.00</u>	1,800,165.40	99,065.40
EXCESS	0.00	55,784.30	55,784.30