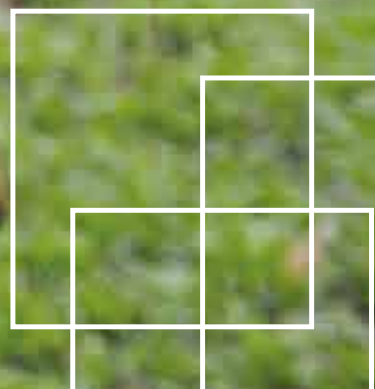




International
Labour
Organization

WORLD REPORT ON CHILD LABOUR

Economic vulnerability, social protection
and the fight against child labour



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Executive summary

Between 2000 and 2008 the number of child labourers worldwide fell by some 30 million. Notwithstanding this progress, at the end of that period there were still over 215 million child labourers, and over half of them were doing hazardous work. Moreover, the overall downward trend masked rising numbers of children in economic activity in sub-Saharan Africa from 2004 to 2008 (ILO, 2010d). While these numbers underscore the magnitude of the remaining challenge facing the global community, they also convey a clear message of hope – progress against child labour is possible with sound policy choices and substantial national and international commitment.

Yet 2008, the reference year for the last ILO global child labour estimates, already seems a long time ago.¹ Since then the world has seen an economic crisis widely viewed as the most severe since the Second World War, ushering in a period of prolonged economic uncertainty and slow growth. Although the crisis originated in the financial markets of industrialized countries, globalization has seen its effects spread to the developing world. Social consequences have varied widely from country to country, but everywhere poor and vulnerable populations have borne the brunt of the crisis and its aftermath.

What can be done under these more difficult circumstances to ensure more – and faster – progress in tackling child labour? And how can policies to reduce child labour fit within a broader framework aimed at improving the quality of life and ensuring decent work for those at greatest risk from economic hardship? These are among the policy challenges that this *World Report on Child Labour* addresses. In doing so, we bring together two developmental goals that, while logically linked, have often stood apart: eliminating child labour, and achieving universal coverage of at least an adequate minimum level of social security.

The report argues that child labour is driven in part by household vulnerabilities associated with poverty, risk and shocks, and that social security is critical to mitigating these vulnerabilities. Following on from this, the overall aims of the report are, first, to highlight the relevance of social security as part of a broader strategy for eliminating child labour; and, second, to help advance understanding of the specific ways in which social security systems can support efforts against child labour.

An evidence-based approach is followed throughout the report in pursuing these overall aims. The report relies specifically on evidence from rigorous impact evalua-

¹ A new global estimate of child labour will be published in late 2013.

tions of specific social protection instruments and interventions. The exclusive reliance on such evidence has the disadvantage of restricting the scope of the analysis, as some instruments of potential relevance to child labour, such as maternity protection, are not included as they have not yet been subject to rigorous evaluation from a child labour perspective. At the same time, however, setting this high standard for evidence has the important advantage of providing as solid a basis as possible for policy conclusions.

The report begins with a background discussion of standards, concepts and policy frameworks. It then proceeds conceptually from a discussion of the impact of poverty and shocks in rendering households vulnerable to child labour, to an analysis of the role of social protection in mitigating the impact of poverty and shocks and in reducing child labour, and finally to a forward-looking discussion of how child labour concerns can be more effectively “mainstreamed” within integrated, child-sensitive social security systems.

Social protection: From consensus to action

There is a growing international consensus on the importance of social protection in development, as reflected in recent policy statements issued by the United Nations, the G20, the Organisation for Economic Co-operation and Development (OECD), the European Commission, UNICEF and the World Bank. The key role of social protection in development has also been recognized by the joint Social Protection Floor Initiative, involving several UN and other multilateral agencies, development partners and international NGOs. Yet despite its fundamental role and functions, social protection is still far from being a reality for the vast majority of the world’s population. The ILO has estimated (ILO, 2010a) that only about 20 per cent of the world’s working-age population (and their families) has effective access to comprehensive social security provision.

The ILO set out its strategy for addressing the challenge of extending social security coverage and developing and maintaining comprehensive social security systems in the resolution and conclusions adopted by the International Labour Conference at its 100th Session in June 2011. The Conference noted that closing gaps in coverage was a top priority for equitable economic growth, social cohesion and decent work for all women and men, and called for action to extend social security coverage through a two-dimensional approach. This approach was strengthened further by the adoption at the 101st Session of the Conference in June 2012 of a new international social security standard, the Social Protection Floors Recommendation, 2012 (No. 202). The two dimensions of the approach are as follows:

- establishing and maintaining social protection floors as a fundamental element of national social security systems (the horizontal dimension); and
- pursuing strategies for the extension of social security that progressively ensure higher levels of social security to as many people as possible, guided by ILO social security standards (the vertical dimension).

The horizontal dimension of the ILO strategy is of particular relevance to the current report. This dimension consists of the “rapid implementation of national *social protection floors*, containing basic social security guarantees that ensure that over the life cycle all in need can afford and have access to essential health care and have income security at least at a nationally defined minimum level” (ILO, 2011b, para. 9; see also ILO, 2012b).

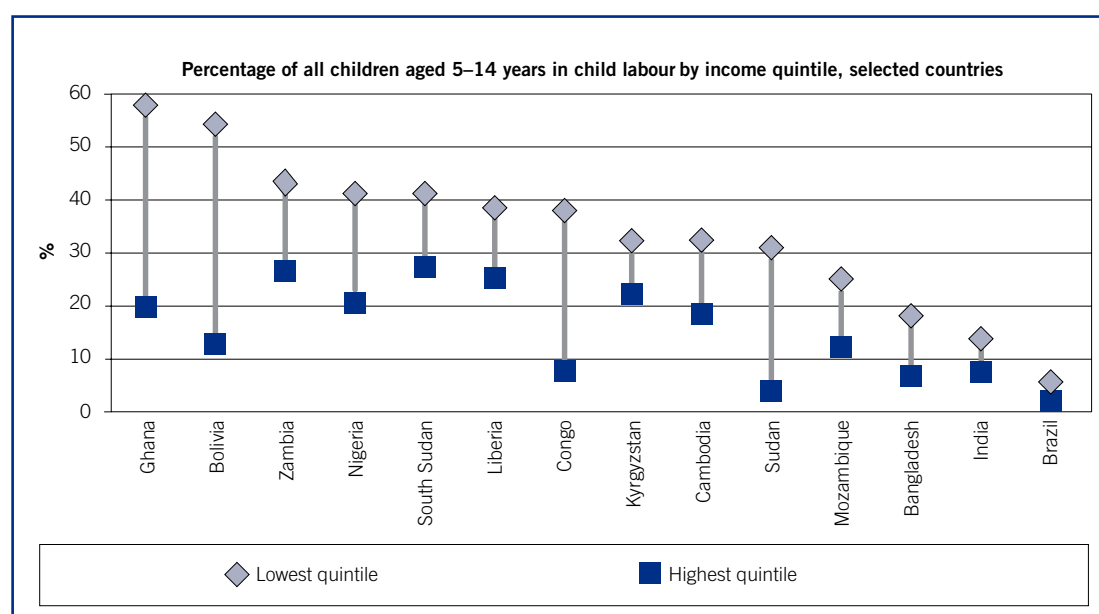
What drives children to work? The role of poverty, risk and shocks

There is a strong case, both theoretical and empirical, that economic vulnerability associated with poverty, risk and shocks plays a key role in driving children to work.

The theoretical relevance of poverty and shocks to child labour is straightforward. Poor households, without access to credit, are less likely to be able to postpone children’s involvement in work and invest in their education, and more likely to have to resort to child labour in order to meet basic needs and deal with uncertainty. Exposure to shocks can have a similar impact on household decisions. Households typically respond to what they regard as a temporary reduction in their income by either borrowing or drawing down savings, but when these options are not available, or not available on the scale required, parents may have to resort to child labour.

There is substantial evidence that poverty and shocks are relevant to child labour. Simple correlations show that child labour is much more common in poorer house-

Child labour is much more common in poor households



Note: Child labour is understood as children performing economic activity.

Source: UCW calculations based on national household surveys, various years.

holds (see figure above). More robust evidence, controlling for household attributes that accompany income poverty, also points to a strong connection between poverty and child labour. Country studies on child labour, for instance, consistently show that, other things being equal, poor children are more likely to work than their better-off peers (see e.g. UCW, 2009c; UCW, 2009d). A growing number of studies drawing on longitudinal or episodic data also consistently support the view that poverty induces households to rely more on child labour (see e.g. Edmonds, 2012).

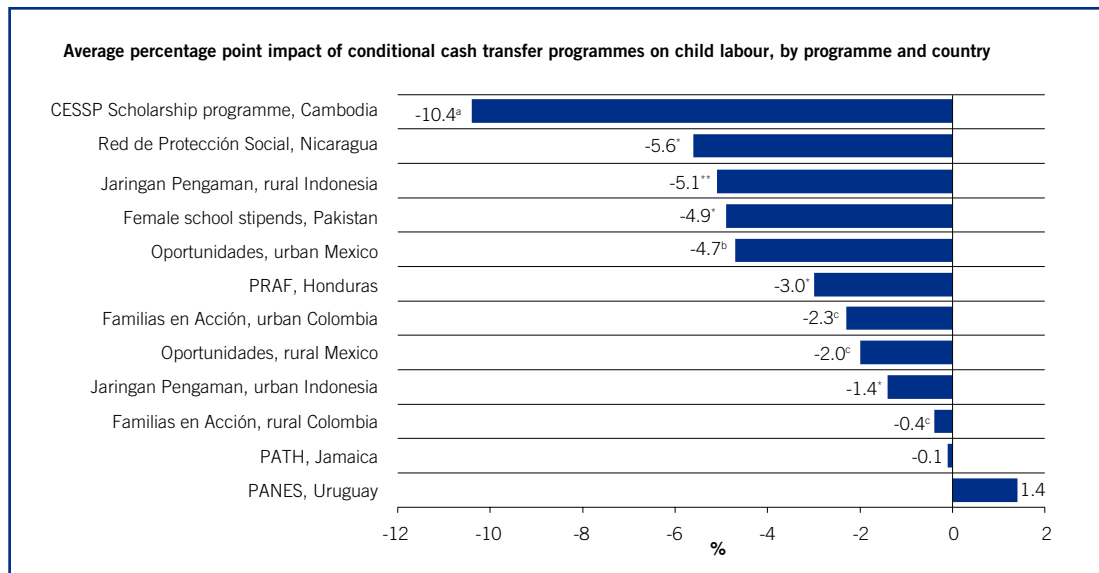
There is also ample evidence that families often resort to child labour as a buffer against negative shocks. Studies in Cambodia (Guarcello et al., 2008) and Tanzania (Beegle et al., 2003), for instance, found that substantially higher proportions of children worked in villages experiencing agriculture-related shocks such as drought, flood and crop failure. A study looking specifically at unemployment in urban Brazil found that adult job loss had a sizeable effect on the likelihood of children dropping out of education and working (Duryea et al., 2007). Another study, focusing on the impact of the harsh economic downturn in Venezuela during 2002–03, found that the proportion of children engaged in market work nearly doubled while GDP was falling, and then dropped as the economy recovered (Blanco and Valdivia, 2006).

It is abundantly clear from this evidence that continued progress against child labour will require national policies that help to make households less vulnerable to the effects of poverty and economic shocks. Establishing national social protection floors as a fundamental element of national social security systems is particularly important in this context. A well-designed social protection floor can offer basic income security throughout the life cycle, both providing a buffer against shocks and income fluctuations as and when they occur and ensuring access to essential health care and other social services. Social finance schemes such as microcredit and microinsurance can play an important complementary role in making sure that vulnerable families do not find that the financial services and facilities they need are closed to them. Taken together, national social protection floors and complementary social finance mechanisms can reduce the need for families, in effect, to sacrifice the long-term benefits from education for the immediate benefits from child labour.

What can keep children out of work? Social protection as a policy response

The report now turns to look at how specific social protection instruments can be used to mitigate the economic vulnerabilities associated with child labour. Particular attention is given to instruments that theory suggests are relevant from a child labour perspective – cash and in-kind transfer programmes, public employment programmes, social health protection, social protection for people with disabilities, income security in old age and unemployment protection. We do not look explicitly here at the other main types of social security benefits identified in the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102), namely sickness pay, employment injury compensation, maternity protection and survivors' benefits. These benefits, while also potentially important, have not yet been evaluated from a child labour perspective.

Conditional cash transfer programmes lower child labour, although the impact varies greatly from one programme and location to the next



Notes: * $p < 0.05$, ** $p < 0.01$. The definition of child labour is not consistent across studies. The specific definition of child labour used in each study is provided in the Annex. ^aImputed estimate based on non-significant disaggregated estimates. ^bImputed estimate based on partly significant disaggregated estimates. ^cImputed estimate based on significant disaggregated estimates.

Source: de Hoop and Rosati, 2012a, based on: Amarante et al., 2011 (Uruguay); Barrera-Osorio et al., 2008 (Colombia); Levy and Ohls, 2007 (Jamaica); Sparrow, 2004 (Indonesia); Galiani and McEwan, 2011 (Honduras); Ferreira et al., 2009 (Cambodia); Maluccio and Flores, 2005 (Nicaragua).

Transfer programmes directed at families with children

Cash and non-cash transfer programmes are forming an increasingly important part of social protection floors in a number of countries. These programmes can be either conditional or unconditional: that is, they can require households to fulfil certain behavioural conditions in order to qualify for benefits, or they can make these benefits available without regard to what household members do. There is strong evidence that transfer programmes are successful in achieving their broad policy objectives, having a clear and positive impact on enhancing human development, enhancing and stabilizing consumption, and facilitating social cohesion and inclusion (see e.g. ILO, 2010f). Our focus here is on assessing their effectiveness in the specific field of child labour.

The extensive evidence on conditional cash transfer (CCT) schemes indicates that they do reduce child labour, but to widely varying degrees in different programmes and locations (see figure above). The estimated impact of CCT programmes ranges from no statistically significant change in child labour for PANES in Uruguay and PATH in Jamaica to a reduction of 10 percentage points for the CESSP in Cambodia. Nowhere, however, are CCTs successful in eliminating child labour altogether, underscoring that cash transfers alone are not an adequate policy response to child labour.

In what circumstances do cash transfer schemes appear most effective? Most impact evaluation studies show that the reductions in child labour are greatest among children from poorer backgrounds, underscoring the importance of appropriate targeting in CCT schemes. The evidence also suggests that the impact is greater when cash transfer schemes are coupled with supply-side interventions such as provision of health

and education facilities and/or after-school education. Impact evaluation studies suggest that transfers may be less effective, on the other hand, in instances where transfers are invested in productive activities such as land, livestock or microenterprises, as these investments create opportunities for children's involvement in family work. The size of the transfer relative to household income is not directly related to the size of the impact. What presumably is relevant, however, is the size of the transfer relative to the amount necessary to offset the income from children's labour.

A question that often arises in discussion of the impact of cash transfers concerns the relevance of conditionality. In other words, does the addition to cash transfer schemes of conditions related to human development, such as a requirement that children attend school, change their impact on child labour? This question is, of course, critical for the purposes of policy design, but there is unfortunately little solid evidence addressing it. More research is needed concerning the impact of conditionality on families' child labour decisions, building on recent research addressing links between conditionality and school attendance (see e.g. Akresh et al., 2013; Benhassine et al., 2012; Bursztyn and Coffman, 2012).

Other social protection instruments addressed in the report

The other social protection instruments examined in the report fall into five categories. Much less is known about the impact of these on child labour, meaning that more empirical research is called for. Initial evidence, however, indicates that they have positive potential.

Public employment programmes

Public employment programmes serve the primary goal of providing a source of employment to adults and the secondary goal of helping to rehabilitate public infrastructure and expand basic services. Both outcomes have the potential to reduce households' reliance on child labour, and initial evidence suggests that public employment programmes can indeed have this effect, at least for some groups of children. However, very few public employment programmes have been evaluated from a child labour perspective, notwithstanding their increasing popularity with governments and donors. This is an area where additional information to guide programme design is especially needed in order to guard against adverse effects on children. Specifically, public employment programmes must be designed to ensure that children do not simply take the places of participating parents in their previous jobs or in performing household chores.

Social health protection

Extending social health protection to address the social distress and economic loss associated with ill health appears directly relevant to efforts against child labour. Studies in Togo and Zambia show that households can respond to health shocks by sending children to work, suggesting that child labour acts as a buffer or insurance against the impact of health-related shocks to the household. At the same time, evidence from

Guatemala and Pakistan indicates that providing families with health insurance can reduce reliance on child labour. Evidence from Kenya suggests that providing access to essential health services (in this case, antiretroviral treatment for HIV-positive household members) can have a similar effect. The ultimate objective should be to achieve universal social health protection, defined as effective and affordable access to at least essential health care of adequate quality, and financial protection in case of sickness. Achieving this objective would effectively remove one important cause of child labour.

Social protection for people with disabilities

The social and economic vulnerabilities associated with disability can increase household reliance on child labour. Detailed studies in Bangladesh, Nepal and Gansu Province, China, have found that children in households where adults are sick or disabled, or have been absent from work, are more likely to be working, whether outside the home or doing household chores. A wide array of social protection measures are available to address the vulnerabilities accompanying both short-term and long-term disabilities. These include contributory and non-contributory disability benefits, and wage replacement for disabling injuries and illnesses. We do not yet have, however, a body of research telling us the specific impact of such measures in reducing child labour.

Income security in old age

In multigenerational households, which are commonplace in the developing world, income security in old age can play a key role in the economic security of the household as a whole, including its youngest members. The positive impact on children, and especially on the likelihood of their having to work, of older generations being eligible for a guaranteed, reliable pension is clear. Studies in Brazil and South Africa have shown that pensions help reduce child labour, and other studies from a range of countries have established links between pension provision and better schooling outcomes. Thus pension schemes or similar measures not only help provide a social protection floor for the elderly, but offer benefits that extend well beyond the direct recipients.

Unemployment protection

Involuntary unemployment is also associated with child labour. Evidence from Argentina, Brazil, Tanzania and Togo suggests that, where unemployment protection is absent, households where an adult loses his or her job can be forced to rely on children's labour to bring in some income. The clear implication is that unemployment protection has a role to play in efforts against child labour, by providing at least partial income replacement, enabling the beneficiary to maintain a certain standard of living until new employment is available and thereby removing the need to rely on the income of working children. To date, however, no studies have been undertaken investigating direct links between unemployment protection schemes or other statutory income support programmes for the unemployed and child labour.

Towards child-sensitive social security systems

The evidence summarized above, and presented in more detail in the chapters that follow, highlights the relevance of social protection in the global fight against child labour. We have seen how children are forced into work by economic vulnerabilities associated with poverty, economic shocks, illness and old age, and how they can be protected from having to work by social security mechanisms that reduce these vulnerabilities. Economic vulnerability is not the only cause of child labour, and social protection is not by itself a complete solution. But, as this report makes clear, social protection is a critical pillar of a broader policy response to child labour. Efforts to eliminate child labour are unlikely to succeed in the absence of a social protection floor to safeguard vulnerable households and to enable them to seize opportunities and to break the transmission of poverty down through the generations.

Global efforts towards building effective national social protection floors within progressively more comprehensive social security systems therefore intersect with those aimed at eliminating child labour. A critical question looking forward to the 2016 target date is how child labour concerns can be most effectively incorporated into social protection policies. To put the point another way, this report has established – on both theoretical and empirical foundations – the important potential of social protection as a tool against child labour; now we need to ensure that this potential is realized to the maximum extent possible.

Drawing on the evidence reviewed in this report, we have identified a set of seven key policy priorities for ensuring that national social protection floors and social security systems effectively address child labour concerns. These priorities are closely related and mutually reinforcing, and fit within the framework of the ILO's two-dimensional social security strategy and Recommendation No. 202.

1. Building an adequate evidence base to guide and inform policy

A solid evidence base is a necessary starting point for building social security systems that are able to respond effectively to child labour. While there is extensive evidence concerning the child labour impact of CCTs, much less is known about the impact of other social protection instruments. We therefore need more information on which social protection instruments work in which circumstances, and why, to guide policy and programme design. One cost-effective way of gathering this information is by adding modules on child labour to the growing number of planned evaluations of social protection schemes. Pilot projects and other forms of policy experimentation, aimed at testing new approaches and evaluating their impact in a specific setting, are also important in this context.

Four other key knowledge gaps relating to child labour and social protection identified in the report should be noted here:²

- Impact on girl child labourers. Most surveys employed in evaluations ask only about paid, or even unpaid, market work, thereby missing much of the child labour burden

² For a fuller discussion of knowledge gaps relating to child labour and social protection, see de Hoop and Rosati, 2012a.

borne by girls, who are disproportionately assigned to household chores in their own homes. As a result, we know much less about how CCTs and other social protection instruments affect female child labourers. Future evaluations need to be conducted in a more “gender-aware” fashion – more fully capturing the forms of work performed by girls – in order to fill this knowledge gap.

- **Impact on worst forms of child labour.** Most impact evaluations focus only on broad categories of productive activities without distinguishing activities constituting worst forms of child labour. This means that while policies to address worst forms are urgently needed, there is very little solid information to guide policy-makers in this regard.
- **Long-term impact.** Impact evaluations focus almost exclusively on short-term outcomes. But one of the primary reasons policy-makers worry about child labour is the knowledge that its consequences can extend well beyond childhood. Rigorous evidence on the extent to which the negative long-term effects of child labour are mitigated by the different social protection interventions would permit a more complete understanding of the value of the interventions from a child labour perspective.
- **Impact of complementary advocacy activities.** The ILO and other organizations frequently accompany social protection interventions addressing child labour with advocacy and information campaigns against child labour. Unfortunately, there is very little quantitative evidence concerning the direct impact of these complementary advocacy activities or of how they interact with social protection in influencing child labour outcomes.

2. Taking an integrated, systems approach to addressing household vulnerabilities and child labour

Child labour is driven by economic and social vulnerabilities associated with an array of interrelated contingencies – e.g. unemployment, ill health, disability and old age – encountered over the life cycle. There is thus no single “optimal” social protection instrument for addressing child labour; rather, the range of contingencies associated with child labour need to be addressed by a combination of instruments within an integrated systems approach. Transfer programmes, public employment programmes, social health protection, social protection for people with disabilities, income security in old age and unemployment protection, among other measures, are all relevant in this context. At the same time, there is no “one size fits all” solution in terms of the specific make-up of social security systems. The specific mix of instruments and interventions will necessarily vary across and within countries in accordance with local conditions, the specific contingencies being addressed and a variety of other factors. Such an approach is fully in line with ILO Recommendation No. 202, which emphasizes national ownership and the importance of national strategies for the extension of social security.

3. Building social protection floors

Building national social protection floors within broader social security systems is particularly relevant to addressing vulnerabilities associated with child labour. ILO

Recommendation No. 202 sets out the key principles in establishing such a floor, all of which are relevant from the perspective of child labour. A social protection floor guarantees all citizens a basic level of income security throughout the life cycle and access to essential health care. These basic guarantees are a critical foundation for addressing the multifaceted economic and social vulnerabilities which lead to child labour. Where children and their families enjoy basic income security and access to essential health care, and where the necessary educational and other services are in place, child labour can be effectively prevented. Indeed, evidence presented in this report suggests that an approach that links cash and in-kind benefits with access to education and health services can be particularly effective in addressing child labour. Social partners, including representatives of employers and workers, have important roles to play in the process of building social protection floors.

4. Ensuring that social security systems are “child-sensitive”

A child-sensitive approach focuses on how social security systems can most effectively address the specific social disadvantages, risks and vulnerabilities into which children may be born, or which they may acquire later in childhood owing to external circumstances. The intersection between child-sensitive social protection and child labour is clear. In contexts where the various elements of a social security system fail to account adequately for the special vulnerabilities of children, they can have unintended consequences for child labour. In a child-sensitive approach, the impact of any policy or measure on child labour, and on child welfare generally, will be carefully considered from the design stage forward, and its effects on children closely monitored. Social protection programmes should be informed by detailed information on the causes and characteristics of child labour, and should include safeguards to prevent adverse effects on children.

5. Mainstreaming child-sensitive design elements into social security systems

Social security programmes designed in a child-sensitive way, and in particular in a way that is sensitive to the possibility of child labour, can help to tip the balance of household decisions about how children’s time should be spent away from labour and towards schooling. For cash and in-kind transfer schemes, links with supply-side interventions relating to schooling and health appear to be helpful. In one instance, a mandatory after-hours education component improved the effectiveness of a CCT scheme in reducing child labour. In another example, CCTs were combined with investments in children’s education and health facilities, again resulting in greater reductions in child labour. For public employment schemes, as noted above, the limited evidence points to the need for measures to ensure that children do not simply take the place of adults, doing their former work either outside or within the household. In social health protection, evidence suggests that ill health among adult household members can increase the risk of child labour, highlighting the need to ensure that health policies striving for universal health coverage give priority to the effective coverage of households with children.

6. Reaching out to especially vulnerable groups of children

A child-sensitive approach to social protection also means reaching out to the specific groups of children most at risk of child labour generally and of the worst forms of child labour in particular. While poverty increases children's vulnerability to child labour, all poor children are not at equal risk of having to work. Especially vulnerable groups include children orphaned or affected by HIV/AIDS, other children without parental care, children from marginalized ethnic minorities and indigenous groups, children affected by migration, and children in socially or economically excluded groups. Girl children are often particularly vulnerable, as they are more likely to be involved in domestic child labour and other less visible forms of work. The special circumstances that put all these groups at greater risk of child labour need to be given particular attention in the design, implementation and monitoring of social protection schemes, in keeping with the principles of gender equality and responsiveness to special needs contained in international labour standards.

7. Strengthening national legal frameworks and institutional capacities

Much of the evidence discussed in this report has been gathered from the evaluation of time-limited projects and programmes that have not been fully incorporated into national legal, fiscal and institutional frameworks. Such projects and programmes have offered opportunities for testing new approaches and evaluating their impact in particular contexts. The evidence provided by these studies has, however, also demonstrated the importance of following a systemic and integrated approach, as outlined above, rooted in national legal frameworks, based on sound fiscal and financial foundations, and supported by effective institutional capacities. The challenge is to transform ad hoc and short-term approaches into integrated elements of national social protection strategies and policies that are rooted in national legal, fiscal and institutional frameworks and are able to respond to the complex challenges of child labour in a more systematic and integrated way.