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ELIMINATING CHILD LABOUR, ACHIEVING  
INCLUSIVE ECONOMIC GROWTH



# Eliminating child labour, achieving inclusive economic growth

- Of the more than 160 million child labourers in the world, 85 million are caught in hazardous forms of work with acute vulnerabilities and lack of rights.
- The cost of child labour to the global economy is as much as 6.6 per cent of global gross national income.
- Ending child labour would be instrumental in achieving greater inclusive economic growth through enabling better educational outcomes for children, building human capital, increasing the potential for young people to access job opportunities and supporting decent work standards.
- Prioritising the elimination of child labour will catalyse momentum on a range of Sustainable Development Goals, including those on economic development, education and gender equality.
- Effective policies and programmes to eliminate child labour are multi-layered and respond to the problem's multiple facets. They need to be targeted and holistic, and more comprehensive in scale and scope than they have been to date. Such policies should focus in particular on the most vulnerable children, who have not been reached by progress to reduce child labour in recent years.



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**COVER IMAGE:** Children involved in a savings programme in Bangladesh. The programme helps to develop financial resilience against child labour.

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Our safeguarding policy prevents us from showing the faces of any children affected by the issues discussed in this report. All images used were taken with permission from similar contexts and are not linked to the specific stories in this report.

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# Acronyms

<b>CFS</b>	Child Friendly Space
<b>CPWG</b>	Child Protection Working Group
<b>CRC</b>	Convention on the Rights of the Child
<b>DALY</b>	Disability-Adjusted Life Year
<b>DFID</b>	Department for International Development
<b>ECA</b>	Eastern Europe and Central Asia
<b>EFA</b>	Education For All
<b>E-FACE</b>	Ethiopians Fighting Against Child Exploitation
<b>GDP</b>	Gross Domestic Product
<b>GNI</b>	Gross National Income
<b>ILO</b>	International Labour Organization
<b>IPEC</b>	International Programme on the Elimination of Child Labour
<b>LSBE</b>	Life Skill-Based Education
<b>MDG</b>	Millennium Development Goal
<b>MENA</b>	Middle East and North Africa
<b>NGO</b>	Non-Governmental Organisation
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OPT</b>	Occupied Palestinian Territory
<b>SDG</b>	Sustainable Development Goal
<b>TBP</b>	Time Bound Project
<b>TVET</b>	Technical and Vocational Education and Training
<b>UCW</b>	Understanding Children's Work
<b>UK</b>	United Kingdom
<b>UN</b>	United Nations
<b>UNICEF</b>	UN Children's Fund
<b>WDI</b>	World Development Indicators
<b>WHO</b>	World Health Organization



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A boy from Ethiopia whose family received support and encouragement in a transition out of work and back into full-time education.

## I. Introduction

Child labour contributes to slowing levels of economic growth, which in turn affects a country's development trajectory. Eliminating child labour helps generate inclusive economic growth, enables stronger educational attainments and human capital accumulation and furthers other important development objectives.

Whilst weak and unequal economic growth can also lead to child labour through its impact on poverty and labour markets, this report seeks to address the issue from a new angle: showing that eliminating child labour can in itself contribute to economic growth. This approach builds economic elements into the already strong child rights case for eliminating child labour, appealing to policy-makers who typically neglect child labour as a 'social' or 'rights' issue, when it is also an important economic one.

This report shows the different transmission pathways through which child labour contributes to slower economic growth, particularly where it is more prevalent. It draws clear links between eliminating child labour and the UK government's ability to fulfil its international development objectives. Indeed, several of the Department for International Development's (DFID) policy commitments cannot be fully achieved without tackling child labour. This analysis is equally applicable to other development actors globally, including donors and non-governmental organisations (NGOs).

The term 'child labour' is defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical and mental development. Eliminating the worst forms of child labour is a particular priority. These forms of child labour include hazardous forms of work that put a child's physical, social and moral integrity at risk and are a clear violation of children's rights.

Child labour is associated with household poverty, and there is a higher incidence of child labour in low-income countries.<sup>1</sup> However, child labour is not a consequence solely of poverty or poor economic performance. As such, economic growth alone will not lead to its reduction.<sup>2</sup> Policies and programmes that address household poverty and vulnerability in a more holistic manner, including by providing support or incentives to attend school, and that transform entrenched perceptions about child labour being acceptable, as well as targeting effective interventions at the most vulnerable families are effective ways to tackle child labour and through this to promote inclusive and sustainable economic growth.

## CHILD LABOUR IN NUMBERS: THE EXTENT OF THE PROBLEM

The scale of child labour globally is enormous: close to 168 million children – 99.7 million boys and 68.1 million girls aged 5–17 years – are estimated to be engaged in child labour, with 85 million (55 million boys and 30 million girls)<sup>3</sup> engaged in hazardous forms of work. According to recent figures from the International Labour Organization (ILO), this prevalence rate persists despite progress in poverty reduction in numerous countries over the past 15 years.

The potential that reducing child labour holds for increasing inclusive economic growth sits alongside even greater benefits. First and foremost is, of course, the fulfilment of children's rights to a life free from harmful or exploitative work, with the ability to access education and enjoy good health. Moreover, from a policy perspective, the international community is now bound to realise the Sustainable Development Goals (SDGs). In addition to Goal 8, which explicitly commits signatory countries to eliminating all forms of child labour (target 8.7), other goals cannot be achieved unless child labour is eliminated. These include Goals 1, 3 and 4, which relate to eliminating poverty, guaranteeing a healthy life and ensuring inclusive quality education. Most child labourers are trapped in a negative spiral of poverty. They are typically unable to attend school or to learn when in school, and children in hazardous work can see their health affected, even permanently.

## Report outline

This report is structured as follows: Section 2 presents an analysis of what child labour means for DFID and the fulfilment of its policy commitments. Section 3 presents the analytical framework underpinning this analysis, outlining the different mechanisms through which eliminating child labour can translate into economic growth. It also provides some key definitions and trends concerning the child labour challenge globally, as well as exploring its main causes. Section 4 explores in greater detail the evidence behind the argument that eliminating child labour can contribute to economic growth. Section 5 presents some estimates of the costs of child labour to economic growth. Section 6 suggests a selection of interventions that have successfully worked to reduce or eliminate child labour, discussing how this objective has been achieved. The report then ends with some conclusions and recommendations.

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<sup>1</sup> ILO, 2013a

<sup>2</sup> Kambhampati and Rajan, 2006; Sarkar and Sarkar, 2012

<sup>3</sup> This figure does not include girls who are working in harsh conditions in their homes, or who have undergone early marriage and are exploited in their husband's homes generally through domestic and/or manual labour, or the sexual relations that a child, in their role as spouse, is forced to undertake (Turner, 2013).

## 2. Ending child labour: Benefits for DFID's work

This report argues that a focus on ending child labour resonates strongly with the following two DFID strategic objectives:<sup>4</sup>

- **Promoting global prosperity:** The UK government will use official development assistance (ODA) to promote economic development and prosperity in the developing world.
- **Tackling extreme poverty and helping the world's most vulnerable:** The government will strive to eliminate extreme poverty by 2030, and support the world's poorest people to ensure every person has access to basic needs, including prioritising the rights of girls and women.

These objectives can be assessed in terms of a number of key themes to which efforts to end child labour can provide catalytic support. These themes include the following:

### 2.1 Spurring inclusive economic growth

Economic development is increasingly seen as key to achieving the above strategic objectives. DFID's Economic Development Strategic Framework recognises that 'Economic development takes place when a country achieves long term, high rates of economic growth and when this growth is accompanied by a wider economic transformation that benefits the poor and shares prosperity broadly'.<sup>5</sup> DFID aims to promote such growth through a range of initiatives. In order to 'promote global prosperity', DFID's work seeks to put in place the enabling conditions for market development and catalytic investment across key sectors where there is growth potential. DFID highlights that, in doing so, it will ensure 'nobody is left behind and that girls and women and young people have access to productive jobs'.<sup>6</sup> As former Secretary of State Justine Greening highlighted in a speech delivered at the Education World Forum: 'The evidence is clear that this will require much higher growth rates in many countries, more inclusive growth – in particular for girls and women, and actions to tackle the structural barriers that deny poor people the chance to raise their incomes and find jobs.'<sup>7</sup>

This report provides evidence on how eliminating child labour can contribute to inclusive economic growth, particularly in those countries where it is more prevalent, many of which are DFID focus countries. The elimination of child labour is also a key area of investment for promoting social cohesion and reducing income inequality now and in the years to come. Investing in the elimination of child labour is a way to ensure growth and prosperity are broad-based and shared, particularly among the most vulnerable, and that benefits are reaped not only in the short but also in the medium to long term.

### 2.2 Promoting decent work for youth

As this report will illustrate, child labour is linked to lack of education during childhood and also to lower probabilities of finding decent work as children transition to adulthood.<sup>8</sup> This increases youth with low levels of the kinds of skills required for productive employment, contributing further to the challenge of youth unemployment.

DFID's Youth Agenda<sup>9</sup> defines youth as 'the period of time during which a young person goes through a formative transition into adulthood'. It generally considers this to encompass the 10–24 years age range. By this definition, and given that most child labourers are aged between 10 and 17, contributing to the elimination of child labour means working directly to support DFID's Youth Agenda, which envisages the agency working on different fronts. It includes support to equip young people with the requisite education, skills, networks and opportunities to transition from adolescence to adulthood and from education to productive work.

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<sup>4</sup> DFID/HM Treasury, 2015

<sup>5</sup> DFID, 2014

<sup>6</sup> DFID/HM Treasury, 2015

<sup>7</sup> Justine Greening Speech at the Education World Forum, 18/01/16, available at: <https://www.gov.uk/government/speeches/justine-greening-education-world-forum--2> (accessed 6 April 2016)

<sup>8</sup> ILO, 2015

<sup>9</sup> DFID, 2016b

## 2.3 Ensuring we are ‘leaving no one behind’

DFID’s pledge of ‘leaving no one behind’<sup>10</sup> commits it to ensuring that:

- Every person has a fair opportunity in life no matter who or where they are; and
- People who are furthest behind, who have least opportunity and who are the most excluded will be prioritised.

Child labourers are among the world’s most vulnerable children.<sup>11</sup> Such work can be mentally, physically, socially or morally dangerous and harmful to children and can interfere with their schooling. As such, child labourers are an important demographic to target if there is to be a true commitment to reaching the most vulnerable. Moreover, it is a demographic that will not be reached automatically by policies promoting broad-based economic growth or education alone. There is clear evidence that child labour contributes to the intergenerational transmission of poverty.<sup>12</sup> If it is not eliminated, future generations of children will also grow up in poverty and vulnerability.

## 2.4 Strengthening the success of education interventions

To tackle extreme poverty and help the world’s most vulnerable, DFID aims to conduct value for money investments, including helping children in the poorest countries, particularly girls, gain access to a decent education. Under the UK government’s manifesto commitment to directly help the world’s poorest, the government has pledged to ‘help at least 11 million children in the poorest countries gain a decent education, and promote girls’ education’. In order to fulfil this commitment in a cost-effective way, the UK government must work to tackle child labour.

This report presents evidence that shows child labour is an important reason why children in poor countries are not able to access education at all, drop out of school early or perform poorly.<sup>13</sup> Among other education-related indicators, child labour leads to lower education outcomes, particularly if the child works regularly, and even modest amounts of child labour affect academic performance and cognitive development, particularly for primary-age children.<sup>14</sup> In the case of many adolescent girls, for example, the burden of domestic labour combined with school results in poor performance and early dropout.<sup>15</sup> Current investments to increase school enrolments will not be fully effective as long as there are children dropping out of school or going through school without learning. Thus, in order to maximise the value of DFID’s investments in education and to ensure all girls and boys are able to enrol in, attend and perform well in school, comprehensive investments to support efforts that tackle child labour are critical.

## 2.5 Helping deliver the Sustainable Development Goals

Supporting the elimination of child labour is instrumental in DFID’s efforts to achieve the SDGs. DFID’s Single Departmental Plan states that, ‘the new Global Goals are a major landmark in our fight against global poverty and the UK can be proud of Britain’s leading role in securing them.’<sup>16</sup> Eliminating child labour is a specific target under Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all – a goal DFID’s Economic Development Strategy is aligned with. Target 8.7 states the following:

*Take immediate and effective measures to eradicate forced labour; end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms*

It is worth noting that this target is time-bound and, if it is to be reached five years before the end of the SDG period (2030), then significant efforts are needed globally. This underscores the urgency of channelling investments and efforts through effective policies and programmes to ensure this global commitment is achieved.

The evidence in this report shows that eliminating child labour is also instrumental to the achievement of other SDGs, such as Goal 1: End poverty in all its forms everywhere; Goal 4: Ensure inclusive and quality education for all and promote lifelong learning; and Goal 5: Achieve gender equality and empower all women and girls.

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<sup>10</sup> DFID, 2015

<sup>11</sup> ILO, 2013a; UNICEF, 2014

<sup>12</sup> Basu and Tzannatos, 2003

<sup>13</sup> Chaubey et al., 2007

<sup>14</sup> Sanchez et al., 2005, cited in Bird, 2007

<sup>15</sup> e.g. Assaad et al., 2010; Ker Conway and Bourque, 1995

<sup>16</sup> DFID, 2016a



# 3. Child labour: Basic concepts and analytical framework

This section presents some basic concepts and figures to provide a common understanding of the global child labour context. Such an understanding will enable a clearer analysis of how the reduction of child labour contributes to positive economic growth.

## DEFINING CHILD LABOUR

The term 'child labour' is defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development.

It refers to work that:

- is mentally, physically, socially or morally dangerous and harmful to children; and
- interferes with their schooling by:
  - depriving them of the opportunity to attend school;
  - obliging them to leave school prematurely; or
  - requiring them to attempt to combine school attendance with excessively long and heavy work.

Whether or not particular forms of 'work' can be called 'child labour' depends on the child's age, the type and hours of work performed, the conditions under which it is performed and the objectives pursued by individual countries. The answer varies from country to country, as well as between sectors within countries.

In particular, labour that jeopardises the physical, mental or moral well-being of a child, either because of its nature or because of the conditions in which it is carried out, is known as '**hazardous work**'. Hazardous child work is the largest category of the worst forms of child labour.

While child labour takes many different forms, a priority is to eliminate without delay the **worst forms of child labour** as defined by Article 3 of ILO Convention 182, which refers to:

- (a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict
- (b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances
- (c) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties
- (d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children

Source: ILO.

As signatories to the UN Convention on the Rights of the Child (CRC), all State Parties are bound to take measures to fulfil the rights of children, including within the framework of international collaboration. According to UNICEF, Article 32 of the CRC requires that:

The government should protect children from work that is dangerous or might harm their health or their education. While the Convention protects children from harmful and exploitative work, there is nothing in it that prohibits parents from expecting their children to help out at home in ways that are safe and appropriate to their age. If children help out in a family farm or business, the tasks they do be safe and suited to their level of development and comply with national labour laws. Children's work should not jeopardize any of their other rights, including the right to education, or the right to relaxation and play.

Both the ILO and CRC definitions of child labour are clear in that the participation of children in labour that is harmful and exploitative must be eradicated.

There is also consensus that not all work done by children needs to be eliminated. Children or adolescents can participate in work that does not affect their health or personal development or interfere with their schooling, for example helping their parents around the home, assisting in a family business or earning pocket money outside school hours or during holidays. These types of work can be positive for a child's skills development, helping it gain experience and build a sense of responsibility. They can also contribute to a child's family welfare and help contribute to schooling costs. According to ILO definitions,<sup>17</sup> the term 'children in employment' is broader than 'children in labour' and is defined as those engaged in any economic activity for at least one hour during the reference period for data collection.

Child labour excludes those children who work only a few hours a week in permissible light work, as well as those above the minimum age for work.

### 3.1 Child labour figures and trends

As noted in the introduction, around 168 million children between 5 and 17 years old are currently engaged in child labour. This is equivalent to 10.6 per cent of all the children in this age group globally.<sup>18</sup> The figure represents a positive reduction from 246 million in 2000 – that is, 78 million fewer child labourers – suggesting a step in the right direction. Nevertheless, the proportion of children that this represents globally remains large. The magnitude of the decline in child labour among girls between 2000 and 2012 was greater than that among boys. While 8.9 per cent of all girls globally were in child labour in 2012, 12.2 per cent of all boys were. The total number of children in hazardous work declined by over half. Progress was especially pronounced among younger children, with child labour for this group falling by over one-third between 2000 and 2012.

**Table 1: Child labour and hazardous work by sex, 5–17 age group, 2000–2012**

Sex	Year	Child labour		Hazardous work	
		'000	%	'000	%
Boys	2000	132,200	16.8	95,700	12.2
	<b>2012</b>	<b>99,766</b>	<b>12.2</b>	<b>55,048</b>	<b>6.7</b>
Girls	2000	113,300	15.2	74,800	10.0
	<b>2012</b>	<b>68,190</b>	<b>8.9</b>	<b>30,296</b>	<b>4.0</b>

Source: ILO (2013b).

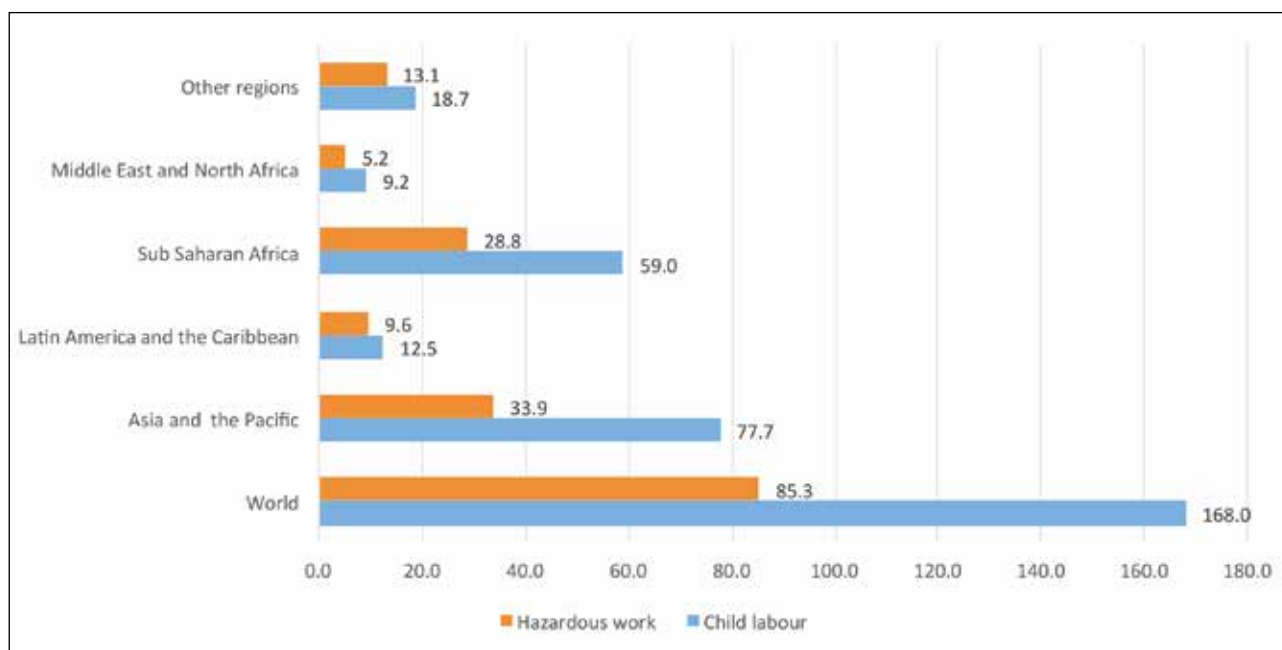
An issue of significant concern, despite overall reductions in child labour over the past two decades, is that about half of child labourers (85 million) are involved in hazardous work. The largest number of these are found in the Asia-Pacific (33.9 million) and Sub-Saharan Africa (28.8 million) regions. There are 9.6 million children in hazardous work in Latin America and the Caribbean and 5.2 million in the Middle East and North Africa. These figures indicate that, whilst the issue of hazardous child labour remains one of global concern, the particularly elevated numbers of children working in hazardous conditions in Asia-Pacific and Sub-Saharan Africa (constituting 75 per cent of all children involved in such work globally) requires a redoubling of efforts in these regions in the short term. Focused actions and investments must be channelled to those millions of children currently affected by hazardous work, and who consequently face a range of restrictions and vulnerabilities in terms of rights fulfilment and meeting basic needs) so they are not condemned to a lifetime of poverty and limitation.

In the case of girls, in particular, reported figures represent a significant underestimate. The figures for girls' participation in hazardous labour are higher for the 5–14 age group. This is because they include girls' participation in intensive domestic work (e.g. in their own, or someone else's home as cheap labour), which can take up most of their time, thereby preventing their attendance of school or enjoyment of leisure time. However, as they get older, many girls are lost from these statistics. These girls start to fall into other forms of exploitative labour which are hard to estimate globally. They include being trafficked into prostitution (boys are also victims of trafficking, but at a lower rate) or being married early into unequal relationships, where their spouse and/or in-laws can engage in exploitation that amounts to slavery, servile

<sup>17</sup> ILO, 2013b

<sup>18</sup> ILO, 2013b

Figure 1: Millions of children in each region involved in child labour and hazardous work, 2012



Note: The total for child labour includes children involved in hazardous work.  
Source: ILO (2013b).

marriage, child servitude, child trafficking and forced labour<sup>19</sup>. Girls in this category are also often not even recognised as being part of 'hidden' child labourer statistics in the literature either.

According to ILO data,<sup>20</sup> in 2012 the majority of child labourers were involved in agriculture (58.6 per cent), followed by the services sector, with 54 million (25.4 per cent). Twelve million children work in the industry sector (7.2 per cent). This data does not include the number of children involved in hazardous work in sectors that are underground and thus largely invisible, and so for which it difficult to generate figures. As a result, recent statistics of hazardous work by sector of occupation are not available.

Table 2: Child labour by national income level for children aged 5–17, 2012

Income level	Total children (thousands)	Child labour (thousands)	Child labour (percent)
Low income	330,257	74,394	22.5
Lower middle income	902,174	81,306	9.0
Upper middle income	197,977	12,256	6.2

Source: ILO (2013b).

As might be expected, Table 2 shows that child labour is deeply entrenched in poor countries where families fight daily for survival. Such data provides an insight into the correlation between a country's income level and child labour: Over 22 per cent – that is, one in five children aged 5–17 in low-income countries – are child labourers. This represents about 74 million children. In lower-middle-income countries, the incidence decreases to 9 per cent but still totals over 81 million children in labour (due to the high population of children in these countries), the equivalent of Germany's entire population. In upper-middle-income countries, the ILO estimates that around 6 per cent all children are involved in child labour, amounting to over 12 million. This data shows that child labour is not limited to the poorest countries. In fact, while income and poverty are very important determinants of child labour, they are not the only reasons families send their children to work. As such, actions aimed at raising national and family income levels are important but will not be sufficient on their own to eliminate child labour.

<sup>19</sup> Turner, 2013

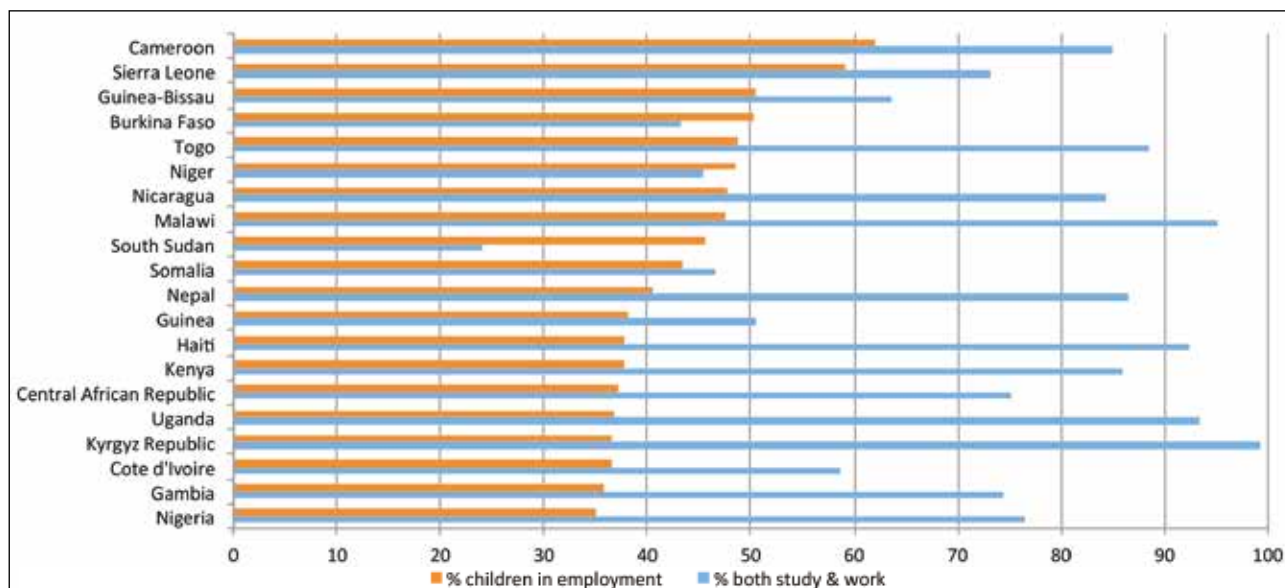
<sup>20</sup> ILO, 2013b

## Fragile and emergency contexts

Child labour is exacerbated by conflict, disasters and fragility, which have devastating effects on children's lives. Exposure to child labour in these contexts is greater as a result of the impact of household poverty and livelihood practices, as well as family separation, and negative coping strategies whereby child labour is seen as a means to survive external threats. In conflicts, children may be forced to become child soldiers.<sup>21</sup> Furthermore, in these settings, children's access to education is severely compromised or totally absent, and the opportunity cost of labour – that is, the benefits they would receive if they were not involved in labour but in other activities such as education – are low, as service provision is typically eroded. However, data from fragile and conflict-affected states is not consistent. As such, it is difficult to assess the number of child labourers. Nevertheless, genuine efforts to leave no child behind must take account the situation of child labourers in such challenging contexts, as they often face even harsher conditions than child labourers elsewhere.

Looking at statistics from the countries with the highest levels of child labour provides a different perspective on the problem. In the case of Latin America in particular, the regional aggregates hide particularly high rates of child labour in two countries. According to World Development Indicators (WDI), 16 out of the top 20 countries with the highest child labour rates are found in Sub-Saharan Africa, with two in Latin America and the Caribbean (Nicaragua and Haiti) and also two in Asia (Nepal and the Kyrgyz Republic). A staggering two-thirds of children aged 7–14 years work in Cameroon, the highest number according to the WDI.<sup>22</sup> Among the other regions, Nicaragua holds seventh place globally, and Nepal is 11th, as the country with the highest child labour rate in Asia and the Pacific.

Figure 2: Top 20 countries with children aged between 7-14 in employment and working and studying, 2014 (percent)



Source: WDI (2016).

Note: The WDI take data on children in employment from the latest census available for countries globally. Some countries do not have available census data so they are not included in the list (e.g. Djibouti or Myanmar); others have old census data that might not reflect the current situation of the country (e.g. available census data from Syria is from 2006).

The above data must be read bearing in mind the difficulties of data collection in many of the above countries, including fragile and emergency contexts – difficulties that are likely to result in under-reporting. Nevertheless, Figure 2 also indicates that, of those children engaged in labour in these countries, many work and study at the same time. Of children engaged in employment in these countries, the share of those aged 7–14 who report both working and studying at the same time is large. In 15 of these 20 countries, over half of all children working are also studying, with over 90 per cent of children doing so in the Kyrgyz Republic (99 per cent), Uganda (93 per cent), Malawi (95 per cent) and Haiti (92 per cent). This implies that, while children are making an effort to continue their education, work can place a further burden on their lives. Indeed, evidence presented below (section 4.1) indicates that such work can often result in underperformance in education in the short term and in a reduction in human capital accumulation in the medium term, linked with lower wages over the life-course. This situation is all the more complex since, for many of these children who live in poverty and whose families have limited livelihood and income-generating options, work is necessary to fund education-related costs such as fees, uniforms, school supplies, etc.

<sup>21</sup> Child Soldiers International, 2012, in Ghazal, 2013; CPWG, 2012

<sup>22</sup> WDI, 2016



## 3.2 The main causes of child labour

As noted above, household-level poverty is without a doubt a key driver of child labour. However, an important body of evidence indicates that not only poverty but also vulnerability to risks and shocks plays a determining role in driving children to work. Child labour is an important negative coping mechanism for households in poor and resource-constrained contexts. According to analysis presented by the ILO,<sup>23</sup> poor households that do not have access to credit are less likely to be able to postpone children's involvement in work and invest in their education, and are 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 a temporary reduction in their income by either borrowing or taking money out from their savings. However, in the absence of savings or credit, parents may have to resort to child labour.

Country studies on child labour consistently show that, under similar circumstances, poor children are more likely to work than their better-off peers.<sup>24</sup> A growing number of studies drawing on longitudinal data also consistently support the view that poverty induces households to rely more on child labour,<sup>25</sup> because they use it as a buffer against negative shocks, which can include drought, food or crop failure, adult unemployment and illness in the family. Theoretical literature has also pointed out the importance of access to the credit market in determining household decisions concerning children's activities and the reaction of households to adverse shocks.<sup>26</sup>

As such, while poverty is clearly a major driver of child labour, it is by no means the only factor. This means that interventions to address child labour must be holistic and multi-layered, to ensure they adequately tackle the different drivers that keep children in diverse contexts and situations engaged in child labour.

Some of the factors contributing to child labour include:

- **Economic vulnerability associated with poverty, risk and shocks plays a key role in driving children to work:** 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. Natural or man-made shocks (which can be linked to fragile and conflict-affected contexts but can also happen in more stable contexts) 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. However, when these options are not available, or not available on the scale required, those households may have to resort to child labour.<sup>27</sup> In such circumstances, families see the opportunity cost of child labour as high given that the income generated by children is not easy to substitute.
- **Barriers to education:** Basic education is not free in all countries, and is not always available for all children, especially in remote rural areas. Additionally, supplementary costs relating to purchase of uniforms, textbooks and stationery can also present a barrier. Where schools are available, the quality of education can be poor and content perceived as irrelevant, rendering it to be seen as not a good option for children. This is particularly the case in fragile and conflict-affected contexts, where service provision has broken down. School attendance is thus seen as too expensive for low-income households given its direct costs, such as for books and uniforms, and/or the opportunity costs associated with the foregone benefits of the income derived from child labour. The family therefore makes a short-term 'rational' choice of sending children to work rather than to school.<sup>28</sup>
- **Discriminatory social and cultural norms:** With few opportunities open to children with more education, parents are likely to share a cultural norm in which labour is seen as the most productive use of a child's time. Children are often expected to follow in their parents' footsteps and are frequently summoned to 'help' other family members, often at a young age. In addition to this, discriminatory gender practices, such as keeping girls home to carry out domestic work, and child marriage, which frequently results in girls entering the husband's home in a condition of servitude, are also drivers of child labour.
- **Market demand:** Employers may prefer to hire children because they are 'cheaper' than their adult counterparts, can be dispensed of easily if labour demands fluctuate and also form a docile, obedient workforce that will not seek

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<sup>23</sup> ILO, 2013a

<sup>24</sup> e.g. UCW, 2009a, 2009b

<sup>25</sup> e.g. Edmonds, 2012

<sup>26</sup> Guarcello et al., 2003

<sup>27</sup> ILO, 2013a

<sup>28</sup> UN, 2008



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A girl in Cambodia who received assistance out of hazardous work via a non-formal education programme. She now runs her own hairdressing business.

to organise itself for protection and support. A 'nimble fingers' theory also suggests that specific physical attributes of children (such as their small hands, which are viewed as advantageous in certain types of production) influence the demand for child labour.<sup>29</sup>

- **Inadequate/poor enforcement of legislation and policies to protect children:** Child labour persists when national laws and policies to protect children are lacking or are not effectively implemented. In addition, traditional laws can often be in opposition to formal legislation and can favour practices linked to child labour.
- **Lack of decent work opportunities for youth:** If there are no or few decent work opportunities for young people graduating from school, there is little incentive for households to invest in their children's education, as they see no return on this. Under these circumstances, child labour can be a rational economic choice for some households.

This evidence shows that, in addition to promoting economic growth and aggregate poverty reduction progress as tools against child labour, additional national policies and programmes that help mitigate and overcome these drivers will be more successful.

### 3.3 Analytical framework: Eliminate child labour – contribute to economic growth

Having discussed the definitions of child labour, its global trends and its main causes, an analytical framework can be used to explore evidence on the direct and indirect 'transmission pathways' through which eliminating child labour can contribute to promoting economic growth. There are also important links that run in the opposite direction: weak economic growth as well as unequal economic growth can also contribute to child labour in a number of ways. For example, they can result in higher levels of household poverty; trigger underemployment and low wage labour markets that attract uneducated/unskilled labourers such as children; or lead to lower public investments in education. The pattern of economic growth matters for poverty reduction<sup>30</sup> and achieving inclusive growth is not automatic. Evidence suggests that, in addition to macroeconomic stability, the business environment and labour market policies, a wider range of economic and social policies is required to achieve better development outcomes<sup>31</sup>, and this includes policies to eliminate child labour.

This report focuses on the first part of the argument: how eliminating child labour can contribute to economic growth. It does so in a bid to build economic elements into the already strong child rights case for eliminating this problem, and in doing so appealing to policy-makers who typically neglect child labour as a 'social' or 'rights' issue without realising it is also an important economic issue.

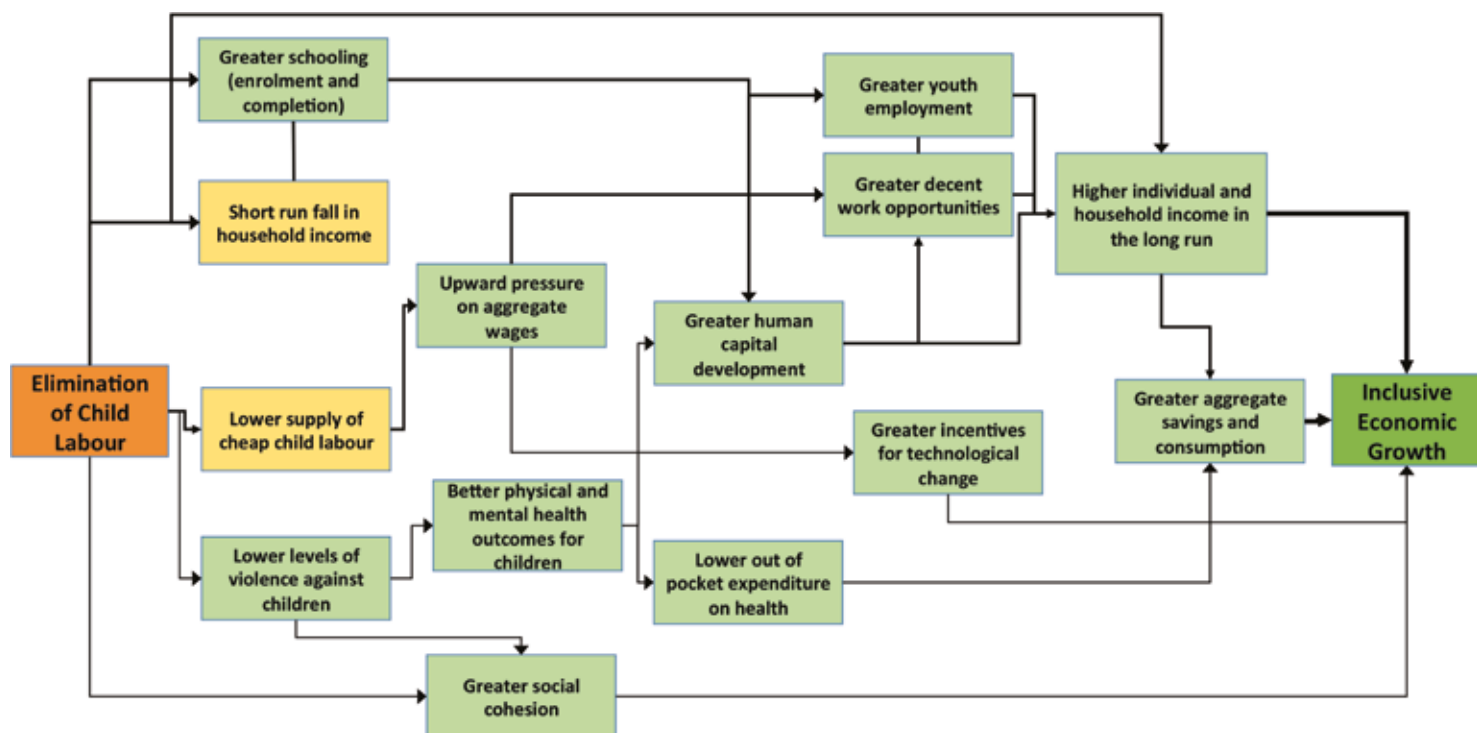
This analytical framework, supported by a strong evidence base, shows the importance of incorporating the elimination of child labour in any overall strategy for achieving inclusive economic growth.

<sup>29</sup> OECD, 2003

<sup>30</sup> Martins, 2013

<sup>31</sup> Martins, 2013

Figure 3: Analytical framework: How eliminating child labour can contribute to promoting economic growth



The main pathway through which the elimination of child labour contributes to economic growth is education: eliminating child labour contributes to increasing human capital, which is the stock of skills the labour force possesses. A large body of literature has revealed that one of the most important factors of economic growth is human capital. The new theory of economic growth emphasises the importance of education and innovation (elements of human capital) in long-term economic growth.<sup>32</sup> Human capital accumulation results from a combination of educational attainment and higher education quality.<sup>33</sup> While the quality of education is not linked to child labour, educational attainment is.

As highlighted in Gordon Brown's 2012 report,<sup>34</sup> research carried out by the ILO's Centre for Understanding Child Work (UCW) underlines the damaging interaction between child labour and education. According to UCW estimates, around one-quarter of the world's out-of-school primary-age population – 15 million in total – is involved in child labour. While establishing the specific relationship between education and child employment is difficult, what is clear is that child labour exacerbates the risk of being out of school. For instance, in Pakistan and Bangladesh, child labourers are more than four times less likely to be in school. Further, the time intensity of employment has a critical bearing on education prospects. Using a series of detailed national surveys, UCW documents an inverse relationship between hours worked and school attendance: Children working 38 hours are 40 per cent more likely to be out of school than those working an extra 0–5 hours.

Eliminating child labour is also important for its effect on improving the chances for young people to have access to decent work. Efforts to reduce child labour can enable decent work in more than one way: by reducing or eliminating harmful forms of work in which child labourers are typically found; through an upward pressure on adult wages, which are otherwise driven down by competing cheap child labour; and also by enabling young people to acquire higher levels of education and more skills, which can result in greater access to decent work opportunities.

Positive progress in these variables results in higher individual and household income. Additional positive outcomes resulting from the elimination of child labour that have potential, indirect effects on economic growth include the promotion of social cohesion with children/young people who have participated more equitably in society. Furthermore, given the association between hazardous forms of work and violence against children, the latter would be reduced, with important reductions in costs to the economy.

<sup>32</sup> Pelinescu, 2014

<sup>33</sup> Hanushek, 2013

<sup>34</sup> Brown, 2012

## 4. Eliminating child labour to contribute to economic growth: Exploring the pathways

In this section we explore evidence in the literature on how investing in eliminating child labour can contribute toward inclusive economic growth, promoting global prosperity and tackling extreme poverty.

Two comprehensive frameworks have sought to bring together various macroeconomic arguments to end child labour. One framework, proposed by Richard Anker,<sup>35</sup> highlights a range of macroeconomic arguments to support the elimination of child labour. These include the reduction of health costs; an increase in human capital (linked to education and health); improvements in income distribution leading to lower inequality; reductions in social exclusion; increases in investment; improvements in gender equality; increased democratic tendencies leading to growth; and a reduction in fertility rates, also leading to growth. Anker further notes the effect that child labour has on decreasing wage rates and increasing adult unemployment, though highlights the need for nuances on determining the extent of impact on these factors. A key assumption of this framework is the existence of good quality, safe and accessible schools/education as an alternative to child labour.

Rossana Galli provides a similar framework for analysis.<sup>36</sup> Her review of the literature seeks to bridge the economic impact of child labour at household level (and the differing outcomes over the shorter and longer term) with the impact of child labour at the level of the national economy (aggregate level). Galli discusses outcomes of child labour that can have a negative impact on economic growth: reduction in human capital accumulation; higher fertility rates; negative health outcomes; reduction in investment and technical change; and higher levels of income and gender inequality. She also notes child labour's potential impact on the adult labour market, including unemployment and wages. The later argument hangs on whether adults and children are substitutes for one another. Galli concludes this is a mixed picture and dependent on a number of contextual factors.

Finally, Sarkar and Sarkar<sup>37</sup> argue there has been too great an emphasis on poverty as the chief driver of child labour. They suggest inequality is an equally important component. They highlight a study showing that increases in landholdings result in increased working hours among children and suggest that many households will remain trapped in intergenerational child labour as a result of local inequality, despite the economic growth around them. This is a reminder of the importance of thinking more holistically about strategies to eliminate child labour, as part of an approach that promotes inclusive growth.

### 4.1 Eliminating child labour to promote human capital development, a key driver of economic growth

The ILO provides details of the economic costs and benefits of intervening to end child labour internationally. It suggests a range of significant benefits to ending child labour but places an emphasis on two areas that present the strongest basis for the measurement of costs on economic income associated with child labour:

- 1) Universal education (each year of additional schooling leads to an 11 per cent rise in later earnings for an individual on average); and
- 2) Health (using the World Health Organization (WHO) disability-adjusted life year (DALY) to estimate the effect child labour has on health).<sup>38</sup>

#### Education outcomes for child labourers

Certain education-related indicators, such as gross primary and secondary enrolment, net secondary enrolment and primary school completion, have positive effects on economic growth<sup>39</sup>. More broadly, it has been shown that, just as human capital (acquired through education, training, experience and mobility in the labour market) produces individual economic growth (income), so do the corresponding social or national aggregates.<sup>40</sup>

<sup>35</sup> Anker, 2000

<sup>36</sup> Galli, 2001

<sup>37</sup> Sarkar and Sarkar, 2012

<sup>38</sup> ILO, 2004

<sup>39</sup> Anderson and Hague, 2007

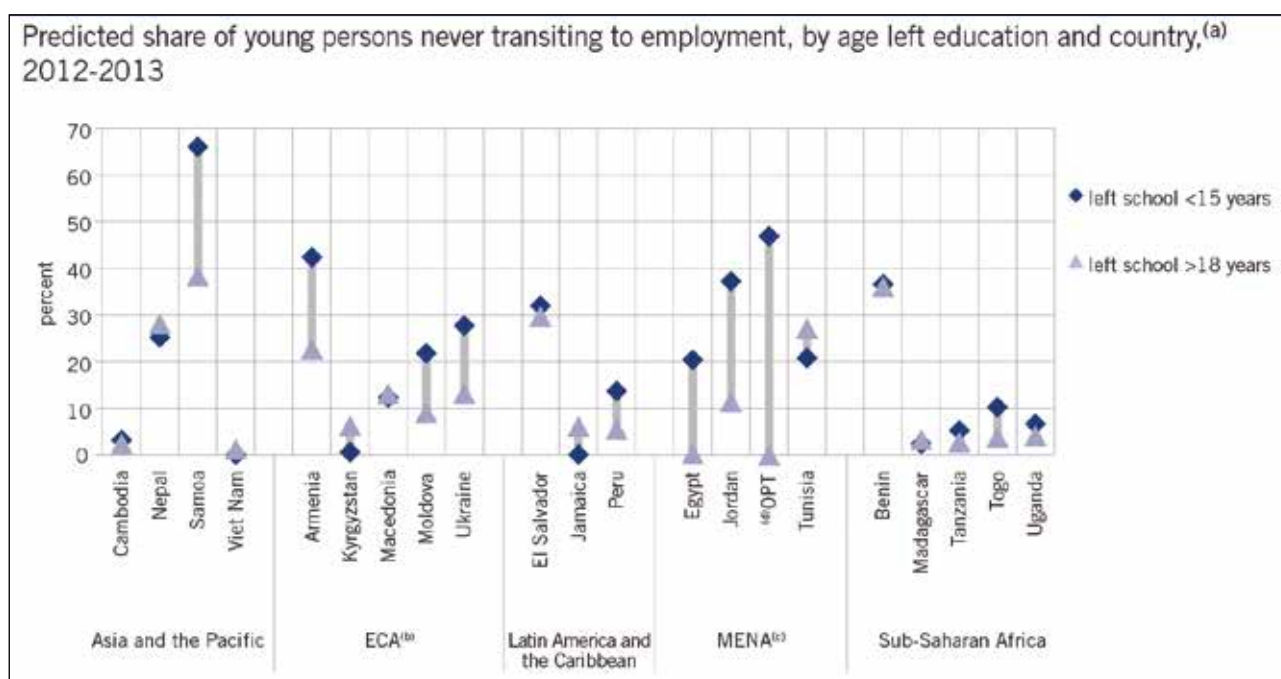
<sup>40</sup> Mincer, 1981



Despite the limited positive impact of learning basic work-related skills and earning money to fund education, child labour reduces human capital accumulation.<sup>41</sup> In addition, the younger the age at which children start working, the greater the impact of work on loss of education. This is shown to be particularly the case for children under 13, who experience additional negative impacts above and beyond education, including on health and attitudes.<sup>42</sup> Data from Vietnam shows child labour leads to substantial negative impacts on school attendance and achievement. Furthermore, this translates to reduced overall cumulated earnings in the mid to long term.<sup>43</sup> Another study shows that child labour in Tanzania has a significant impact on schooling for boys: one standard deviation increase in child labour leads to the loss of a year's education, as measured after 10 years. Such an increase does not indicate a loss for girls, however. This is explained by the fact that girls are more likely to be involved in early marriage, so their domestic work is not accounted for. Indeed, they also nevertheless become vulnerable to experiencing other negative outcomes, including to their health.<sup>44</sup>

Figure 4 illustrates this issue clearly. It was developed by the ILO using statistics from its School to Work Transition Surveys and shows that youth leaving school at or below the minimum working age of 15 are at greater risk of remaining outside the world of work altogether. Early school leavers who do eventually transition are less likely than more-educated youth to ever secure stable jobs.<sup>45</sup>

**Figure 4: Early school leavers are generally at greater risk of remaining outside the world of work altogether**



Notes: (a) Countries selected on the basis of data availability. (b) ECA – Eastern Europe and Central Asia region. (c) MENA – Middle East and North Africa region. (d) OPT – Occupied Palestinian Territory.

Source: ILO (2015) on the basis of calculations from ILO SchooltoWork Transition Surveys.

Children and adolescents in Brazil who were not working were shown to have better school results than those who were.<sup>46</sup> Another Brazil-focused study found the negative impact that work had on children in their maths and Portuguese school results was the equivalent of between a quarter and a half a year of learning on average. It concluded that working while in school had negative and long-term consequences for children when compared with those who do not work.<sup>47</sup> Child labour has in fact been suggested as the 'dominant variable explaining primary and secondary enrolments' across 175 countries, with perceived variable returns on primary education across different contexts limiting households' rational decisions around educating children.<sup>48</sup> Figure 5 provides evidence from national household surveys that youths who worked as children have much lower levels of educational attainment.

<sup>41</sup> Basu and Tzannatos, 2003: 160

<sup>42</sup> Basu and Tzannatos, 2003: 161

<sup>43</sup> Beegle et al., 2005

<sup>44</sup> Beegle et al., 2008

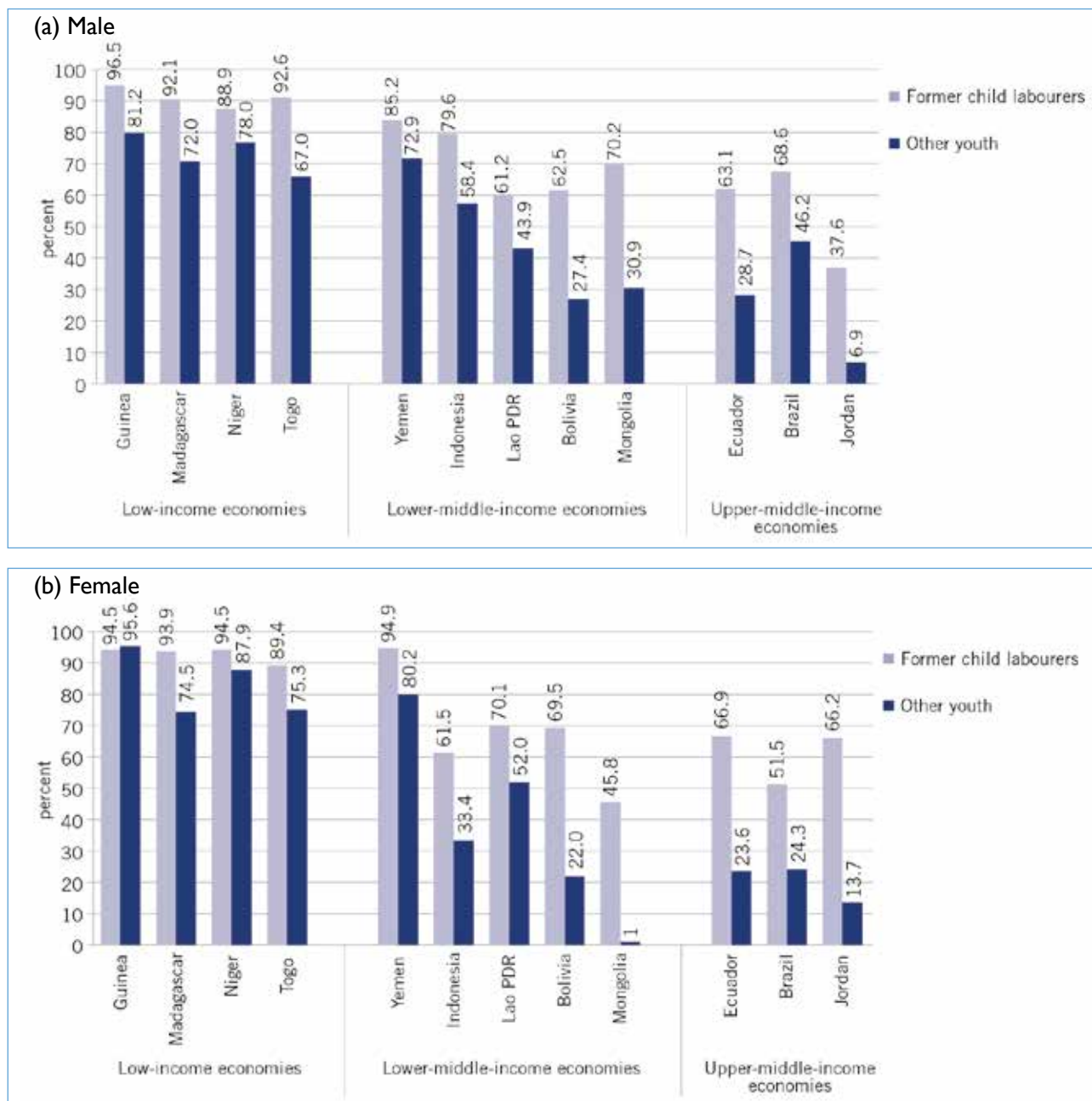
<sup>45</sup> ILO, 2015

<sup>46</sup> Bezerra et al., 2009

<sup>47</sup> Emerson et al., 2014

<sup>48</sup> Chaubey et al., 2007

Figure 5: Young persons aged 15–24, who are no longer in education, with primary level education or less, and with prior involvement in child labour. (selected countries classified by income level (percent))



Note: World Bank country income classifications by gross national income (GNI) per capita as of 1 July 2012 – low-income: \$1,025 or less; lower middle income: \$1,026–4,035; upper middle income: \$4,036–12,475; and high-income \$12,476 or more.

Source: ILO (2015) on the basis of calculations from national household surveys.

However, it is not just children working that results in a dampening effect on human capital accumulation alone; rather, the number of hours worked is an important determinant. One study shows that an increase in hours worked by children decreases the level of human capital accumulation and that 'an additional hour of work a day increases the probability of falling behind by just over 1.6 percentage points' and that the first hours of work have a greater impact on school achievement than successive ones.<sup>49</sup> Even modest levels of child labour at early ages cause adverse consequences for the development of cognitive abilities.<sup>50</sup> Such findings strongly refute the presumption that child labour may be neutral or complementary to academic performance, provided the child remains enrolled in school. Instead, child labour consistently makes a year of education less productive in the generation of human capital, not only reducing the value of investments in education but also limiting the prospects of children's income trajectory and consequently reducing their contribution to economic growth.

<sup>49</sup> Rosati and Rossi, 2001: 30

<sup>50</sup> Sanchez et al., 2005

## Health outcomes for children during their life-course

The evidence of health impacts on children as a result of child labour is more ambiguous than that on education, and highly dependent on the context and the type of work a child is engaged in. A number of studies on this subject are however noteworthy.

One paper considers the potential long-term health consequences of child labour and determines that they can be numerous and significant depending on the type and intensity of work<sup>51</sup>. Some cases have been documented in which children face important impacts on their health, in both the short and the long term, particularly those involved in hazardous work or the worst forms of child labour. In such cases, poor health outcomes affect children's well-being and level of human capital.

Another paper finds that work has a measurable impact on health when looking at the number of working hours children undertake, using household survey data from Bangladesh, Brazil and Cambodia<sup>52</sup>. For example, it finds each additional working hour adds 0.3 per cent probability of reported health problems in Cambodia and 0.1 per cent probability of a work-related injury in Brazil. The paper also highlights that type of work has a significant bearing on the risk probability. However, there is limited analysis of the severity of health-related issues or the long-term health implications of child labour.

Two additional studies further find links between child labour and poor health outcomes. Using data from the Guatemala national survey, child labour is found to be harmful to health in the long term, increasing the chances 'bad health' as an adult by about 40 per cent. The research suggests health effects derived from child labour 'might take time to manifest', which has resulted in there being limited data in this area until recently.<sup>53</sup>

A further study uses two sets of data from Vietnam to address the impact of work on children's health<sup>54</sup>. It has a particular focus on agricultural work and uses Body Mass Index and reported illness as indicators. The study finds no immediate impact on health for children working in agriculture, although it suggests a heightened probability of sickness after five years. It notes some immediate impacts on health for children working in urban areas.

While the evidence depends on the particular situation in which the child labour is taking place, there are suggestions that the health impacts on children engaged in the worst forms of child labour in particular, can take a significant toll on children's development and their productive capacity in the short and medium term. This is an area in need of further research.

## 4.2 Eliminating child labour to promote decent work

Promoting economic growth and development is linked to generating decent work opportunities for all, as well as enhancing the development of relevant educational, life and work-related skills that will render the youth workforce more employable and productive. Child labour limits the possibility of achieving these. As such, eliminating it is instrumental to fulfilling the economic development agenda.

### Education, skills development and access to decent work, particularly for youth

According to research by ILO's Understanding Child Labour research programme,<sup>55</sup> the degree to which work interferes with a child's schooling is one of the most important determinants of the long-term impact of early work experience. Reduced educational opportunities constitute the main link between child labour, on the one hand, and youth employment outcomes, on the other. Clearly, if the exigencies of work mean that children are denied schooling altogether or are less able to perform in the classroom, then these children will not acquire the human capital necessary for more gainful employment upon entering adulthood.

A study on adult earnings in Brazil shows that child labour affects adult earnings through its impacts on work experience, years of schooling and human capital attained per year of schooling<sup>56</sup>. The findings suggest that adults who enter the labour market before age 13 earn 20 per cent less per hour, have 26 per cent lower incomes and are 14 per cent more likely to be in the lowest two income quintiles. Overall, child labour raises the probability of being poor later in life by 13 per cent to 31 per cent. These magnitudes are large. On the other hand, while child labour reduces the productivity of schooling, the net effect of an additional year of schooling on adult wages remains positive, even if the child works while in school. Consequently, policies that delay the dropping out of school appear to be effective at mitigating adult poverty.

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<sup>51</sup> O'Donnell et al., 2002

<sup>52</sup> Guarcello et al., 2004

<sup>53</sup> Rosati and Straub, 2006

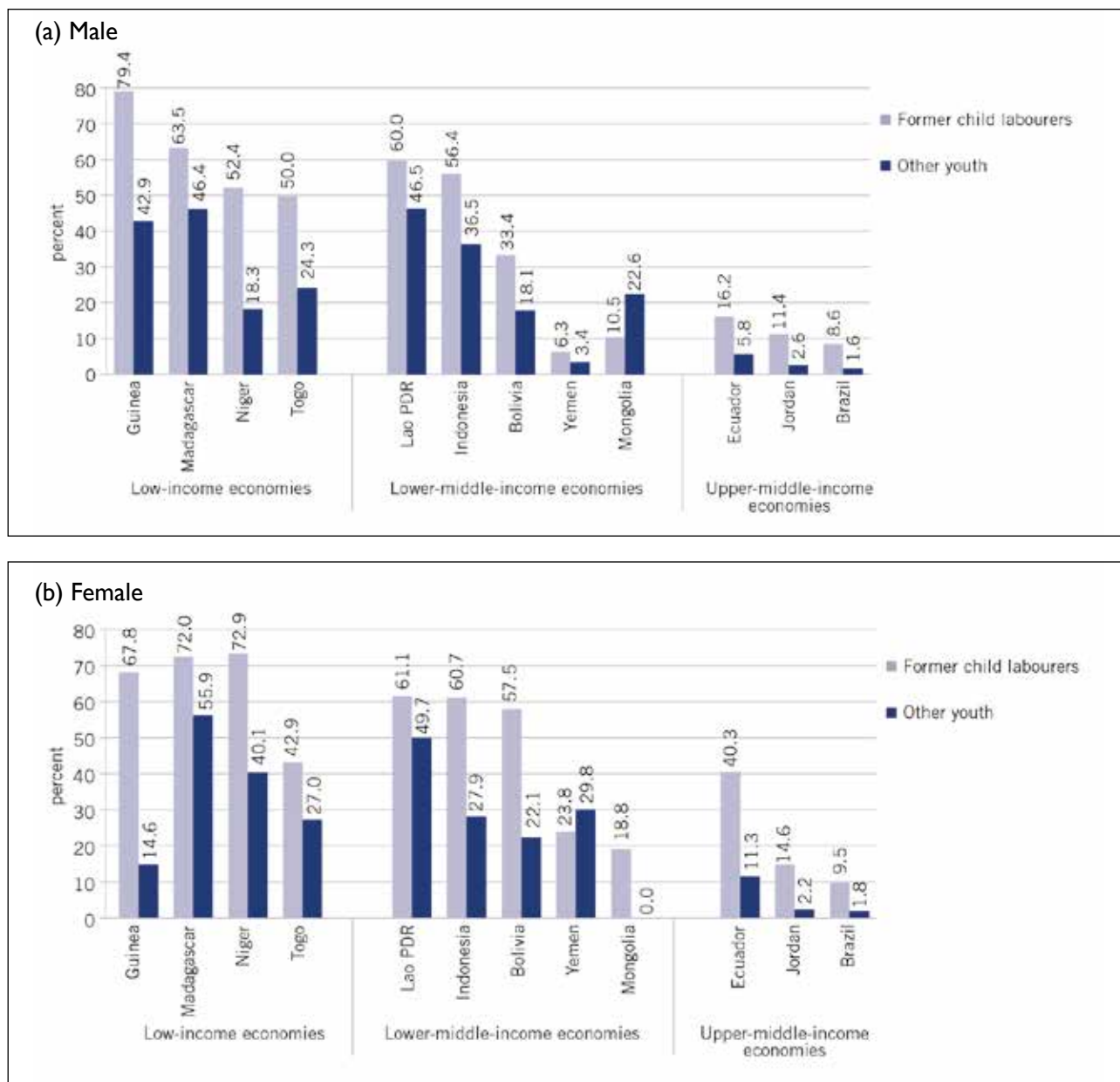
<sup>54</sup> O'Donnell et al., 2003

<sup>55</sup> UCW, 2011

<sup>56</sup> Ilahi et al., 2005

Using a dataset derived from 28 countries, the ILO has argued that child labour, when combined with limited education, results in children having greater difficulties transitioning into 'good jobs' later<sup>57</sup>. Further evidence that child labour hinders the education and skills development necessary for work is found in a survey programme supported by the Statistical Information and Monitoring Programme on Child Labour – the statistical arm of the ILO International Programme on the Elimination of Child Labour (IPEC). This survey contains information on the age at which individuals begin working, allowing for simple comparisons of the employment and schooling outcomes of those already working by the age of 15 years with those who began work after this age. The results of this comparison are consistent across the 12 countries where this data is available: prior involvement in child labour is associated with lower educational attainment and with jobs that fail to meet basic decent work criteria. Youth burdened by work as children are consistently more likely to have to settle for unpaid family jobs (Figure 6a) and are also more likely to be in low-paying jobs (Figure 6b).<sup>58</sup>

Figure 6: Young persons who worked as children are more likely to be unpaid family workers



Note: World Bank country income classifications by GNI per capita as of 1 July 2012 – low-income \$1,025 or less; lower middle income: \$1,026–\$4,035; upper middle income: \$4,036–\$12,475; high-income \$12,476 or more.

Source: ILO (2015) on the basis of calculations from national household surveys.

This evidence supports the need to invest in effective child labour reduction strategies in order to fulfil the commitment to decent work for youth and promote economic prosperity in the medium term.

<sup>57</sup> ILO, 2015

<sup>58</sup> ILO, 2015



## Pushing adult wages upward

Recent studies have generated more evidence regarding the effect of child labour on adult labour and wages. Doran<sup>59</sup> uses data from Mexico to show that adult work can be substituted for child work in the context of agricultural labour. If adult and child labour are substitutes, as this study assumes, then the impact of child labour on adult employment or underemployment is likely to be significant. Doran suggests that efforts to reduce child labour in similar contexts 'may have positive impacts on adult wages and employment'.<sup>60</sup> However, whilst this evidence suggests that there is a case to be made to reduce child labour to contribute to pushing adult wages upward, more evidence is needed in this area.

## 4.3 Reducing violence against children and its associated costs to the economy

Child labour that entails child enslavement, family separation, exposure to serious hazards and illnesses and isolation constitutes the worst forms of child labour. Such work likewise has adverse consequences for a child's physical and psychological health, increased exposure to other forms of violence and implications for his or her future income-generating activities. Moreover, the definition of violence against children under the UN Convention on the Rights of the Child includes 'maltreatment or exploitation, including sexual abuse'. Here the overlap with the worst forms of child labour is clear. There are important economic costs related to the worst forms of child labour due to the economic losses incurred by children's slower physical and psychological development. These costs can be large and can have consequences in the medium and long term by impacting on children and young people's productivity and ability to participate in society as they become adults<sup>61</sup>.

## 4.4 Girls involved in child labour and consequences on growth

The above analysis refers to both girls and boys, and outlines that statistics can, at first glance, be seen to suggest that there are more boys involved in child labour than girls. However, as noted in Section 2 above, the involvement of girls' in child labour is likely to be underestimated. This is particularly so, given their more frequent engagement in domestic work outside the home as a form of cheap labour – a fact that is largely hidden and highly underreported. Generally, child domestic workers do not attend school at all, and many are exposed to violence and exploitation. This type of intensive, even exploitative, work can also take place in the form of unpaid household work in the parental home, or – in instances of child marriage – the marital home. Thus, whilst work to prevent practices, including child marriage, that put girls at risk of engaging in child labour must continue it is also important to improve the situation of girls already involved in such labour. This is particularly so in the light of ample evidence of the aggregate value to girls, their families and the economy as a whole of their continuing in school, – even after marriage, for example. Improving the situation of girls already involved in such labour is therefore an essential element of a comprehensive DFID strategy to achieve girls' and women's empowerment.

For example, Belmonte et al.<sup>62</sup> analyses the benefits of investing in girls' education. These include an estimate that 1 per cent increase in the level of women's education generates 0.3 per cent in additional economic growth.<sup>63</sup> As with other reports<sup>64</sup>, Belmonte et al also highlight the importance of maternal education. They suggest that children with mothers who are not educated are twice as likely to be out of school than those with mothers who have some education.<sup>65</sup> This reiterates an intergenerational education-related trap that has similarities to child labour, and likely a significant overlap.

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<sup>59</sup> Doran, 2012

<sup>60</sup> Doran, 2012: 34

<sup>61</sup> Perezniето et al., 2014

<sup>62</sup> Belmonte et al., 2009

<sup>63</sup> Belmonte et al., 2009: 5

<sup>64</sup> e.g. Rosati and Rossi, 2001

<sup>65</sup> Belmonte et al., 2009: 6

## LIFE SKILLS TRAINING ENCOURAGES BANGLADESHI GIRLS TO PURSUE THEIR EDUCATION AND THEIR DREAMS

Lima was a bright student and ambitious since childhood. Despite growing up in a particularly deprived part of Bangladesh, she always dreamed of becoming an engineer.

Lima's father was an assistant in a court (daily basis work) and her mother was a housewife. In 2012, when she was in Grade 9, Lima's father became severely ill and had to leave work. In order to support their family of five, her mother took a job at a shrimp factory. Her income was not sufficient to bear the education costs of both Lima and her two brothers.

Lima had to decide if she would sacrifice her own education so that her brothers could go to school. She was aware of the suffering of her family, and thought her brothers should continue their studies as they could take on the role of breadwinners. She decided that she was no longer destined to be educated.

At this time, World Vision Bangladesh's Child Safety Net Project started a local Child Friendly Space (CFS). In addition to the CFS' normal activities, the project provided Life Skill-Based Education (LSBE) to adolescents in Lima's area. Lima heard about the opportunity and decided to go to an LSBE session. After attending, she realised how important her education was, and decided to pursue her dream to become an engineer once more.

Lima proved herself competent enough to become a peer educator for the community. She was provided with books, educational materials and school fees by the project. Lima passed the Secondary School Certificate exam in 2014 with grade 'A+'. This gave her access to a course in engineering.

Now, along with her studies, Lima works as a peer educator and conducts LSBE sessions for the other adolescent girls in her community. After completing each session, Lima gets 2000 taka (approximately \$25), which helps her to continue her education.

'I think LSBE has brought a great change in the community,' says one participant's mother: 'I never thought I would enrol my daughter in a school, as I had the traditional belief that girls are born to take care of the household. Moreover, my daughter is mentally challenged. But the adolescent girls of this community have made me understand that I should not repeat the mistake of my parents and ruin the life of my daughter. So I enrolled her in this CFS and now I dream that my daughter will be highly educated.'

Through the LSBE training, Lima and her peers were able to stop a child marriage in the community, and all of them are encouraging the parents of the community to concentrate on girls' education.

Lima now dreams of completing her higher education abroad and become a renowned engineer for her country. 'LSBE has just changed my view of life,' says Lima. 'I was a dreamer but LSBE has made me a winner. I will never quit in any situation. I want to motivate all the girls like me, who have to face bitter reality every day to chase their dreams. Girls are not born to just bake cakes; rather they can win in every sphere of life with strong determination and ruthless dreams. I will fulfil my dreams and one day I will contribute to the well-being of the children of my community.'

Source: <http://wvi.org/education-and-life-skills/article/life-skills-training-encourages-bangladeshi-girls-pursue-their>

Chaubey et al. have also undertaken a gender analysis in their work on child labour. They suggest that, during a sudden economic downturn of the kind that can result from an economic crisis, economic adjustment or drought, girls become more vulnerable to child labour than boys.<sup>66</sup> Chabaan and Cunningham further report that there is potential for growth of over 60 per cent of gross domestic product (GDP) in some developing contexts if girls are assisted and enabled to complete their 'next level of education'.<sup>67</sup> To accomplish this, eliminating child labour must be part of the equation. However, a study by Gable highlights that economic growth alone will not tackle the constraints to economic returns for investment in girls, given ongoing structural constraints in many developing contexts. As such, targeted actions in a number of areas, including child labour, need to be implemented.<sup>68</sup>

<sup>66</sup> Chaubey et al., 2007: 14

<sup>67</sup> Chabaan and Cunningham, 2011

<sup>68</sup> Gable, 2013

## 5. Estimating the cost to the economy of child labour

Our analysis of the literature underlines the losses to economic growth that can result from child labour, specifically via lower human capital accumulation that leads to productivity losses. As a result of our investigation we are able to present a global estimate of the economic costs. This is not straightforward. Data on wage differentials and accurate data on school dropout rates resulting from child labour is not consistently available. It is, however, useful to get a sense of the magnitude of the cost of child labour to the global economy, particularly in the case of lower-income countries, where the aim of development assistance is intended to be the promotion of economic growth. In order to calculate the economic cost of child labour, we include data on the current size of the economy as measured by a country's level of national income and their productivity measured by outcome per worker, as a proxy for the wage differential.

For the purpose of this calculation, we assume that no child labourers attend school, given the dearth of consistent data on the number of children who have dropped out as a result of child labour. This is consistent with the reality in some countries where – as Section 2 notes – up to 95 per cent of child labourers do not attend to school (although in other countries the percentage is much lower). As such, the higher the rate of child labour, the lower the productivity per worker and thus the higher the loss of possible future economic gains.

The methodology used to estimate the costs to aggregate economic income resulting from child labour is based on analyses by Chaaban and Cunningham (2011), Perezniето et al. (2011) and Perezniето et al. (2014), which utilise the concept of productivity loss during a person's lifetime. These analyses presents the correlation of the aggregate economic loss resulting from child labour as a percentage of GDP. The estimates are made for each income group based on the World Bank's categorisation of countries according to their income status: low-, lower-middle-, upper-middle- and high-income countries.

**Table 3: Estimates of the economic costs of child labour at global level, by income group (\$ billions), 2014**

	PPPGNI	% of children at work ages 7–14	Estimated cost, lower end	Estimated cost, upper end
Low-income	977	22.5	195.4	390.8
Lower-middle-income	17,275	9.0	1,727.5	3,455.1
Upper-middle-income	33,583	6.2	671.7	3,358.3
High-income	56,961	*	*	*
% of global GNI			2.4%	6.6%

Note: \* Not available

Source: Author's calculations based on information from ILO (2013b), Perezniето et al. (2014) and WDI 2016.

These results indicate that the global costs of child labour are quite significant. In a given year, the lower estimate of the economic costs of child labour amounts to 2.4 per cent of the world's gross national income (GNI); in the upper estimate scenario it reaches 6.6 per cent of global GNI.

We also calculate the costs of the worst forms of child labour, using hazardous work as a proxy, as noted in Section 2. This draws on the methodology used by Perezniето et al. (2014). Again, here the main transmission mechanism is its effects on reduced years of schooling. In this case, the estimate draws on ILO (2013b) data on the number of children involved in hazardous work in different regions per age group and considers that years of formal schooling lost (given that hazardous work in general precludes formal schooling) are linked to the age at which they started working. The costs are thus a result of the estimated loss in income resulting from dropping out of school early.

A few assumptions are used to arrive at this calculation, which means the estimate is an approximation and needs to be considered only as a way to obtain a sense of the magnitude of the income losses resulting from hazardous work:

- Average years of school lost as a result of hazardous work are considered from the mid-point of the age range to the age of 18, which is in general the international age of completing high school.

- The share of children in hazardous work per age group is assumed to be the same in all regions, calculated as the percentage in age group globally, although there are likely to be discrepancies in the different regions.
- The average rate of return to an additional year of education is estimated to be 10 per cent, based on estimates by Psacharopoulos and Patrinos (2004), although this value varies significantly by region based on the quality of education and returns to work.
- As a proxy of annual earnings, average GNI per capita for the region is used (based on World Bank data). This is because no globally comparable data on wages are available, especially for low-income countries, where this type of work is more frequent. This is actually a useful proxy, as GNI per capita tends to be lower than average wages, which is a safe assumption, since workers in this category are likely to have below average wages during their lifetime.

**Table 4: Annual global costs of hazardous work, based on low- and-middle income regions (\$ million), 2014**

	Estimated number of children in hazardous work per age group and region (million)	Annual income earned based on complete schooling (complete value) and incomplete schooling (adjusted value) <sup>a</sup>	Difference in potential annual income (income forgone) <sup>b</sup>
<b>Asia and the Pacific</b>	<b>Total</b>	33.86	<b>Complete</b> 380,146
	5-11 years	7.45	Adjusted 32,244
	12-14 years	7.79	Adjusted 54,289
	15-17 years	18.96	Adjusted 175,935
<b>Latin America &amp; the Caribbean</b>	<b>Total</b>	9.64	<b>Complete</b> 95,532
	5-11 years	2.12	Adjusted 8,103
	12-14 years	2.22	Adjusted 13,643
	15-17 years	5.4	Adjusted 44,213
<b>Sub-Saharan Africa</b>	<b>Total</b>	28.77	<b>Complete</b> 47,350
	5-11 years	6.33	Adjusted 4,016
	12-14 years	6.62	Adjusted 6,762
	15-17 years	16.11	Adjusted 21,914
<b>Middle East &amp; North Africa</b>	<b>Total</b>	5.22	<b>Complete</b> 45,564
	5-11 years	1.15	Adjusted 3,865
	12-14 years	1.2	Adjusted 6,507
	15-17 years	2.93	Adjusted 21,087
<b>Grand total</b>			<b>176,013</b>

Notes: <sup>a</sup>Calculated based on working following completion of school (18 years of age) using GNI per capita as a proxy of average annual earnings per region, World Bank data.

<sup>b</sup>This is the difference between income earned on a yearly basis with complete schooling in low-income countries and lower or 'adjusted' earnings resulting from fewer years of schooling considering that 10 per cent of annual average earnings (per capita GNI) is lost for every year of schooling foregone, based on Psacharopoulos and Patrinos (2004). Children who are working from an earlier age are assumed to have lost more years of schooling.

Source: Author's calculations based on information from ILO (2013b), Perezniето et al. (2014) and WDI 2016.

According to the data in Table 4, estimates for global income foregone as a result of the lost years of schooling incurred by a child's engagement in hazardous work amount to \$176 billion annually. This is almost equivalent to the total GDP of Bangladesh in 2014, which was \$173 billion according to World Bank data.<sup>69</sup>

<sup>69</sup> World Bank national accounts data, and OECD National Accounts data files, available at: <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD> (consulted in April 2015)



## 6. Policy and programmatic efforts to eliminate child labour

Although the number of child labourers remains unacceptably high, global trends over the past 12 years have shown important progress. Reductions in child labour – including involvement in hazardous work – have seen particularly positive progress since 2008, even despite the global economic crisis of 2008–9. This progress has been made possible by those multiple actors, including governments, workers and employers' organisations, international organisations and civil society, who have made efforts in the right direction.

Factors contributing to this progress include the political commitment of governments, as illustrated by the historically rapid ratification of ILO Convention 182 on the Worst Forms of Child Labour and of ILO Convention 138 on the Minimum Age for Admission to Employment, the two principal legal pillars for the global fight against child labour. By ratifying these conventions, countries take a clear stand against child labour and become accountable for its elimination.

Accompanying these legal changes are the very important political and legal commitments at the country level. These need to be accompanied by effective policy choices and strong programming on child labour, in addition to solid legislative frameworks. Analysis by ILO<sup>70</sup> suggests policy choices and accompanying investments in two areas in particular have made significant contributions to the decline in child labour over the past 12 years. The first such policy move has been in the field of education, which has been propelled by the global Education For All (EFA) movement, which has mobilised major new investments into improving school access and quality. This in turn has provided more families with the opportunity to send their children to school rather than to the workplace and has made it worthwhile for them to do so. There is in fact a close correlation between the decline in child labour since 2000 and the major increase in school attendance since that time. Still, as discussed in this report, breaking the link between child labour and educational disadvantage remains a major challenge.

The second policy area to have made a decisive contribution to reducing child labour is social protection. Whilst extending access to social security remains a pressing challenge globally, there is evidence from a number of countries to indicate that investments in social security are associated with lower levels of child labour.<sup>71</sup> Social security and social protection mechanisms have been proven essential to mitigating the social and economic vulnerabilities that can lead families to resort to child labour.

In addition to these two areas, and given the close correlation between household poverty and child labour, global efforts to achieve the Millennium Development Goals (MDGs), and in particular Goal 1 on eradicating extreme poverty and hunger, are also very likely to have had an impact in terms of decreasing child labour. For instance, according to the MDG report,<sup>72</sup> the number of people living in extreme poverty globally has declined by more than half, falling from 1.9 billion in 1990 to 836 million in 2015. Most progress has occurred since 2000.

These major global level policy areas and concerted efforts to improve the situation of poor and vulnerable households, and enable children's rights to education, have been supported by the global community. This includes the British Government, which has dedicated ODA resources and international development programming to poverty reduction, EFA and social protection.

Yet important outstanding issues require global and national attention. The pace at which child labour has reduced and the fact that child labour is still pervasive amongst marginalised and vulnerable groups, underscores the fact that progress is failing to reach all households and all children. In 2006, the ILO set a target to eliminate the worst forms of child labour by 2016. This target has not been met.

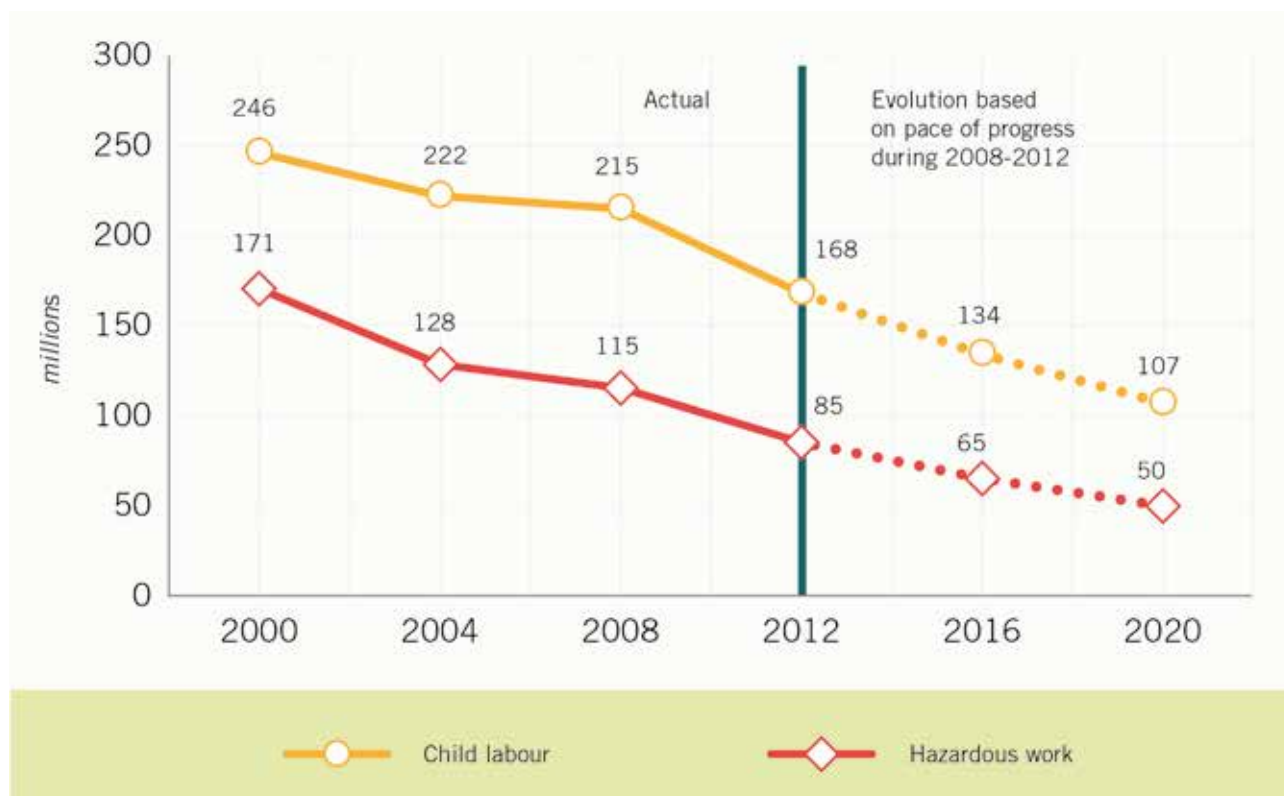
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<sup>70</sup> ILO, 2013b

<sup>71</sup> ILO, 2013a

<sup>72</sup> UN, 2015

Figure 7: Number of children in child labour and hazardous work, actual 2000–12 and levels for 2016–20 assuming the pace of progress during 2008–12



Source: ILO (2013b).

Figure 7 shows the decline in child labour and hazardous work that will occur during the 2012–20 period if the pace of progress during 2008–12 is maintained. This shows that, at the current pace, the international community can be expected to fall substantially short of its 2016 target. In fact, even reaching its goal four years later, in 2020, would require an increase in the annual rate of reduction from the current 6.5 per cent to 24 per cent. ILO analysis<sup>73</sup> points out that ‘business as usual’ is not enough to achieve the required progress to end the scourge of child labour in the foreseeable future. Achieving this goal requires a substantial acceleration of efforts at all levels.

## 6.1 Programmatic efforts to reduce child labour

Although closely correlated with poverty, as discussed above, child labour is also the result of a combination of factors that straddle diverse spheres. These include household social and economic vulnerability, limited accessibility of education, social norms that accept child labour practices, low levels of parental education and awareness of the life-long damages caused by child labour; amongst others. As such, the roadmap for achieving the elimination of the worst forms of child labour by 2016, adopted at The Hague Global Child Labour Conference of 2010, indicates that a national policy response to child labour needs to be cross-sectoral and comprehensive in addressing the different reasons that children engage in labour in an integrated fashion.

Given that much of the progress to eliminate child labour has been achieved through macro-level responses to reduce poverty, improve access to education and increase social security coverage, the change in pace now required to accelerate progress in eliminating hazardous work and child labour necessitates targeted actions. Such actions must be capable of achieving transformative change in the situation of child labourers, their households and the communities they live in, to complement the positive effects of macro-level changes. Actions more specifically aimed at eliminating child labour can range from multi-sectoral approaches (including provision of direct educational and livelihood services, strengthening capacity of local and national institutions, policy advocacy, awareness-raising and establishing partnerships with government)<sup>74</sup> to social protection policies such as cash transfers, that can be targeted to improve the situation of children in particular and to address their multiple vulnerabilities.<sup>75</sup>

<sup>73</sup> ILO, 2013b

<sup>74</sup> World Vision, n.d.

<sup>75</sup> UNICEF, 2015



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A boy from the Philippines. He and his family have received assistance to transition away from his hazardous work in the sugarcane plantations and back into full-time education. He plans to become a teacher.

Below we provide a few relevant examples of interventions in the wider context that have successfully contributed to reducing or eliminating child labour. They show that – in addition to continuing to support global actions to eliminate household poverty, promote education for all and guarantee a minimum social protection floor to minimise economic vulnerabilities – it is possible to augment progress in this endeavour. This can be secured by supporting targeted actions to change the situation of those child labourers who have not yet been reached by macro-level actions and who constitute those 'left behind'. Where available, these examples of successful strategies draw on evaluation data to illustrate their impact, as well as information about programme costs, which is useful for informing the design of successful programmes in the future. Implementing these programmes requires partnerships between donors, governments and implementing agencies, including NGOs. In this way, resources can be made available to support the design and implementation of effective actions, which can become more sustainable over time through the engagement of national and local governments.

The selection of examples discusses how change was achieved and includes programmes implemented by World Vision and ILO-IPEC, as well as the evaluation results of cash transfer programmes targeting children. Importantly, the voices of some of the children benefitting from these interventions are conveyed to provide a first-hand account of how much the support to get them out of labour and into education has transformed their lives and their perspectives on the future. These voices are encouraging and illustrative of the importance of continuing to support concrete actions in favour of child labourers.

## 6.2 Ethiopians Fighting Against Child Exploitation (E-FACE): 2011–2015.

This four-year project implemented by World Vision targeted 20,000 children and 7,000 households in Ethiopia in the traditional weaving sector and rural areas. The project included education and livelihood interventions, as well as an advocacy component for strengthening legislation and social protection for poor families. According to the final evaluation, it accomplished the following achievements in addressing the main obstacles to eliminating child labour in Ethiopia:

- The project's main success was the change of behavioural change regarding child labour and education, that it triggered among relevant local government agencies, communities and households.
- It increased the level of uptake of and performance in education.
- It achieved results in the area of technical vocational education and skills training (TVET)
- It made important progress on economic empowerment of households and improved working conditions for older children and adults.

## TAREKEGN'S LIFE CHANGE AS A RESULT OF E-FACE

Tarekegn, 13, lives in Ethiopia. He was born into an economically poor family and so he was not able to attend school like other children his age. His parents had just enough income to feed the children, but not enough to pay for school uniforms or supplies. As a result, Tarekegn had to work long hours after school to earn money to cover school-related costs and help his family.

After attending classes in the morning, Tarekegn had to walk 40 minutes in the afternoon in search of daily labour. 'The type of work I found was carrying goods from market to people's homes. Imagine how tiresome it is to carry heavy goods without eating lunch. It was very tough and makes you lose the sense of life,' he recollected miserably.

Tarekegn loves school. He has a dream to be a pilot. However, because he had no time to study or do his homework, his school performance declined. 'I have always loved school. But time, money and opportunities were not by my side to allow me to study properly and do my homework. Hence, my school performance was constantly deteriorating,' Tarekegn explained. 'I wish my son had gone to school without challenges, but the lack of resources and poor awareness about child labour were not allowing me to think clearly,' recalled Meleko, Tarekegn's father.

World Vision, through E-FACE, provided school supplies and uniforms for Tarekegn— and other children in similar circumstances in his community. This enabled him to quit his daily labour and attend school properly. The same project provided his parents with parenting education and sensitised them about the risks of engaging child labour.

Having explained the changes resulting from this intervention, Tarekegn says, 'Parenting education and community conversations have deeply touched my parents' heart. Do you know what my father said at the end of the training? "I hurt you unknowingly my son. I will never expose you to child labour here after. I will pay every price to free you from child labour."'

Tarekegn's family was also economically strengthened through the project. They were provided with improved potato seeds that yielded better production. Encouraged by the potato production, his father has begun taking plots of land on contracted bases from others and producing sufficient harvest to feed his family all year round. Tarekegn's father notes, 'The project not only changed my attitude on child labour, but it changed my livelihood for good. Now I am able to feed my family three times a day. I do not allow my children to work as before. I will do everything possible not only to expose my children to child labour but also to teach other people not to expose their children to child labour.'

Tarekegn is now a very happy child and his school performance has greatly improved. 'I am now attending school without any worry. Before, I stood 22 or so from my class, but now I stand second and was awarded a dictionary', he happily explained.

## 6.3 Meerut Child Labour Project: 2013—ongoing

In 2013, World Vision India began the Meerut Child Labour Project. The programme facilitated the operation of child care centres that identified and engaged with children who were not in school. After a year, once the child is ready, he or she is enrolled in school, with support from World Vision India. After this, World Vision India's child tuition centres serve as auxiliary support to children who go to school.

Currently, around 5,648 children (3,000 boys and 2,648 girls) are engaged in child labour in Meerut, involved in various forms of hand labour. The Meerut Child Labour Project focuses on primary education, on the basis that an earlier intervention has deeper impact on the child's life.

In addition, the project works with families and looks to build a family's capability so that the child does not have to work. The project counsels the family and explains the impact of child labour on children's lives and livelihoods as well as providing livelihood support to families. The project has facilitated the formation of self-help groups in the area and provided families with child labourers with support so that low parental income does not become an obstacle to education for children.

## HOW THE MEERUT CHILD LABOUR PROJECT CHANGED MOHSIN'S LIFE

Mohsin's day begins at 6am in a small and dilapidated two-room home. After completing his chores in the morning, he walks to school at around 7am in the slums of Meerut, Uttar Pradesh. Mohsin comes from a family of 11. He has five brothers and three sisters.

Mohsin studies in Class 2. One of his prized possessions is his school bag, a residence for his favourite companions. 'I love my school books. I enjoy school. I like studying English the most, I enjoy Math and Hindi too,' he said. 'I am very fine,' he added, showing off the English he has learnt.

Mohsin heads home from school by 12pm and after his lunch heads to the Madrasa. At around 4pm, he goes to the child tuition centre set up by World Vision India, where children learn to cope up with their regular studies. After his time at the centre, Mohsin plays cricket with his friends.

Life changed for Mohsin in 2013. Prior to that, Mohsin was a child labourer; he used to work at a book binding unit near his house.

'My two older brothers, Wasir (17) and Nadeem (19) used to work at the bookbinding unit. I did nothing, so they took me to help them as they had bulk orders. I would go to work at 9am and come back home only at 7pm. I would be so tired that I'd just sleep. The whole day I'd carry piles of books; my hands would hurt terribly. I did not like my life at all. I didn't even have time to play. I was surrounded by books but I didn't know what was in them. I was always curious to know what they contained. All I thought about was how it would be if I could study these books I carried tirelessly all day.'

Mohsin's father was sick and did not work; his mother earned a living for her family through odd jobs. The income earned was extremely meagre to support the large number of family members. Work seemed like the only option for Mohsin.

'Mohsin would earn 20 rupees a week and that would suffice for his needs. For me, it was like he was being taken care of. Only after World Vision spoke to me did I realise that his life could be better through education,' says Mohsin's mother, adjusting the ends of her purple sari. 'Now, even if there is no money in the house, I will still send Mohsin to school. I will never stop his education,' she says firmly. 'Mohsin smiles more often now, he is happier, I want a good life for my child,' she adds.

Mohsin has indeed seen a transformational change in his life since he quit work. He feels healthier and happier and he has more time to spend with his friends – more time to just be the child he is.

'When I grow up, I want to be a police officer!' Mohsin said with his eyes sparkling. 'I want to run fast and catch all the thieves. But, I want to finish studying first. Without going to school, I will not become a good police officer.'

## 6.4 Kenya: Measuring longer-term impact on children and families of interventions against child labour

The Time Bound Project (TBP) of Support to the National Plan of Action on Elimination of Worst Forms of Child Labour was launched in 2005. The thrust of the four-year project was to assist the Kenyan government in its endeavours to put in place time bound measures to eliminate the worst forms of child labour by 2015. The project adopted a holistic approach in its interventions, targeting both the policy and practical aspects of child labour. At the upstream level, it worked with government ministries to develop and/or review policies, laws, and processes that support the fight against child labour. At the downstream level, it worked with implementing agencies (both state and non-state) to deliver direct support for prevention, withdrawal and rehabilitation of children engaged in the worst forms of child labour.

A tracer study was conducted to examine the effects of this project between 2005 and 2009. The direct beneficiaries of the project were boys and girls engaged in the worst forms of child labour, including in domestic services, commercial sex, commercial and subsistence agriculture, pastoralism and street work in informal sectors. A total of 20,000 children (10,400 boys and 9,600 girls) were targeted for withdrawal and prevention from exploitative and/or hazardous work through the provision of educational and non-educational services.



The tracer study found that the number of beneficiaries engaged in child labour reduced during the duration of the project but gradually began to rise when it ended. There were noticeable positive changes in the type and condition of work during and after the project. Changes in the number of beneficiaries who entered and stayed in schools were not significant, unlike for enrolment into non-formal and vocational skills training institutions, where changes were dramatic. There was a sharp increase in enrolment and attendance to vocational and non-formal training institutions during the project period but it had declined once again by the current period. For all situations and areas, the support provided by the project was deemed important for keeping the beneficiaries in schools and training institutions. While this may not be fully attributed to the TBP, the views expressed by stakeholders were that the project acted as a critical trigger for many of the children who would not have gone to school owing to lack of the initial uniform and school supplies. The project also improved general levels of retention. While children were assisted only for one year or so, there were testimonies to the effect that this initial support gave families a critical push that enabled them to keep their child in school thereafter. Results from the analysis of evaluation data did not reveal significant change in the structure and composition of the household economy. The study reported very high levels of awareness and attitude change towards child labour at the individual, family and community levels.<sup>76</sup>

## 6.5 Social protection and cash transfer programmes

The impact of social protection programmes, and cash transfers in particular, has been explored with respect to child labour in a number of studies. Some of this evidence consolidated recently in ILO's 2013 World Report on Child Labour, which focused on this relationship.<sup>77</sup> De Hoop and Rosati<sup>78</sup> also explore the ways in which cash transfer programmes affect child labour outcomes and conclude that, although there is considerable variation across programmes, conditional cash transfer programmes do tend to reduce child labour. The results suggest that the effect of any household investment in productive assets and activities generated by a cash transfer – and capable of drawing children into work – are offset by income generated by their parents. This ultimately keeps children in school and out of work.<sup>79</sup> These findings are important given the extent to which cash transfer programmes have been implemented in low- and middle-income countries globally – including with DFID support. As such, understanding how they can reduce child labour and then incorporating these mechanisms into existing cash transfer programmes can be key in contributing towards its elimination.

## 6.6 Mexico's Progresa/Oportunidades/Prospera

Mexico's flagship conditional cash transfer programme, Prospera (initially known under the name 'Progresa' and later 'Oportunidades'), is among the most extensively evaluated social protection schemes in the world. It was at the forefront of the diffusion of conditional cash transfer schemes. Prospera provides poor Mexican households with monthly cash transfers equivalent to approximately 20 per cent of average recipient household income, on the condition that children in the household attend school and all household members obtain preventive medical care and attend health education talks. The programme's coverage is extensive: by 2010, it had reached approximately 5.5 million households (more than 20 per cent of all households in Mexico) living in nearly 100,000 marginalised localities (14 per cent of which were located in urban and semi-urban areas).

Evaluations of the programme suggest its impact on child labour varies considerably, according to a child's age, sex and place of residence. One of the studies examined the short-run impact of Oportunidades on children's work in rural areas.<sup>80</sup> Here, the authors found that the programme significantly reduced child labour among 12 to 17-year-old boys and girls but not among younger boys and girls. A study by Schultz<sup>81</sup> found only a limited effect of Oportunidades on child labour among rural primary school pupils, but a markedly stronger effect among rural secondary school pupils. This study also showed that Oportunidades substantially increased transition into secondary school in rural areas, potentially explaining why the reduction in child labour was more marked among older children. A later study<sup>82</sup>, examining the long-term impact of Oportunidades in rural areas, found that 15 to 16-year-old boys who were exposed to the programme for 5.5 years were 14 percentage points less likely to work than boys who were never exposed to the programme.

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<sup>76</sup> IPEC, 2012

<sup>77</sup> ILO, 2013a

<sup>78</sup> De Hoop and Rosati, 2014

<sup>79</sup> De Hoop and Rosati, 2014

<sup>80</sup> Skoufias and Parker, 2001

<sup>81</sup> Schultz, 2004

<sup>82</sup> Behrman et al., 2011

With respect to cash transfer programmes, these two examples highlight that the programme's design (e.g. the conditionality) and contextual factors (such as location and age of children) have an important effect on how cash transfers can affect the likelihood of children staying in school and/or disengaging from child labour. However, there is strong evidence to suggest they can be a useful policy measure to tackle this important problem.

This final section of the report shows how crucial it is to increase policy and investment commitments to multifaceted global and national efforts that can come together to eliminate child labour, working at different levels: from the macro-policy level, (fuelled by global efforts to reduce poverty, promote education for all children and increase social protection coverage for vulnerable households) to the local level, in which targeted programmes address the varied contextual factors that affect children and their families, to enable children to end their participation in child labour – including its worst forms. In this way, children can have their rights met and achieve a positive trajectory of human development that will benefit them in the present and future, contributing to household, and community well-being, as well as to economic growth through the pathways explored in Section 5.

19-year-old Vinod from India is a state level gold medalist in athletics. Originally engaged in child labour, an intervention by a World Vision programme allowed him to complete his formal schooling and pursue his ambitions as an athlete.





## 7. Conclusions

This report has provided evidence on how eliminating child labour can contribute to economic growth through various pathways. The most significant one is by enabling better educational outcomes – from greater school attendance, to higher levels of completion and better performance, all of which lead to higher levels of human capital development. Higher human capital translates into higher individual and household income in the medium run. This is because it increases probabilities of accessing more secure, better-paid jobs. This is particularly important for young people, many of whom are unable to find decent work opportunities because of their low level of education and skills. Aggregate economic growth would therefore result from an educated, better-skilled population with more and better jobs.

Eliminating child labour would also be instrumental in achieving greater gender equality. Girls often work in invisible forms of child labour such as sexual exploitation, or exploitative work that can be disguised as domestic labour at their or their husband's home. This hurts their development, including by preventing them from accessing education. Eliminating such work therefore contributes to achieving gender equality.

Efforts to reduce or eliminate child labour can also generate positive upward pressure on adult wages, including those for young people, as the supply of cheap labour from children diminishes. Holistic initiatives to eliminate child labour would also trigger greater education and skills development, which in turn would result in young people being better prepared to take on, and demand good work opportunities.

Joel, 22, from Peru, is a former child labourer. Joel entered World Vision's sponsorship programme and he was encouraged to pursue his ambitions in art. Today he is registered at a fine arts school and is dedicated to helping children with similar backgrounds.



There are additional positive outcomes resulting from the elimination of child labour that have indirect effects on economic growth. These include the promotion of social cohesion, with children and later with young people, through their participation in more equitable societies. Also, given the association between hazardous forms of work and violence against children, the latter would reduce, which would entail greater fulfilment of children's rights, as well as reducing costs to the economy as a result of better physical and mental health outcomes for children and young people.

These important economic gains triggered by the elimination of child labour are closely aligned with many of DFID's ODA strategic objectives, as demonstrated by the analysis presented in this report. These include:

- Promoting prosperity that 'leaves no one behind': Without purposeful action on child labour, millions of children will continue to be left behind. This is closely correlated with the commitment to give everyone a fair opportunity in life – child labourers start off with adversity stacked against them, and they have the right to a fair opportunity.
- The UK's role as key promoter of the SDGs, and its commitment to ensuring they are achieved. Several goals and targets cannot be achieved as long as child labour exists. This includes in particular the goal to tackle extreme poverty and helping the world's most vulnerable – among whom child labourers are found.
- Its commitment to supporting quality education for all children throughout the world, which is cut short by the number of children who drop out of school or perform poorly in school as a result of child labour.
- The UK's commitment to promoting decent work and supporting young people to become equipped with the necessary skills to access opportunities as adults. Evidence presented shows how these aims are cut short for young people who worked as children and were unable to develop the necessary education, skills, networks or aspirations to access decent work as they transition into adulthood.
- Ultimately, the UK's ODA agenda, which seeks to push for inclusive growth. This is not possible when there are 168 million children globally – almost 11 per cent of the child population – who are effectively excluded from economic opportunities today and in the future as they reach adulthood.

The past 20 years have seen important progress in the reduction of child labour, including with a significant reduction in the number of children involved in hazardous work. This has been the result of both multiple actions by different actors targeting child labour and relevant macro-level policy changes that have resulted in positive development progress globally.

Macro-level policies that have had an important positive effect on child labour include those geared towards poverty reduction and fostering development, which can be linked to the global push to achieve the MDGs between 2000 and 2015. Global efforts such as the EFA Initiative, which has had significant success in getting children to school, as well as the adoption of social protection programmes such as cash transfers – particularly those programmes that have had a strong focus on children – as a means to reduce poverty and vulnerability in many less developed and developing countries have also made important inroads to reducing child labour.

Still, targeted actions to eliminate child labour have been instrumental in this battle. These include the political commitment of governments to reduce child labour and corresponding legal changes, spearheaded by the number of ratifications of ILO Convention 182 on the Worst Forms of Child Labour and ILO Convention 138 on the Minimum Age for Admission to Employment – the two principal legal pillars for the global fight against child labour.<sup>83</sup> Multiple agencies, such as ILO-IPEC and the UN Children's Fund (UNICEF), as well as international and national NGOs like World Vision and Save the Children, among others, have also contributed to promote this progress globally. This includes through the support of projects at community level – such as those presented in the examples in Section 6. These have provided models of good practice for removing children from child labour by equipping them with education and skills, supporting alternative livelihoods for the family and working to change family and community perceptions about child labour.

As such, deliberate efforts to increase investments and actions to support governments and agencies working to eliminate child labour globally are critical to achieving these strategic objectives. Child labour is the result of multiple overlapping drivers, therefore policies and programmes to effectively eliminate it need to be holistic and multi-layered to respond to the problem's multiple facets. They need to be both targeted and much more comprehensive in scale and scope than they have been to date, focusing in particular on the most vulnerable children, who have not been reached by recent progress in reducing child labour.

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<sup>83</sup> ILO, 2013b

## Recommendations

Based on the lessons learned from global actions to eliminate child labour, including through interventions such as those highlighted in the examples outlined in Section 6, some of the following factors are necessary in effective policy and programming against child labour, particularly in securing sustainable change which does not happen overnight:

- Donors – including DFID – should support the development of specific social policies aimed at reducing child labour, including universal social protection coverage or cash transfers to poor families to help them counter the opportunity cost of child labour. DFID has supported social protection programmes in many of the countries it works with, so it can continue doing so while ensuring it has tailored provisions linked to child labour.
- NGOs and UN agencies working to eliminate child labour, either by implementing programmes directly or by advising national governments to do so, must understand the context in which child labour takes place, so they can work on the drivers. These often include social and cultural factors, in addition to the lack of livelihood options. Programmes designed to include livelihood support components for children's families must be grounded in the needs and opportunities of the context.
- Successful interventions are those designed using a holistic approach that understands the multiple factors that result in children being engaged in labour. Thus, agencies channelling resources to support interventions to reduce child labour must examine whether those interventions have a holistic programme design. They need to provide alternatives to address the income constraints in the household that lead to children working, the lack of affordable and quality education, and the dearth of understanding by parents or caregivers about the consequences of child labour, among other factors that play a role. Tackling the issue on multiple sides is most likely to result in success.
- Despite the enormous amount of investment in education and actors working on education, there is still much work to do to ensure that free education is accessible for all, including with national and local authorities to guarantee adequate budget allocations. Even where schools are available, it is essential to improve children's access to them and to make school-related costs affordable so child labourers see schooling as a feasible option. This can be done through cash or in-kind supports to children or their families, and by supporting schools so they are in reality free of fees and other costs (such as parent-teacher association or uniform fees).
- It is necessary to support the implementation of after-school support so that children who have dropped out as a result of child labour can catch up and perform well, generating more incentives for them to stay in school.
- It is also important to fund and organise sensitisation campaigns and training sessions with parents and relevant community leaders to provide information about the risks and consequences of child labour, discouraging parents from using it as a negative coping strategy.
- It is equally essential to provide livelihood support options, such as productive assets or access to microfinance, or social protection coverage to families in situations of poverty, to reduce incentives to keep children out of school and in child labour.
- There is a need to generate evidence-based advocacy platforms to inform policies and legislation that promotes institutional changes against child labour.

Interventions have been most successful when they include several of these components, and as such are most likely to make longer-lasting changes in the lives of children today and into the future. What is clear is that the very process of educating children and taking them out of the labour force not only reduces child labour in the short run but also helps generate an economy that is stronger and more equitable, so that it also reduces child labour. This is a double win. In this sense, programmes and policies to tackle child labour have a place within a wider process of change.

As such, donors such as DFID must support well-developed, evidence-informed interventions to eliminate child labour. While this is not currently directly a priority area in DFID's agenda, it should be, as it is instrumental to achieving many of its development objectives, and, importantly, to contributing effectively to the fulfilment of children's rights and progress on the SDGs.





A member of an "innovation club" in Ethiopia, with his hand-crafted, functional microscope. Members also receive assistance with school uniforms and supplies in their transition out of child labour. © 2015 World Vision

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