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Child labour: Causes, consequences and policies to tackle it

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Child labour: causes, consequences and policies to tackle it

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BETTER POLICIES FOR BETTER LIVES

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Abstract

Sustainable Development Goal target 8.7 aims to eradicate child labour in all its forms by 2025. Ten years before this deadline, the objective is far from being achieved since in 2016, about one-in-ten children (152 million in total) aged 5 to 17 were engaged in child labour worldwide, many of them as unpaid family workers in agriculture. Nearly half of the children in child labour were in hazardous work and exposed to serious health and safety risks. Moreover, about one-third of children in child labour do not attend school at all; the others go to school, but not all the time. Children in child labour are more likely to leave school early before grade completion, and underperform in school tests.

This paper reviews child labour trends, and the literature on its causes and consequences. It also discusses policies to combat child labour based on the lessons of the available evidence. Countries must combat child labour by addressing it from all its "demand" and "supply" side dimensions: by strengthening social protection to combat extreme poverty, by investing in the education to make it an affordable alternative to child labour, and by encouraging the diffusion of technologies that make it possible to do without child labour. While most countries have adopted laws that prohibit child labour, the paper argues that countries can do more to enforce these laws and regulations, where necessary strengthen labour inspections and monitoring systems, and promote responsible business practices.

Résumé

La cible 8.7 de l'objectif de développement durable vise à éliminer le travail des enfants sous toutes ses formes d'ici 2025. Dix ans avant cette échéance, l'objectif est loin d'être atteint puisqu'en 2016, environ un enfant sur dix (152 millions au total) âgé de 5 à 17 ans travaillait dans le monde entier, souvent comme travailleur familial non rémunéré. Près de la moitié des enfants qui travaillent sont astreints à des travaux dangereux et exposés à de graves risques pour leur santé et leur sécurité. En outre, environ un tiers des enfants qui travaillent ne vont pas du tout à l'école ; les autres vont à l'école, mais pas tout le temps. Les enfants qui travaillent sont plus susceptibles de quitter l'école prématurément, avant la fin de leur scolarité, et d'obtenir de mauvais résultats aux examens.

Cet article passe en revue les tendances du travail des enfants, ainsi que la littérature sur ses causes et ses conséquences. Il examine également les politiques de lutte contre le travail des enfants sur la base de la littérature existante. Les pays doivent lutter contre le travail des enfants en l'abordant sous toutes ses dimensions liées à la « demande » et à « l'offre » : en renforçant la protection sociale pour lutter contre l'extrême pauvreté, en investissant dans l'éducation pour en faire une alternative souhaitable au travail des enfants et en encourageant la diffusion des technologies qui permettent de se passer du travail des enfants. Bien que la plupart des pays aient des lois interdisant le travail des enfants, le document soutient que les pays peuvent faire davantage pour faire appliquer ces lois et règlements, renforcer au besoin les inspections du travail et les systèmes de surveillance, et pour promouvoir des pratiques d'entreprises responsables.

Main findings

Key trends

Much progress has been made in reducing child labour since the turn of the millennium: in 2016 around 152 million of children were in child labour worldwide, down from 246 million in 2000. However, after a significant decline in the late 2000s, the pace of progress has slowed down since 2012 – and this is mainly due to an increase in child labour in sub-Saharan countries after a decade of decrease. In the world today, there are about 1 in 10 children aged 5 to 17 engaged in child labour, and nearly half of them are in hazardous work (i.e. in a form of work that is dangerous to health).

The other stylized facts identified throughout the paper are:

- Child labour is a heterogeneous phenomenon and important differences appear among countries in the same region, and even among sub-national regions in the same country.
- Forty-eight per cent of all those in child labour are in the 5–11 years age bracket, 28 per cent are aged 12–14 years, and 25 per cent fall into the 15–17 years age range.
- Boys are often more involved in work than girls, but when including domestic chores, the picture is reversed. In most cases, girls perform longer hours of household chores than boys, and long hours spent in child labour is one factor deterring children from school attendance.
- Working children are mainly engaged in agriculture and are unpaid, typically working in household based economic activities.
- Child employment is more frequent in countries with higher poverty rates, and the decrease in child employment since the early 2000s has gone hand in hand with a reduction in the incidence of poverty.
- Roughly two-thirds of working children are enrolled in school, but working children are more likely to leave school early, before grade completion, and demonstrate less knowledge in tests. Countries with the highest child employment rates show the lowest school completion rates.
- The worst forms of child labour, particularly hazardous child labour, contribute to chronic health problems that have serious repercussions for physical and/or mental health outcome in adulthood (including back problems, arthritis, and a lack of stamina).

Economic causes of child labour

- Child employment decreases with economic development, but there is a large number of countries with both comparatively low levels of GDP per capita and child employment. This suggests that even though child labour is a facet of poverty, factors beyond the level of economic development influence child employment.
- Since children work overwhelmingly in agriculture and because the significance of agriculture declines with economic growth, child labour typically declines as countries industrialize. Technological advancement linked to the industrialisation of agriculture (mechanisation of agriculture, spread of tractors and irrigation pumps) also help reduce child labour. Changes in the industrial composition of employment and in the higher skills required for production outside agriculture also contribute to reducing child labour.
- In general, the use of child labour appears to be more sensitive to changes in permanent household income and adult wages than to changes in children's wages. However, child labour is an important part of how households respond to transitory phenomena. For example, when a rise in prices creates a temporary opportunity for additional income, children work to help the family earn that income. When negative shocks hit poor households, for example when the family head becomes unemployed, child labour is part of how families buffer the income shock. Child labour is part of household self-insurance strategies when social protection is weak.
- The development of family businesses, and their related income gains, can nevertheless provide households an incentive to use child labour.

Economic growth in developing countries has been driven by several processes which can influence child labour:

- First, economic growth is associated with specialisation of the household and an expansion of the extent of the market, providing substitutes for goods previously produced inside the home with child labour. Growth also creates demand for higher quality products than could be self-produced, shifting production outside the home and reducing child labour.
- Economic growth is also based on a change in production patterns and technological progress that affects the use of child labour. The declining share of the agricultural sector in national production tends to reduce child labour. In addition, new technologies require skills and qualifications that children have not yet acquired, making it harder for children to engage in the labour force. However, technological development also brings new activities and new ways of producing that can create new avenues for child labour.
- New technologies might also bring with them new ways to employ child labour. This is most apt to be an issue when new technologies and growth bring productive assets in the home that create more opportunities for families to set up a family business and use child labour in this context.
- The liberalisation of trade, when leading to permanent improvements in living standards, has also contributed to reducing child labour. However, not everyone benefits from trade and a growth in openness. Losers in the trade adjustment process may see child labour increase from the loss of income attributable to falling prices for goods they used to produce. Growth in export sectors appear to have little influence on

the incidence of child labour although there is some evidence that older youths might cut their schooling short to take advantage of openings in export jobs.

Some children migrate without their families to work and enable them to earn an income at least equal to the subsistence level. In this case, migration is driven both by the poor opportunities for children to work in their locality and by the expectation of finding work and better wages more easily elsewhere.

Costs and consequences of child labour

Child labour affects not only the lifelong outcomes of the working child, it also affects the working child's siblings and other family members. More broadly, a high incidence of child labour has a cost for the economy as a whole by favouring unskilled labour over increased investment in human capital and slowing down the diffusion of technologies that require skilled workers. The expansion of international trade and enticement of foreign investments may also be affected as the export and import sectors are mainly composed of relatively skilled workers. While there are potential positives from child labour in terms of consumption support and on-the-job experience accumulation, most of the evidence reviewed highlights that working while young is costly for both the child and the child's country.

- Child labour, particularly in hazardous jobs, creates health problems that have repercussions on physical and/or mental health status in adult life (among which are back problems, arthritis, reduced strength and stamina).
- Although roughly two-thirds of labouring children are enrolled in school, a large body of evidence shows that working children are more likely to leave school early, before grade completion, and demonstrate less knowledge in tests. Countries with the highest child labour rates show lower school completion rates.
- By leaving school early, young people give up competences that later allow them to enter jobs with a steeper wage growth trajectory.
- Child labourers usually live in a family setting, and one child's activities impact siblings. Some child labour keeps siblings from working. For example, when work is prohibited for a child, the risk of another child in the family working is increased. However, there are cases where having a sibling attending school increases the probability that a child attends school. Identifying the circumstances in which the spill-over is positive or negative remains a work in progress.
- Since most child labour is unskilled, its prevalence contributes to lower wages for unskilled workers. In addition, by increasing unskilled labour, it contributes to the adoption of production methods that are unfavourable to skill accumulation and to the diffusion of technological advancement which ultimately reduces the potential of economic growth.
- Finally, far from creating a tradeable comparative advantage, child labour can damage not only a company's image but also that of a country, its foreign investment and trade if the power of consumers adverse to child labour is strong enough to influence the demand for the goods in question.

Policies to tackle child labour

Despite significant progress in reducing child labour, much remains to be done to meet the goal of eliminating child labour by 2025. How do we get from where we are now to where we want to be by 2025? The evidence reviewed in this paper shows that there is no single answer to this question and that only the implementation of varied and coherent measures addressing the root causes of child labour can bring about significant progress.

Child labour is a facet of poverty and is strongly correlated with the level of development. However, variations in the proportion of children at work at a given level of economic development indicate that there is scope for influencing child labour and its most undesirable forms beyond poverty reduction.

Ending child labour requires a multifaceted approach. Economic development, to the extent that it is driven by technological innovation that makes it possible to do without child labour, is a key element to combat child labour. However, it is not enough if there are not measures that prohibit bad practices and provide viable alternatives to lift people out of extreme poverty.

A legislative framework is essential to identify reprehensible forms of work, to pursue and enact the sanctions to which violators are exposed. They are not sufficient, however, and need to be combined with economic, social and educational policies which can help set up valuable, affordable and stable alternatives to child labour. Concerted and coordinated action at all levels of decision-making is also needed to identify child labour cases, provide an alternative solution and the support that child labourers and their families need so that this alternative can be concretely chosen and bring short- and long-term benefits.

Governments and public authorities then have the primary responsibility for setting up an information system to record child labour cases, and also to monitor how laws are applied and progress made in combating child labour. National authorities also have an important role in ensuring that school is a credible and affordable alternative to child labour, and in enabling children who are working or have left school to succeed in school. The financial assistance granted by governments to combat poverty is also an essential element for families to have a sufficient and stable standard of living so that they do not resort to child labour. Finally, business, can take steps to proactively identify, prevent and mitigate child labour risks through their operations and supply chains. The OECD's framework on risk-based due diligence can be used by companies operating in any sector to track and address the risk of child labour in their supply chains, in collaboration with relevant stakeholders.

The active engagement of many stakeholders is necessary to combat child labour. NGOs and community-based organisations play an important role in disseminating information about the harmful effects of child labour on families and businesses, working with families and children to prevent and mitigate the effects of child labour, and in lobbying actors who can take action against child labour. International cooperation is also an important lever to encourage countries to fight more actively against child labour and to implement the increasingly indispensable cross-border policies in globalised economies.

The review discusses ways to boost actions against child labour, including avenues for action in the following directions:

- Improve the knowledge base
- Establish comprehensive Child Labour Monitoring Systems
- Strengthen social protection

- Make school an affordable alternative to child labour
- Promote the uptake of risk-based due diligence to help businesses identify, prevent, mitigate and account for how they address actual or potential child labour risks in their own operations, their supply chain and other business relationships.

Child labour: causes, consequences and policies to tackle it

"*There can be no keener revelation of a society's soul than the way in which it treats its children*".

Nelson Mandela – 8 May 1995.

Introduction

It is often difficult to measure the prevalence of child labour, but available estimates suggest that the number of labouring children has declined since the early 2000s. However, the progress recorded has slowed markedly in recent years, and child labour is even tending to stagnate and grow again in some parts of the world despite the SDGs' goal to eradicate child labour by 2025. This shows the need to better support countries in their efforts to combat child labour and to ensure that it is an objective shared by all countries.

This paper discusses possible policy options and to this end reviews the evidence on child labour trends, their determinants and the effects of measures adopted to combat it. In a first section, this paper provides an overview of the main trends in child labour around the world, its concentration in certain sectors of activity, gender and country differences. Then, the evidence on the determinants of child labour and its impact on child and family outcomes is reviewed in a second section. The policies needed to eradicate child labour are then discussed in a third section.

1. Child labour across the world

Child labour refers to the employment of children in any work that deprives children of their childhood, interferes with their ability to attend regular school, or that is mentally, physically, socially or morally dangerous and harmful. Not all types of work have such consequences, and each country gives a legal definition of acceptable and unacceptable forms of work that vary according to the age of the children (Box 1). Eradicating child labour is then a moral imperative, but it is also essential for ensuring that children can make the best use of their potential now and for future inclusive growth.

Significant actions have been undertaken to address the issue since the adoption in 1999 of the ILO Convention on the Worst Forms of Child Labour (Box 1). However, despite progress, child labour is still common in many parts of the world, and an estimated 152 million of children in 2016 are in child labour worldwide, and almost half of them in the worst forms of child labour.

Eliminating child labour requires a detailed assessment of its prevalence, taking into account the different forms of child labour, some of which are hard to measure statistically. Combating child labour also requires a good understanding of the linkages with economic development, demographic trends and with child outcomes. The purpose of this paper is to provide background information on key trends regarding child labour. It reviews the main trends regarding child labour in its different forms and their prevalence across economic sectors. It also looks at relationships between child labour, economic development and demographic trends. The chapter ends with considering the relationships between child labour, school enrolment and grade completion.

Box 1. The international conventions against child labour

Almost every country in the world has laws relating to and aimed at preventing child labour. The International Labour Organisation (ILO) has developed conventions that deal with child Labour: the Minimum Age Convention (No. 138) and the Worst Forms of Child Labour Convention (No. 182) are international labour standards which most countries have ratified.

The ILO Minimum Age Convention (No. 138) adopted in 1973 requires ratifying countries to pursue a national policy to ensure the effective abolition of child labour and to set a minimum age for admission to employment or work. Countries are free to specify a minimum age for labour, with a minimum of 15 years – and a possibility to set this minimum age at 14 years for a temporary period. Laws may also permit light work for children aged 13–15 (not harming their health or school work). The minimum age of 18 years is specified for "hazardous" work which "is likely to jeopardise the health, safety or morals of young persons". Definitions of the type of work and derogations are only possible after tripartite consultations (involving business, labour and labour organisations) if such a system exists in the ratifying country. This convention has been ratified by 135 countries.

The United Nations adopted the Convention on the Rights of the Child in 1990, which was subsequently ratified by 193 countries. Article 32 of the convention affirms the right of the child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.

In 1999, ILO developed the Worst Forms of Child Labour Convention (C182), which has so far been ratified by 151 countries. This Convention prohibits the worst forms of child labour, defined as all forms of slavery and slavery-like practices, such as child trafficking, debt bondage, and forced labour, including forced recruitment of children into armed conflict. It also prohibits the use of a child for prostitution or the production of pornography, child labour in illicit activities such as drug production and trafficking, and "hazardous" work which is likely to harm the health, safety or morals of children. The Convention stipulates that the specific types of employment or work constituting hazardous work are determined by national laws or regulations or by the competent authority. When countries ratify Convention No. 182 and Convention No. 138, they commit themselves to determining work to be prohibited to persons under 18 years of age.

In addition to setting international law, the United Nations initiated the International Program on the Elimination of Child Labour (IPEC) in 1992. This initiative aims to progressively eliminate child labour through strengthening national capacities to address some of the causes of child labour. Amongst other things, the initiative seeks to achieve universal access to primary school education.

The United Nations' Sustainable Development Goals (SDGs) adopted in 2015 also call on the world to 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 (goal 8.7, https://sustainabledevelopment.un.org/sdg8).

1.1. Defining child labour

Not all work done by children is classified as child labour which is targeted for elimination. Instead, children's or adolescents' participation in work that does not affect their health and personal development or interfere with their schooling, is generally regarded as being something positive (and is often referred as "child work") as they may contribute to children's skill development, and to the welfare of their families.

By contrast, the term "child labour" captures forms of work that deprive children of their childhood, their potential and that is harmful to physical and mental development (ILO Convention, n°138).

It refers to work that:

- is mentally, physically, socially or morally dangerous and harmful to children; or
- 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.

In its most extreme forms, child labour involves children being enslaved, separated from their families, exposed to serious hazards and illnesses and/or left to fend for themselves on the streets of large cities – often at a very early age. 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 among sectors within countries.

In order to translate the legal definition of child labour into statistical terms, and to help countries measure child labour, the International Labour Office (ILO) has approved a set of resolutions setting standards for the collection, compilation and analysis of national child labour statistics (ILO, 2009[1]). The standards also facilitate the international comparability of child labour statistics by minimizing methodological differences across countries.

The target population for measuring child labour is defined as "all persons in the age group from 5 to 17 years, where age is measured as the number of completed years at the child's last birthday".

A distinction is also made between "child employment" and "child labour":

- **Children in employment** are those working in any form of market production and certain types of non-market production (principally, the production of goods such as agricultural produce for own use). This group includes children in forms of work in both the formal and informal economy; inside and outside family settings; for pay or profit (in cash or in kind, part-time or full-time); and domestic work outside the child's own household for an employer (paid or unpaid).
- **Child labour** is a narrower category as it excludes children in employment who are in permitted light work and those above the minimum age whose work is not classified as a worst form of child labour, or, in particular, as "hazardous work".

> "Light work" refers to employment that is permitted for children from age 13 (of 12 years in countries that have specified the general minimum working age as 14 years) in persons provided work is: (a) not likely to be harmful to their health or development; and (b) not such as to prejudice their attendance at school, their participation in vocational orientation or training programmes.

Then, the worst forms of child labour are defined by Article 3 of ILO Convention No. 182 as (Box 2):

(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) "hazardous" 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.

Countries are required to identify where these types of work exist and to revise the list as necessary, in consultation with the organizations of employers and workers concerned.

Children's contribution to unpaid household work carried out in their own home are typically not included in definitions of child employment or child labour. This can lead to misleading statistics regarding how girls, especially, allocate their time, because time in unpaid household services like cooking, cleaning, and caretaking is not gender neutral. The International Conference of Labour Statisticians, in trying to present international standards regarding child labour, argued for the inclusion of excessive hours in unpaid household services or exposure to hazards in unpaid household services in child labour measures. This attention to unpaid household services is not available in the statistics presented below.

One obstacle to fully measure the scope child labour is that working children everywhere, especially those in the developing world, tend to be concentrated in the informal sector of the economy (ILO, 2004[2]). Their work is not "official" - there is no government employment agency or tax authority that knows the children are working because they are not officially employed. The people they work for are in many cases unregistered as employers. For some work, the children receive no payment, only some food and a place to sleep.

Box 2. What are the worst forms of child labour?

A distinction is usually made between the worst forms activities "by definition" (also called the "unconditional worst forms") and those "by condition" (i.e. hazardous work). Worst forms "by definition" are often illegal and also unacceptable. They include all those activities whose status as worst forms cannot be altered no matter what is done to improve conditions of work. No changes that one can imagine, for example, could improve working conditions sufficiently to make the commercial sexual exploitation of children or the use of children in pornography an acceptable occupation for a child.

Tackling all of the first three categories in the list above - slavery, trafficking, debt bondage, and other forms of forced labour (including the forced recruitment of children for use in armed conflict), use of children for prostitution or pornography, and illicit activities is clearly set as an objective of the international Convention n°182.

In contrast, a list of what "hazardous" activities that should be prohibited needs to be determined on a national level – and for this reason are called worst forms "by condition". Examples of some of the worst forms by condition are hazardous manufacturing operations, mining, crushing rocks, deep sea diving, working at heights in construction, scavenging or rag-picking, or carrying heavy loads. However, some of these are activities that can be improved. If they are currently affecting the health and safety of the children who do them, this can in some cases be changed by altering the circumstances. A good example is adolescents above the minimum working age engaged in conditions of work which are inherently hazardous or too arduous for them. If a young person works in a factory using machinery without safety guards, then fitting a protection device to the machine may make it non-hazardous, and then this activity would cease to fall under the category of worst forms as defined by Convention 182.

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1.2. Global trends in child Labour

The criteria used in measuring child labour often differ from legal definitions of child labour that define the types of work that should be prohibited. In general, the term "child labour" refers to the forms of work prohibited by international conventions because it is carried out by children under the age that work is permitted, or because it involves harmful effects on children's health or educational outcomes. On the other hand, the term "child employment" is used to name all forms of work in which children participate (including work that is permissible under the law).

Not all existing statistics to capture these situations are comparable, each organization using criteria that vary from one source to another. However, the available statistics allow us to trace the evolutions over time, and to measure the path that remains to be travelled in order to achieve the eradication of child labour by 2025, as targeted in objective 8.7 of the Sustainable Development Goals.

Countries have made progress in reducing child labour, but the pace of progress has slowed in recent years (1.2.1). Most of child labour is concentrated in agriculture and in family businesses (1.2.2). In addition, half of the working children are under 11 (1.2.3.), and 6 out of 10 working children are boys.

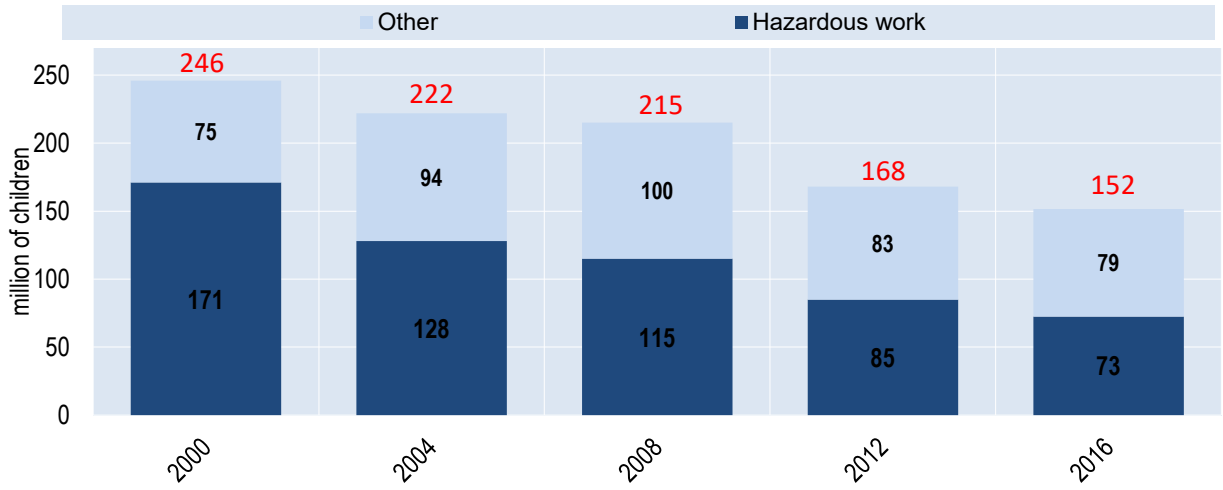
1.2.1. Significant progress has been made, but the pace is slowing down

Much progress has been made in reducing child labour over the past few years. According to ILO estimates, in 2016 around 152 million children were in child labour worldwide, almost 100 million less than in 2000 (Figure 1). Despite progress, 1 in 10 children aged 5 to 17 are still in child labour, and nearly half of them (73 million in absolute terms) are deemed to be enrolled in hazardous work.

Moreover, after a significant drop in the late 2000s, the pace of progress has slowed down since 2012: the share of children in child labour fell by only one percentage point during 2012 to 2016 compared to the three percentage points in the previous four-year period (ILO, 2017). It means that efforts should be strengthened to meet the SDG objective to eliminate child labour by 2025 (United Nations, 2015[3]). At the current rate of progress, ILO (2017[4]) suggests that 121 million children would still be in labour in 2025, of which 52 million would be in hazardous work.

Figure 1. Child labour is declining, but progress has slowed down

Number of children aged 5-17 years old, millions, 2000-2016.

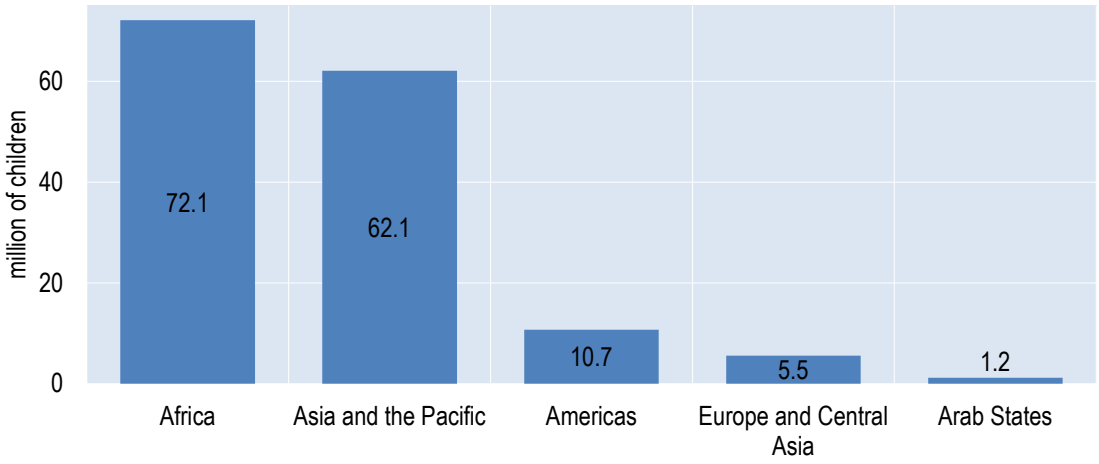


Source: ILO Global Child Labour Trends 2008-2012 and 2016 Global Estimates of Child Labour Report.

About 9 in 10 children involved in child labour live in Africa or in Asia and the Pacific (Figure 2). Africa ranks highest in the percentage of children – 1 in 5 children – in child labour, while the proportion of children enrolled in child labour is seven per cent in Asia and the Pacific.

Figure 2. 9 in 10 children in child labour live in Africa or in Asia and the Pacific

Regional estimates of child labour, 5-17 years old, millions, 2016

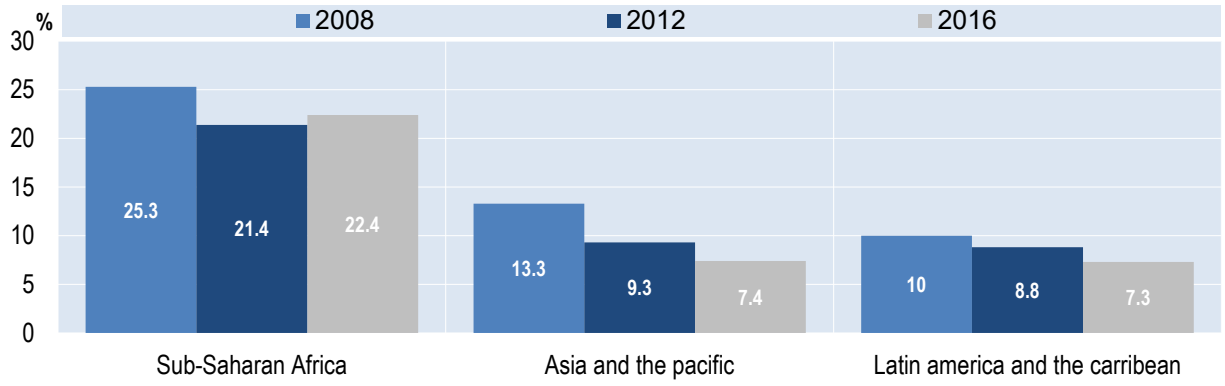


Note: The Africa region comprises both northern Africa and sub-Saharan Africa, while the Arab States region excludes northern Africa. The Americas region comprises both Latin American and the Caribbean and northern America. The regional estimates based on the new regional classifications are therefore not comparable with the regional estimates based on the previous ILO regional classification system employed in the 2012 and 2008 global estimate reports.
Source: ILO (2017), Global Estimates of Child Labour 2016.

Child labour trends also differ across regions: its prevalence has risen since 2012 in Sub-Saharan Africa (+5%), while the other major regions witnessed a continuous decline – by about 20% since 2012 (Figure 3). One reason of this rise in Africa region is the exposure to situation of conflict and disaster which heighten the risk of child labour: the incidence of child labour and hazardous work in countries affected by armed conflict is 77 and 50 per cent, respectively, higher than the global average (ILO, 2017[4]).

Figure 3. Trends in child labour differ across regions

Percentage of children in child labour, 5-17 years in child labour



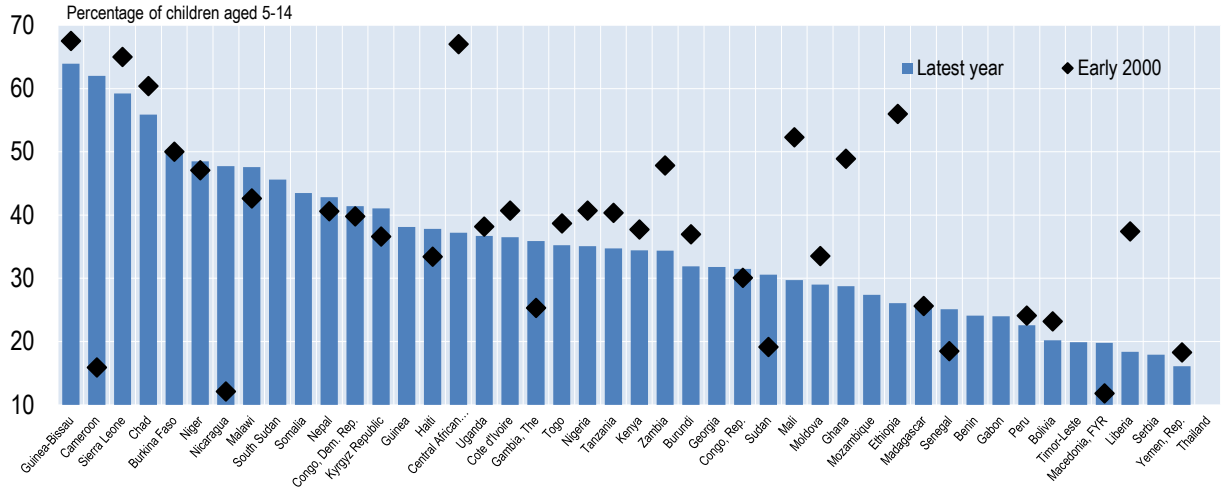
Source: ILO Global Child Labour Trends2008-2012 and 2016 Global Estimates of Child Labour Report.

Data from United Nations has the advantage of providing country-level information but they focus on child employment among children aged 5-14, which covers a wider range of situations than child labour. This data shows large cross-country differences in the prevalence of child employment as well as in trends since the early 2000s. More than 6 in 10 children are in employment in Guinea-Bissau and Cameroon (Figure 4), but while the proportion has increased sharply in this latter country it decreased in Guinea-Bissau. A sharp drop in child employment also took place especially in Albania, Cambodia, Central African Republic, Lesotho, Liberia, Mali, Mozambique and Rwanda.

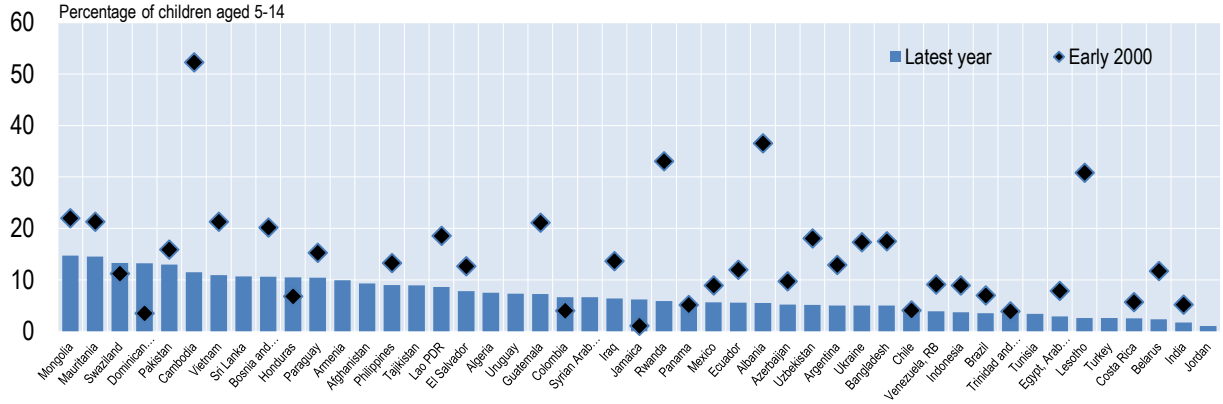
Variations in child employment within certain regions can be as large as between regions (Figure 4). For instance, Somalia shows the highest incidence of child labour (1 in 2 children), while this is half this level in Ethiopia and Kenya which border on Somalia. Child labour is also highly prevalent in Niger, Zambia, Burkina Faso, Guinea-Bissau, Cambodia, Côte d'Ivoire, Ghana, Nepal and Peru where at least 1 in 3 children or more were engaged in child labour in 2016.

Figure 4. Large cross-country differences in child employment

Panel A: Percentage of children aged 5-14 in employment.



Panel B: Percentage of children aged 7-14 in employment (continued)



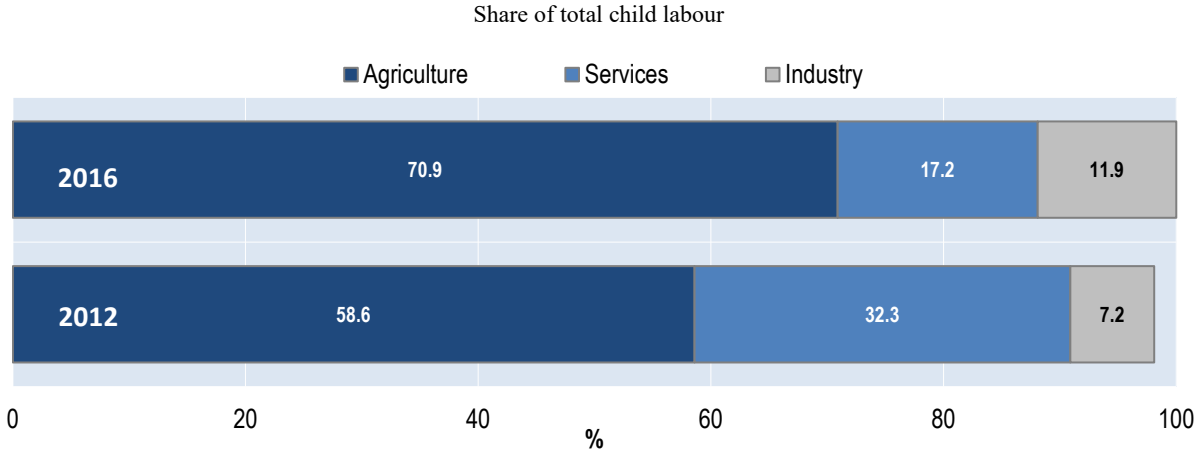
Source: World Development Indicators, World Bank.

1.2.2. Most of child labour is in agriculture and involves family work

Most working children live in rural areas and work in subsistence agriculture and in non-tradable commercial agriculture (Edmonds, 2010[5]). Agriculture accounts for 71% of all children in child labour (108 million children in 2016 which is an increase of 10 million children from previous estimates in 2012). Child labour in agriculture relates primarily to family farming, but it also involves commercial farming and livestock herding. Work in agriculture is often hazardous by nature, even when it is in a family farm which is not under the scope of labour standards regulation. Child labour was also more concentrated in the agricultural sector in 2016 compared to 2012 (Figure 5), a change likely reflecting the shift in the regional distribution of the child labour population towards Africa, where agricultural child labour predominates (ILO, 2017[4]).

Cross-regional differences in the distribution of child labour across economic sectors are large, however. In 2016, the relative importance of agriculture was highest in Africa (85%) and at 77% in Eastern Europe and Central Asia (ILO, 2017). In the other regions child labour is more varied even if agriculture still remains the largest sector with child labour: for instance, 35% of child labour is located in services in the Americas, and industry and services each represent more than a fifth of child labour in Asia and the Pacific.

Figure 5. Agriculture accounts for the largest share of child labour

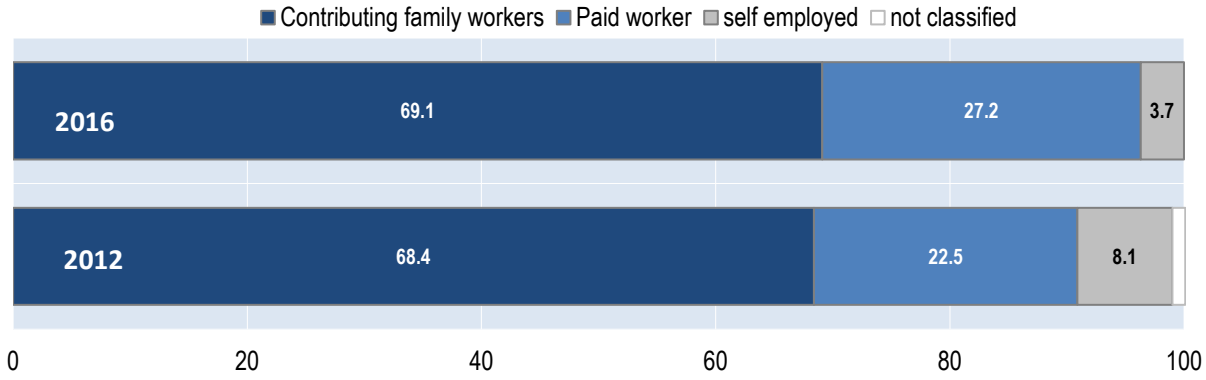


Source: ILO Global Child Labour Trends 2008-2012 and 2016 Global Estimates of Child Labour Report. In 2012, the total does not add up to 100% because 1.9% of child labour is not categorised.

Most child labour takes place within the family unit (and does not involve a third-party employer): more than two-thirds of all children involved in child labour contribute to family work, while paid employment and own-account workers make up 27% and 4%, respectively, of children in child labour (Figure 6).

Figure 6. More than two thirds of children in child labour are family workers

Percentage of all child labour.



Source: ILO Global Child Labour Trends 2008-2012 and 2016 Global Estimates of Child Labour Report.

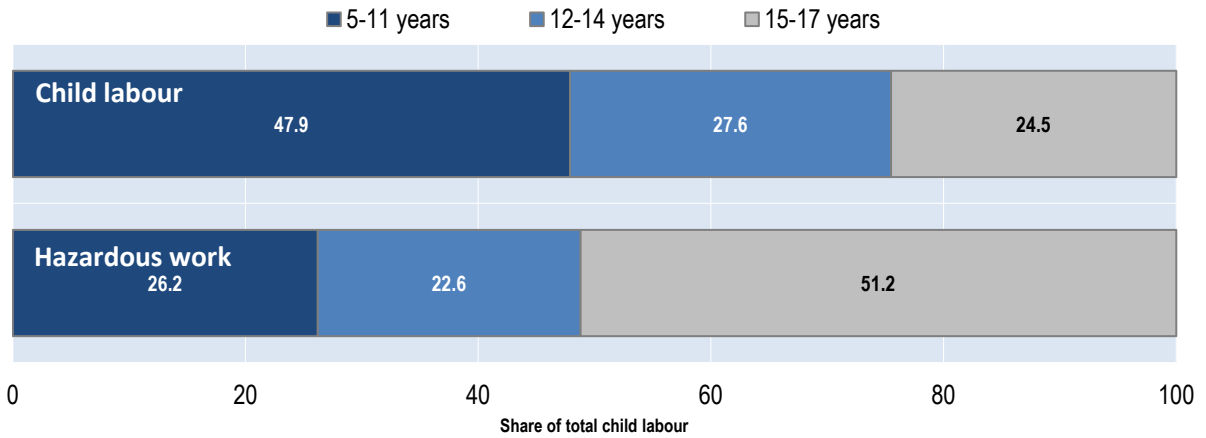
1.2.3. Almost one in two working children is under 12 years of age

Nearly 1 out of every 2 children in child labour are below the age of 12, and this age group makes up a quarter of those enrolled in hazardous work (Figure 7). Most of the progress in reducing child labour since 2012 concerned children age 15-17 (-10 million children) and children aged 12-14; –5.5 million children), while no significant progress was made for younger children (ILO, 2017[4]).

In 2016, half of children in hazardous work were aged 15 to 17 years, but the other half were not yet 15 years of age. The very large majority of children aged 5-11 years (83%) in child labour work in agriculture, but the relative importance of agriculture diminishes as children grow older and 15-17 year old children in child labour are shared equally between agriculture (49%), and services and industry (ILO, 2017[4]).

Figure 7. Half of children in child labour are aged 5 to 11 years

Percentage distribution of children in child labour and hazardous work by age group.



Source: ILO Global Child Labour Trends 2008-2012 and 2016 Global Estimates of Child Labour Report.

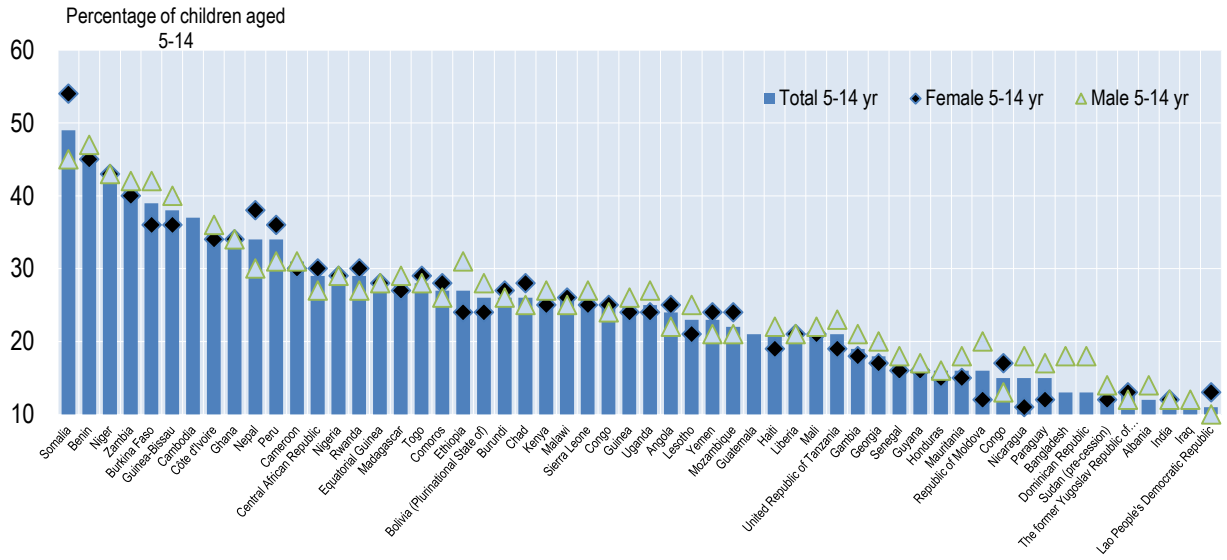
1.2.4. Gender differences in child labour

More boys (88 million) than girls (64 million) were in child labour in 2016, and 17 million more boys (44 million) than girls (27 million) are in hazardous work. The gender gap also increases with age. The difference in child labour prevalence is less than one percentage point for 5–11 year olds, rising to three percentage points for 12–14 year olds and to five percentage points for 15–17 year olds. However, these statistics need to be interpreted with care since girls are more likely to be engaged in unpaid household services which are less visible and often under-reported in child labour statistics – note that household chores are not covered by the estimates of child labour (Box 2).

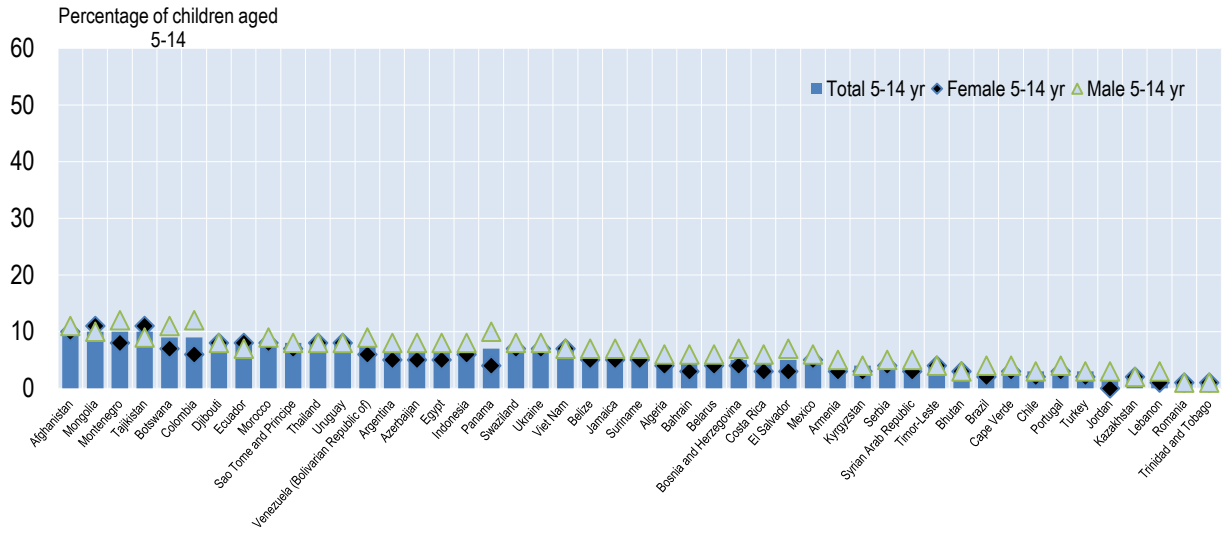
These caveats notwithstanding, differences in the percentage of boys and girls affected by child labour are pretty small in all countries (Figure 8). Typically the proportion of boys in child labour is slightly higher than those of girls; but occasionally more girls are involved in child labour, as, for instance, in Somalia, Nepal, Peru, Chad, Angola, Yemen, Mozambique and Congo.

Figure 8. Cross-country variations in the incidence of child labour

Incidence of child labour %, among aged 5-14 years old, latest year available after 2000



(continued)



Source: UN data, United Nations Children's Fund: The State of the World's Children, estimated from UN Demographic and Health Surveys (DHS), Multiple Indicator Cluster Surveys (MICS) and other national surveys.

Box 3. Children's involvement in household chores

Unpaid household services, or household chores, refer to activities that are performed for and within one's own household such as caring for siblings or sick, infirm, disabled, and/or elderly household members; cleaning and carrying out minor household repairs; shopping, cooking and serving meals; washing and ironing clothes; and transporting or accompanying family members to and from work and school (ILO, 2017[4]).

Recent estimates of children's involvement in household chores indicate that 800 million children aged 5–17 years spend at least some time each week performing chores for their households. Girls are much more likely than boys to perform household chores at every age range: 55% of children performing household chores are female.

There are 54 million children aged 5–14 years who perform household chores for at least 21 hours per week, the threshold beyond which initial research suggests household chores begin to negatively impact on the ability of children to attend and benefit from school (Lyon, Ranzani and Rosati, 2013[6]). Girls account for 34 million of this group, or about two-thirds of the total. Nearly 7 million of those performing household chores in this age range do so for extremely long hours – 43 or greater – each week; again, two-thirds of these are girls.

1.2.5. Forced labour

"Forced labour'' under international standards means all work or service which is exacted from any person under the menace of any penalty for its non-performance and for which the worker does not offer himself voluntarily, including indentured labour (ILO and Walf Free Foundation, 2017[7]; ILO and US DoL, 2016[8]). A forced labour situation is determined by the nature of the relationship between a worker and an "employer" and not by the type of activity performed, however arduous or hazardous the conditions of work may be, nor by its legality or illegality under national law[1].

Forced labour of children takes two predominant forms. It can result from their guardians themselves being in forced labour, in which case the children work with their parents for the same employer. Or the children may be in forced labour on their own as a result of trafficking (Box 3), deceptive recruitment, or coercive means used by their direct employer. In the former case, parents are more likely to be aware of their children's situation and working conditions. In the latter case, parents are less likely to be aware, as with children who migrate alone or are trafficked into forced labour.

Three main categories of forced labour can be considered:

- Forced labour exploitation, imposed by private agents for labour exploitation, including bonded labour, forced domestic work, and work imposed in the context of slavery and slavery-like practices[2].
- All forms of commercial sexual exploitation of children. This encompasses the use, procuring, or offering of children for prostitution or pornography.
- State-imposed forced labour, including work exacted by the public authorities, military, or paramilitary, paramilitary, compulsory participation in public works, and forced prison labour.

According to the 2016 Global Estimates of Modern Slavery, there were about 4.3 million children aged below 18 years in forced labour, representing 18% of the 24.8 million total forced labour victims across the world. This estimate includes 1 million children in commercial sexual exploitation (i.e. 21% of the victims of forced sexual exploitation), 3 million children in forced labour for other forms of labour exploitation, and 300,000 children in forced labour imposed by state authorities (7% of people forced to work by state authorities).

[1] ''Forced labour'' includes work provided or obtained by force, fraud or coercion, including: (1) by threats of serious harm to, or physical restraint against any person; (2) by means of any scheme, plan or pattern intended to cause the person to believe that, if the person did not perform such labour or services, that person or another person would suffer serious harm or physical restraint; or (3) by means of the abuse or threatened abuse of law or the legal process. The coercion may take place during the child's recruitment to force the child or his or her parents to accept the job or, once the child is working, to force him or her to do tasks that were not part of what was agreed to at the time of recruitment or to prevent the child from leaving the work.

[2] The concept of slavery-like practices was first addressed in international law in 1956 as a supplement to the earlier Slavery Convention, covering a range of institutions and practices similar to slavery, including debt bondage, serfdom, and forced marriage.

Box 4. Child Trafficking

The United Nations Convention against Transnational Organized Crime, adopted in November 2000, is the main international instrument in the fight against transnational organised crime. The Convention is further supplemented by three Protocols, which target specific areas and manifestations of organized crime.

The Protocol to "Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children" is the first global legally binding instrument with an agreed definition on trafficking in persons. The intention of this protocol is to facilitate convergence in national approaches with regard to the establishment of domestic criminal offences, to promote international cooperation in investigating and prosecuting trafficking in person's cases, and to protect and assist the victims of trafficking. Human trafficking is defined as the recruitment, transportation, transfer, harbouring, or receipt of persons by means of coercion, abduction, fraud, or deception or for the purpose of exploitation.

Trafficking for sexual exploitation and for forced labour are the most prominently detected forms of exploitation, but trafficking victims can also be exploited in many other ways. For example, there are case histories of victims trafficked to be used as beggars, for forced or sham marriages, benefit fraud, production of pornography or for organ removal.

UNDOC (2016) reports that children comprised 28 per cent of detected victims of trafficking, but in in Sub-Saharan Africa, Central America and the Caribbean, a majority of the detected victims are children. There are also clear regional differences with regard to the sex of detected child victims. Countries in Sub-Saharan Africa detect more boys than girls, which seems to be connected with the large shares of trafficking for forced labour, child soldiers (in conflict areas) and begging reported in that region. In Central America and the Caribbean and South America, on the other hand, girls make up a large share of the detected victims, which could be related to the fact that trafficking for sexual exploitation is the most frequently detected form there.

Migration increases vulnerability to human trafficking and exploitation (IOM, 2017[9]; UNODC, 2016[10]). Irregular migrants, for instance, may be subjected to kidnap and ransom demands, extortion, physical violence, sexual abuse, and to forced labour. Children are also victims of this situation. For instance, findings from a recent report by UNICEF and (IOM, 2017[9]) sheds light on the risks of trafficking and exploitation among children and youth on the move across the Mediterranean Sea.

Conflicts create favourable conditions for trafficking in persons, including children (UNODC, 2016[10]). Armed groups recruit children for the purpose of using them as combatants or to force them to labour. While girls tend to be trafficked for marriages and sexual slavery, boys are typically exploited in forced labour in the mining sector, as porters, soldiers and servants.

1.2.6. Child labour exists in high income countries

Child labour also exist in high-income countries, although there is no recent statistical data to estimate how many children are concerned. For example, it is quite common for children to help their parents in the family business, particularly in the agricultural sector, where parents often see a lot of benefits to expose their children to farm work. These perceived benefits include: meeting the family's needs for childcare and family time; building work ethic, responsibility and pride; and the positive impacts of involvement in the family's agricultural heritage (Elliot et al., 2018[11]).

Where available, data on children doing farm work are partial. For example, in the United States, it is estimated that 600 000 to 700 000 children or adolescents under 20 years of age performed farm work in 2014; but there is little information available on the type of work performed at different ages and its compliance with laws and standards adopted to combat child labour. However, Human Rights Watch (2010[12]) study showed that children labouring for hire on farms routinely work more than 10 hours per day, and they typically make less money than the minimum wage.

In addition, children doing farm work are particularly vulnerable to the injuries that are common in this sector of activity (12 000 youth were injured on farm in 2014 in the United States). Working in this sector involves handling with sharp tools and heavy machinery, being exposed to chemicals, climbing up tall ladders, lugging heavy buckets and sacks, and children get hurt and sometimes they die. As a result, teenagers aged 15 to 17 working on farms are four times more likely to die on the job than teenagers in all other jobs Human Rights Watch (2010[12]). More broadly, the US Department of Labor (2018[13]) reported that in 2016 there were 17 fatal occupational injuries among youth aged 16/17, and 13 fatal occupational injuries among youth below age 16 in the United States.

Working in the tobacco industry is particularly dangerous. For example, Human Rights Watch (2014[14]) reported that nearly three-quarters of the 141 children working in fields of tobacco plants who were interviewed, all aged 7 to 17 years, had serious symptoms of acute nicotine poisoning, or green tobacco sickness, from nicotine being absorbed through the skin while handling tobacco. In response to this situation, USDoL' Wage and Hour Division works with the industry to improve compliance with labour laws and conditions for workers.

Most OECD countries have laws prohibiting child labour below a certain age, and setting limits on the tasks that can be performed by adolescents below age 16, as well as on working hours and time. Nevertheless, many cases of violations of laws on working hours and working time applicable to adolescents are reported US Department of Labor (2018[13]). For example, adolescents can be required to work in the evening or during a school day beyond the limits set by law.

2. Economic Causes and Consequences of Child Labour

Child labour is both an outcome and a cause of persistent poverty. Most working children do so in settings with a great deal of economic insecurity. Sometimes, they help their families meet their basic needs and other times, working children do so because there is no better option available to them. While basic needs concerns should decline with development, some characteristics of economic development, such as in particular technological development requiring skilled labour, favour a gradual reduction of child labour; others, may instead increase the temporary prevalence of child labour. Migration movements and population displacements due to conflict or natural disasters, are also conducive to child labour. While child labour can help poor families triage poverty in the short run, over the long run, it hinders growth potential by affecting the educational attainment and health of working children.

2.1. The Economic Determinants of Child Labour

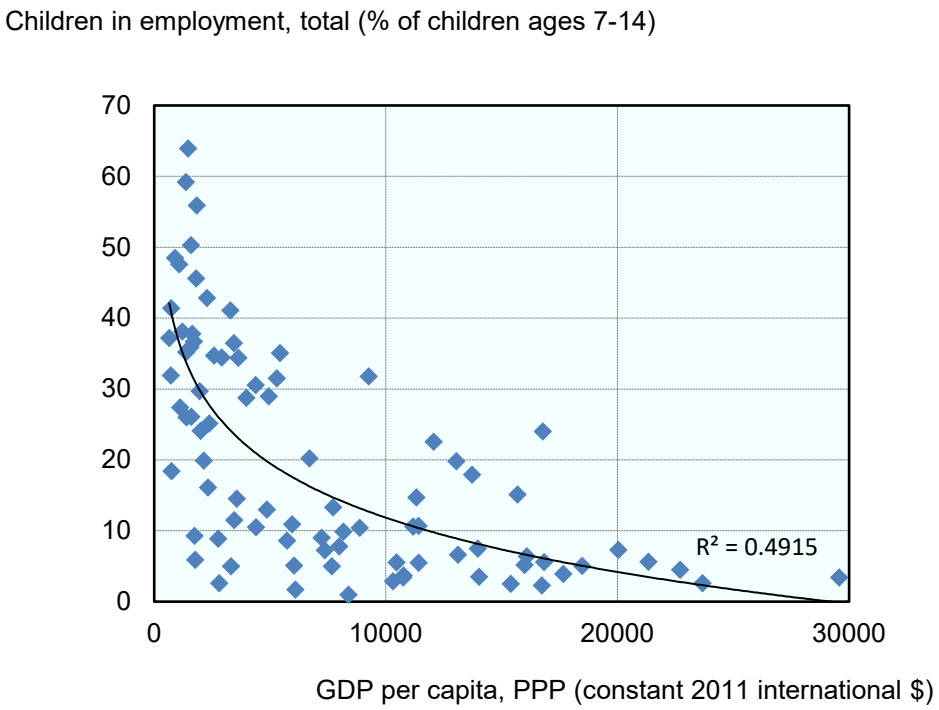
Economic development and the dynamics driving its evolution are important factors that generally tend to reduce both the demand and supply of child labour (section 2.1.1). Several factors are at work to explain this relationship. First, the rise in living standards that stems from economic development and which reduces poverty and the economic need to resort to child labour (section 2.1.2). In the longer term, economic growth generates an increased demand for quality goods produced outside households and thus alters the interest that households may have in having their children work (section 2.1.3). It also modifies the content of work and tends to raise the skill level required, which favours a reduction in the use of child labour (section 2.1.4), as can also facilitate the increase in permanent income due to trade openness (section 2.1.5). However, other factors may instead promote the use of child labour. Child labour can be an important component of how households manage economic insecurity, so factors that increase insecurity can increase child labour among those negatively impacted (section 2.1.6). Migrant children appear also as particularly vulnerable to child labour (section 2.1.7).

2.1.1. Children at work decreases with economic development

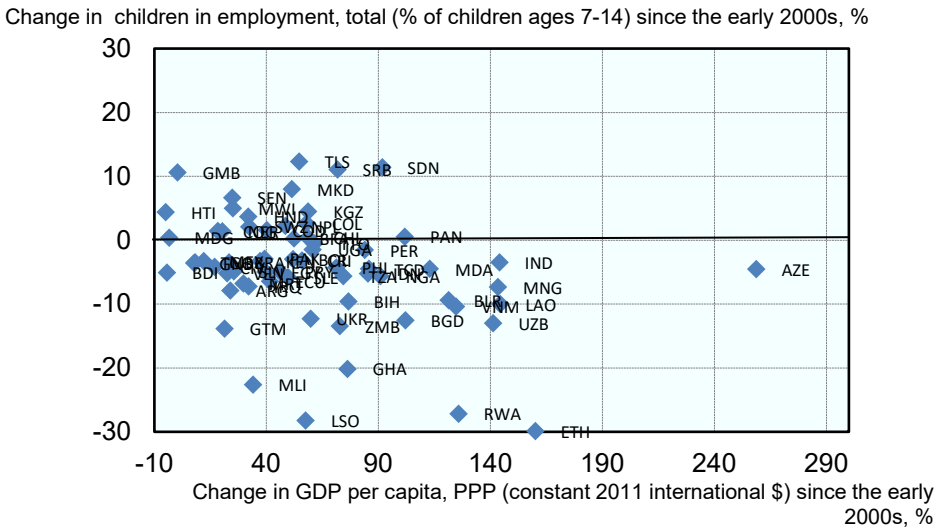
Child labour typically declines as countries industrialise, because employment in the agricultural sector where child labour is concentrated declines. Thus, child employment rates are generally quite low - less than 10% of children aged 7-14 years - in economically more advanced countries (Figure 9 Panel A). Moreover, countries with the strongest economic growth since the early 2000s have all experienced a decline in child employment (Panel B). Nevertheless, there are also a large number of countries with comparatively low levels of GDP per capita and low levels of child employment which suggests that there is a scope for influencing child labour through means other than just economic advancement.

Figure 9. More economically advanced countries have lower child employment rates

Panel A: Association between child employment and countries' income level, latest year available after 2010.



Panel B: Association between trends in child employment and in GDP per capita.



Note: Country labels refer to ISO country codes.
Source: World Development Indicators, World Bank.

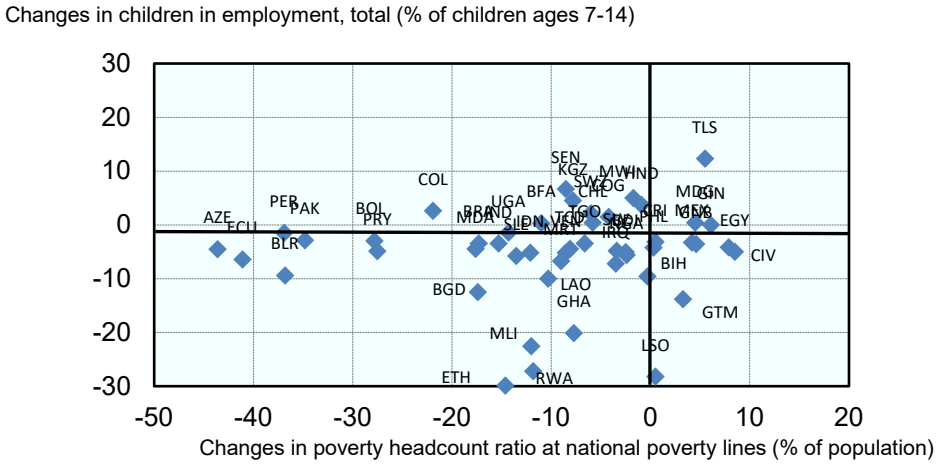
2.1.2. Child employment falls as poverty decreases

One of the main vectors of this association is the improvement of living standards of people experiencing poverty and the reduction of poverty rates induced by economic development over the past decades (Dollar and Kraay, 2002[15]; Ravallion, 2016[16]; Bourguignon, 2015[17]). It is therefore not surprising that most countries showing a decrease in poverty rates since the early 2000s also experienced a decrease in child employment (Figure 10 Panel A).

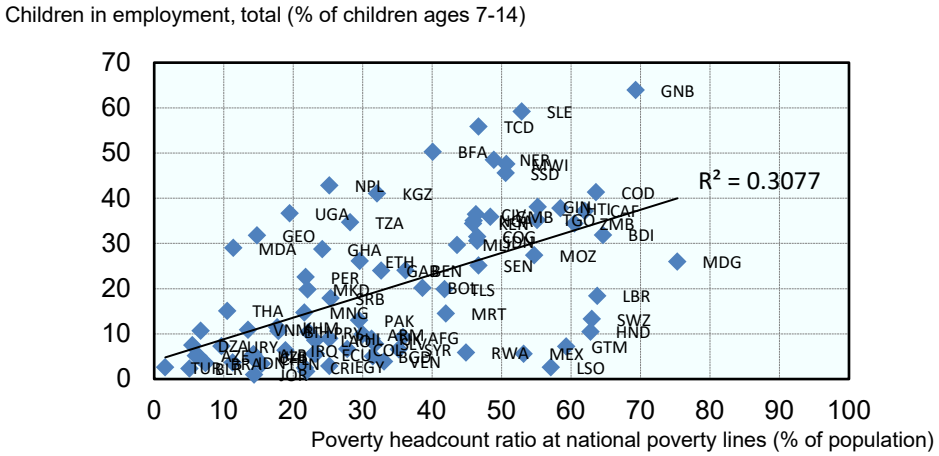
Overall, the employment rate for children is higher in countries where national poverty rates are also higher (Figure 10, Panel B), and the correlation is slightly stronger when set off against a poverty measure that includes other factors than income, such as the UN Multidimensional Poverty Index which accounts for aspects of deprivation in education, health and living standards (Panel C).

Figure 10. Child employment is more frequent in countries with higher poverty rates

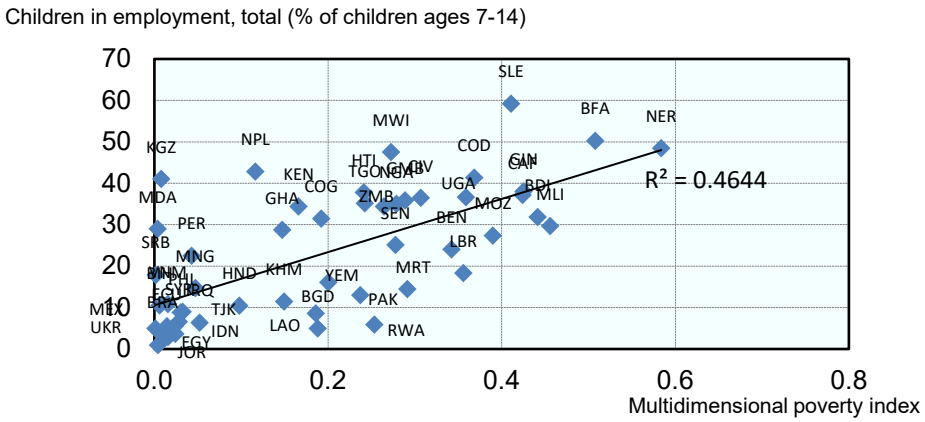
Panel A: changes since the early 2000s



Panel B: Correlation with poverty headcount ratios



Panel C: Correlation with poverty headcount ratios



Note: Country labels refer to ISO country codes.
Source: World Development Indicators, World Bank

The canonical child labour model by (Basu and Pham, 1998[18]) "Economics of Child Labour" helps understand the link between income poverty, the improvement of living standards and children at work. In that model, the absence of child labour in a family is considered as a luxury good for parents, and it is postulated that child labour occurs if and only if parents cannot provide the family with an above subsistence living standard absent child labour. This theory is called the "luxury axiom."

This luxury axiom view of child labour has an empirical foundation. Edmonds (2005[19]) examines Vietnam's halving of child employment in the 1990s. The author finds that the progression of living standards from below to above subsistence levels in Vietnam can account for 80 percent of the decline in child labour. Edmonds & Schady (2012[20]) study the impact of randomised unconditional cash transfers provided to families in the poorest 40 percent of the population. They find a 78 percent reduction in paid work. Because, the transfer is less than child labour foregone earnings, household income declines. The luxury axiom provides a simple explanation for this surprising result. The transfer is enough that, between the transfer and adult income, families can meet their subsistence needs without child labour. Hence, families forego child labour even though that leads to a reduction in total household income.

While subsistence concerns appear to play a critical role in child labour decisions, a large body of research documents other influences on child labour as well. Understanding these studies requires a more nuanced view of the determinants of child labour. To make their decision about whether to use child labour or not, families balance the child's potential economic contribution in each possible activity against alternative uses of child time. Activities vary in their potential economic contribution, but families also may have feelings about the merits of child participation in these activities. Children work when their family's valuation of the child's economic contribution is at least as large as the family's valuation of other uses of child time.

What is the child's potential economic contribution? The working child's primary economic contribution comes through the help the child offers his/her family. Most often, this help is in agriculture, in the family business or in unpaid household services that free up the adult for income-generating pursuits.

Of course, the decision to work does not depend on the potential economic contribution of the child alone. It also depends on the perceived returns to other available activities, such as schooling in particular, and leisure and play which are important components of how children spend their time and are critically important for child development. The perceived returns to these alternatives to child labour will depend on their quality as well as how the household values these activities. For example, as subsistence concerns abate, some families may care more about the quality of their child's schooling such that families choose less child labour even if the quality of that schooling has not changed.

2.1.3. Economic growth, household economic organization and child labour

Economic growth can also change the economic organisation of the household and in so doing influence child time allocation.

Growth expands the extent of the market. This might arise because households demand more market goods as they grow richer, overcoming transport costs, or because households demand a higher quality good than can be produced inside the home (Locay, 1990[21]; Goodfriend et al., 1995[22]; Kelly, 1997[23]). This reduces child labour inside the home by the accompanying decrease in demand for home produced goods.

Households also specialise with growth. The effect of this specialisation on child labour is ambiguous and dependent on how the family values the alternative use of a child's time outside of work such as schooling in particular. Fafchamps & Shilpi (2005[24]) provide some evidence of such a specialisation process by comparing areas in Nepal that differ in their urbanisation. Household specialisation increases with proximity to urban areas increases, and Fafchamps & Wahba (2006[25]) argue that children are more likely to attend school and not work as specialisation increases with urban proximity. While work in the household is reduced with urban proximity, there is a rise in children's work outside of the household. However, this latter is not enough to offset the total decline in hours worked in this Nepali example.

Growth in the extent of the market can also bring in new technologies that might increase child labour by increasing the value of labour's time in production. For example, net irrigation technologies might increase the value of child time in production in home. A sewing machine might increase the value of child time spinning repairing clothes. Given that wage child labour is rare in most poor countries, these increased opportunities for productive activities within the home can increase child labour (Turk and Edmonds, 2002[26]). Of course, some types of assets are more conducive to child involvement than others. For instance, Cockburn & Dostie (2007[27]) observe that children in Ethiopian families are more likely to work on the farm when there is small livestock present than large livestock.

The living standard of families who own productive assets is also a key parameter of the use of child labour. A study from North India (Basu, Das and Dutta, 2010[28]) documents that the relationship between family landholdings and child labour follows an inverted U-shape. Poor children work more as their family adds productive assets. This has been called the "Wealth Paradox" by some, but it is no paradox. More productive opportunities lead to more work, but Basu et al document in their Indian data that as basic needs are met, child labour declines because of the income brought by these productive assets as the family becomes sufficiently wealthy to avoid child labour.

2.1.4. Development decreases the demand of child labour

Economic growth brings about technological and industrial change that alters the types of goods produced, the methods of production and the skills required to produce which all shape the demand for child labour. Child labour typically declines as countries industrialise, because employment in the agricultural sector where child labour is concentrated declines (Johnston and Mellor, 1961[29]). Moreover, technological advancement linked to the industrialisation of agriculture (e.g. increased mechanisation, the spread of tractors and irrigation pumps) also helps reduce child labour.

More broadly, increase in the demand for skilled workers in production sectors outside agriculture contribute to falling demand for "unskilled" child labour. Similarly, activities that require strength and physical development tend to be relatively difficult for young children. History is filled with examples of industrialisation, the adoption of machine power, and the advancement of new technologies all going hand in hand with economic development, and all seem likely to move the economy away from child labour.

Technological advancement within industries also can contribute to reducing child labour. For example, Brown, Christiansen, & Philips (1992[30]) document technological changes in the U.S. Fruit and Vegetable canning industry that led to adult workers replacing child workers in the industry. Levy (1985[31]) shows a relationship between the mechanisation of Egyptian agriculture and the decline of child labour in cotton. Two important technologies he emphasizes are the spread of tractors and irrigation pumps, the use of which requires skills that children have not acquired.

These profound changes in production patterns do not preclude that economic development may, at least temporarily, increase children's employment opportunities, particularly in fast-growing sector of activities. However, the existing evidence suggests that only transitory earnings opportunities are apt to produce higher (transitory) levels of child labour. For instance, Kruger (2007[32]) studies how child labour responds to fluctuations in coffee prices in Brazil during the 1990s and early 2000s. She finds that during months when coffee prices are unusually high, more children work in coffee producing areas. In her case, children did not appear to be picking beans. Instead, they were helping fill in for their parents in other activities given that parents temporarily increased their work to take advantage of higher coffee prices.

This phenomenon of children working to take advantage of transitory earning opportunities is also apparent in Shah and Steinberg's study of how children respond to transitory rainfall shocks in India (Shah and Steinberg, 2017[33]). They examine how school age children in India between 2004 and 2009 were impacted by rainfall shocks in the current and previous year, where a shock is defined as district total annual rainfall above the 80th percentile or below the 20th percentile of the historical rainfall distribution in that district. They document that rainfall shocks in the current or previous year depress math scores. A rainfall shock in the current year reduces school attendance, and this decline in attendance leads to an increase in dropping out and a decrease in students on track in their grade in the year after the shock. Both the current year and previous year shocks are associated with an increase in child employment which seems to stem from an increase in wages in the labour market.

2.1.5. Trade liberalisation, openness and child labour

Economic growth in recent decades has also been associated with a significant liberalisation of international trade and an increasing openness of developing countries to international trade. The liberalisation of trade has led to higher prices and wages in some sectors, encouraging an increase in child labour to take advantage of the temporary surplus of income that follows the wage increase. In the longer term, international trade openness permanently modifies the general level of prices and wages to which adult labour supply responds first.

A large literature in trade debates the relative importance of trade's influence on firm size, market structure, firm productivity, input choice, technology, and factor (especially skill) intensity, and thereby inequality and returns to education, and any of these can potentially influence child labour through the mechanisms described in the previous sections. That said, while all of these channels are plausible, virtually all of the research on the impact of openness on child labour finds that it reduces child labour by improving living standards (OECD, 2003[34]; Edmonds and Pavcnik, 2006[35]; OECD, 2012[36]). In addition, while child employment appears to be elastic to transitory earnings variation, longer-term changes consistently show that child employment is more responsive to living standards and adult wages than it is to child wages.

Some of the clearest evidence regarding the influence of permanent changes in living standards on child labour comes from studies that explore the link between international trade and child labour. For instance, Edmonds & Pavcnik (2006[35]) examine how Vietnamese households are impacted by the liberalization of rice trade in the 90s. 1 in 5 Vietnamese children were involved in rice production before liberalization. Real rice prices rose dramatically during liberalization, so that child labour was expected to increase to take advantage of the higher prices. Instead, it appears that roughly 1 million fewer children worked as a result of rising rice prices in Vietnam, despite potentially more lucrative employment opportunities. The difference between this evidence from Vietnam and the evidence from Brazil by Kruger (2007[32]) reported above owes to the permanent nature of the rice price changes in Vietnam. In the case of Vietnam, the liberalization led to a *permanent* increase in rice prices and in the income of rice farming families favouring a reduction of child labour. On the contrary, the increase in coffee prices was transitory in Brazil, creating an opportunity for temporary gains more favourable to an increase in child labour.

Similar findings are reported by Cogneau & Jedwab (2012[37]) for Côte d'Ivoire, where child labour is pervasive in the cocoa industry. The state-owned marketing board kept the farm gate price of cocoa well above international prices. In 1989, the government could no longer sustain the price support and reduced farm gate cocoa prices for the first time in 25 years, first by 38 percent in June 1989 then by an additional 20 percent in 1990. A permanent reduction in cocoa prices should have reduced child labour by reducing the value of a child's time spent in cocoa production. Instead, an increase in child labour and a decline in schooling were observed because of the decline in family income.

Similarly, (Edmonds, Pavcnik, & Topalova (2010[38]) study the impact of India's trade liberalization in the 90s. As a condition for an IMF bailout, India agreed to an across the board reduction in tariffs on all traded goods except for cereals and oilseeds. The average tariff declines from 93 percent in 1991 to 30 percent by 1997. This loss of tariff protection in import competing sectors led to substantive changes in the industrial mix of employment as the loss of protection was associated with a decline in formerly protected industries. This changing industrial mix should have changed the employment opportunities open to

children, but again, the only detectable impacts on child employment come through changes in living standards.

These findings from India are mirrored in Kis-Katos, Sparrow, Kis-Katos, & Sparrow (2011[39]) study of child labour in Indonesia's trade liberalization. Indonesia's accession to the WTO necessitated a major reduction in its tariff barriers. Average import tariffs declined from 17 percent in 1993 to 7 percent in 2002. Like in India, these declines in tariffs should have led to changes in the employment opportunities, but Kis-Katos and Sparrow found that the dominant effect of the tariff reduction works through changes in family income. Interestingly, while in India poor families were hurt by the loss of tariff protection and thereby child employment increased, the poor in Indonesia were helped by the decline in prices on imports they consumed and largely did not work. Hence, the tariff decline in Indonesia raised the incomes of those most vulnerable to child labour and thereby decreased child employment.

The impact of trade liberalization on child labour in these examples from Vietnam, Cote d'Ivoire, India, and Indonesia all highlight that the impact of trade liberalization on child labour depends on the impact of the liberalization on the living standards of the poor, who are most vulnerable to child labour. Sometimes this can discourage child labour as seems to have happened in Vietnam and Indonesia. Other times, when poor families are hurt by liberalizations such as in India and Cote d'Ivoire, children might end up working more. Even though living standards are the dominant influencer for child labour, other factors can still play a role. For example, in Brazil we saw children temporarily work more to take advantage of temporary earnings opportunities.

Recent evidence from Mexico highlights how transitory employment opportunities can have permanent effects on children. Atkin (2016[40]) showed, for instance, that the growth in export sector jobs between 1986 and 2000 in Mexico induced youths to leave school earlier than they would have done if the jobs had never existed. For every 10 new jobs created, he finds that one student drops out of school at Grade 9 rather than at Grade 12. These maquiladora type assembly jobs are exciting opportunities and better than the typical jobs available in late adolescence in Mexico. However, they have flat earnings profiles such that what looks like a fabulous job to a 16 year old looks much less exciting when that 16 year old becomes 26.

This evidence from Mexico suggests an impact of new plant openings at ages above 15 has no apparent effect on younger children. This absence of an effect on younger children may stem from education and age requirements for these jobs. In a country setting where the education requirements for new jobs are above typical schooling levels, the same treatment (new export oriented manufacturing openings) could increase schooling and decrease child labour. Again, as with the income driven evidence above, we observe that the effect of globalization and trade on child labour will depend on context. Given all this heterogeneity, it is not surprising to find an apparently weak association between trade openness and child labour beyond each's association with income (Edmonds and Pavcnik, 2006[35])[3], as well as no clear association between the degree of trade openness and national employment rates of children aged 7 to 14 (Figure A1).

[3] There appears to be no direct link between trade openness and increasing child labour rates, while there is some evidence to suggest that the opposite is true. For example, Edmonds and Pavcnik (2006) found that 1% of increased openness reduced child labour by 0.7%, an effect primarily achieved through income growth.

2.1.6. Child employment as economic protection

Economic shocks affecting especially poor households are another driver of child labour. This is all the more important as there is more volatility in the lives of the world's poor who face more frequent economic shocks than the rest of the population with severe consequences on their living standards. While there are many mechanisms used by the world's poor to buffer income shocks, they do not perfectly insure consumption against income risk (Dercon, 2002[41]), especially the poorest of the poor (Jalan and Ravallion, 1999[42]). For this reason, child paid work is often an important component of how households manage negative economic shocks. For instance, in studying how Indian families deal with unanticipated rainfall shortfalls, Jacoby & Skoufias (1997[43]) found that families self-insure by varying child employment and school attendance. A similar study conducted in Tanzania found a significant increase in child employment in households that report experiencing a crop shock, this shock being larger among households with fewer assets (Beegle, Dehejia and Gatti, 2006[44]).

Insurance failures and child labour are not just interconnected in rural agrarian societies. Using data from urban Brazil, Duryea, Lam, & Levison (2007[45]) compare households in which the male head becomes unemployed to households in which the head male is continuously employed. An unemployment shock is found to significantly increase the probability that a child enters the labour force (by as much as 60 percent) and to decrease the probability that a child attends school. No change in labour supply of other family members is observed in anticipation of shocks, which suggest that the child's labour supply in part compensates for the lack of unemployment insurance. Even when the net economic contribution of the working child is small, it may be important to the welfare of a poor family, and transitory child employment may be an important component of how families respond to transitory negative shocks.

2.1.7. Migration and Child Labour

Migration, whether it is between communities or between countries, changes living standards and economic opportunities in "left behind communities". As such, it can lead to changes in child labour through all of the mechanisms discussed above. A distinction must be made between migration by adults and migration by children.

The migration of adults alone can affect child labour through migration's effect on family living standards, on the economic organization of the household, and on who makes decisions in the household.

The impact of adult migration on living standards can come through the additional freed up consumption (there are fewer mouths to feed) or through remittances. Yang (2008[46]) for example studied how Filipino households react to changes in remittance flows during the 1997 Asian Financial Crisis. When an international migrant works in a foreign country, the value of remittances to the left behind household depends on the amount of money sent and exchange rates. In the Asian Financial Crisis, the value of remittances changed in difficult to anticipate ways because of unanticipated exchange rate movements. Yang showed that households that benefited from the exchange rate movements, in the sense that remittances became surprisingly larger in Philippine Pesos, use the additional income to invest in capital intensive home enterprises and that this is associated with reduced child labour and more education.

While remittance income can change the economic organization of the household like in this Philippine case, the out migration of an adult member can directly change the economic

organization of the household because of the change in available labour. Whether this increases or decreases child labour depends on whether a change in the economic organization of the household increases or decreases the value of the child's labour, whether the change increases or decreases income, and how the effect of income weighs against the changes in the value of child time.

Migration can also change who participates in family decisions if out migrants are less engaged in important decisions about children. If adults vary in their preferences over how children should spend their time and what should be spent on children, then changes in household composition itself can lead to changes in child labour. While there is some suggestive evidence that men and women might have different preferences vis-à-vis child labour, the literature is too small to draw broad, generalizable conclusions about differences in preferences related to child time allocation by gender.

The situation is obviously different for children who migrate for work without their family support system. They may migrate with others, including employers, community members, or an employment agent but still can be labelled as making an "independent" migration. In this situation, children migrate for work for the same reasons that they enter child labour in the first place, i.e. to ensure that family members get a subsistence income. For this reason, child migrants most often come from households and communities that offer little in the way of economic opportunities. Ford & Hosegood (2005[47]), for example, study child migration from a rural district of a province in South Africa, and find that children in households with more assets are less likely to migrate. Punch (2002[48]) study of youth migration in rural Bolivia and Erulkar, Mekbib, Simie, & Gulema (2006[49]) study of adolescents in slum areas of Addis Ababa both emphasize the lack of employment opportunities and lower wages in origins as one of the main reasons for child migration for work.

The relative opportunities in destination areas also matter, and hope for higher wages and a brighter future is important in the decision to leave home. Bastia (2005[50]) documents the use of lies and deceit by recruiters to rural Bolivian children in order to persuade them to migrate to urban centres or to Argentina. Pearson, Punpuing, Jampaklay, Kittisuksathit, & Prohmmo (2006[51]) also documents that children often migrate to urban Thailand in hopes of better jobs but often end up with worse jobs than in the country of origin.

Why would employers want to hire independent child migrants? Independent child labour migrants might be a perfect substitute for other types of child labour. In that sense, employers could be indifferent to whether the child is an independent migrant: they are just hiring labour. Alternatively, independence might make independent child migrants less costly and easier to exploit. Their status as migrants might make them less expensive, because employers can offer services that it would be more costly for the child to acquire on their own (security, housing) and the migrant values location specific amenities.

Box 5. Child domestic workers

A child domestic worker is a child under 18 who performs domestic chores in his/her employer's household with or without remuneration. Domestics can be boys and girls, although there is substantive sex typing of tasks. For example, studies observe male domestics tending gardens or livestock with girls focused inside the home.

Domestics often live in their employer's house and work within the premises of the house. Child residency in their place of employment is especially common for independent child migrant domestics. Employers commonly reference the need to shelter the domestic from the dangers of urban life as a reason for confining the domestic to their worksite.

In terms of motive for becoming a domestic, studies typically report that the child became a domestic at a parent's request. Sharma, Thakurathi, Sapkota, Devkota, & Rimal (2001[52]) report that 82 percent of domestics in Nepal answer that the decision to become a domestic was made by their parents. When asked about motives, respondents usually mention the primacy of poverty related concerns. However, a significant proportion of child domestic labour mention the possibility of better schooling as one of the reasons for their decision to work as a domestic worker (for example KC, ubedi, Gurung, & Adhikari (2002[53]).

Why are children employed as domestics? Domestic tasks are not ones where there is clearly a "nimble fingers" comparative advantage story for child labour. In a study in Bangladesh, ACPR (2006[54]) reported that 80 percent of the employers of child domestic workers in Bangladesh indicated that domestics were easier to deal with than adults. 13 percent reported that children were less expensive. The fact that domestics are often independent child migrants as well suggests that something about the provision of food, shelter and the employer's location in urban areas might be valuable to the person deciding to send the child work as a domestic.

In sum, many elements of economic growth (poverty reduction, increased scope of market goods, increased demand for skilled labour) contribute to the reduction of child labour. However, the impact of growth depends on the country's level of advancement, its technological development and the characteristics of the local environment in terms of infrastructure, transport and degree of urbanization, which make it more of less possible for households to move away from the family economy in order to raise their standard of living.

2.2. What is the economic impact of child labour?

For children, working is not neutral on their personal trajectory as it has an effect on their academic level, their health, and more generally their development of competences (section 2.2.1). It also has consequences for other family members (section 2.2.2), and more generally for the economy as a whole (section 2.2.3).

2.2.1. The impact of work on child outcomes

2.2.1.1 Educational outcomes

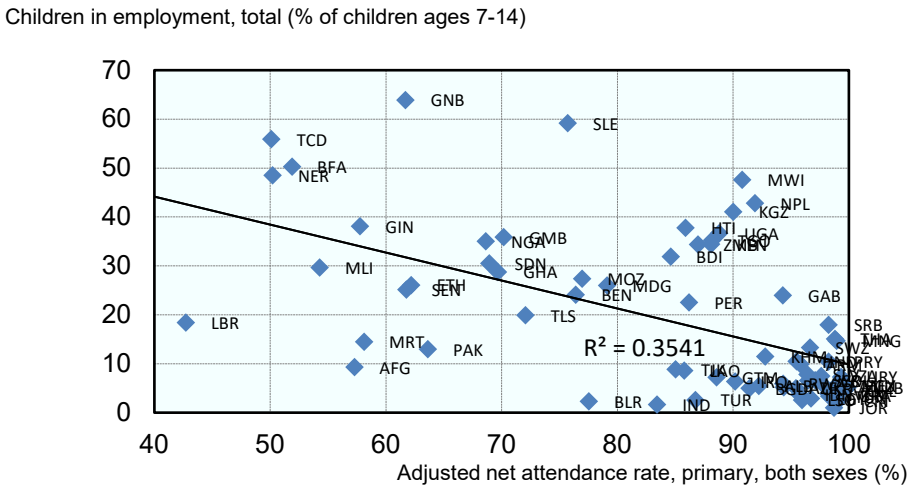
Working children by definition have less time available than the others for play, rest, and especially for school. Although more than two thirds (69%) of children aged 5-14 in child labour combine labour and some school attendance, almost one third do not attend school (ILO, 2017[4]). Figure 11 shows that the attendance rate in primary school is often low in countries with high rates of child employment. By contrast, almost all countries with low employment rates of children show attendance rates that are above 80% (Panel A).

Some work is more difficult to combine with school than others. For instance, DeGraff, Ferro, & Levison (2016[55]) document that children in hazardous occupations in Brazil are especially unlikely to combine work with schooling. This may owe to differences in hours worked, side effects of the work, or it may reflect selection in who participates in hazardous activities.

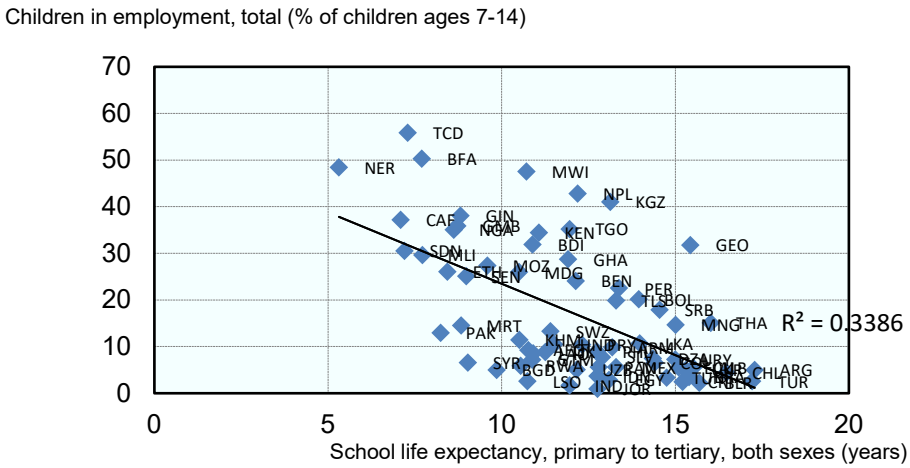
School life expectancy, which measures the average length of schooling, is also much lower in countries where child employment is widespread, and there is a significant negative correlation between the two measures (Panel B). The trade-off between child employment and schooling is also shown by the negative association between child employment and school completion rates (Figure A1).

Figure 11. School life expectancy is higher when child employment is low

Panel A: Association between child employment and school attendance rates, latest year available after 2010.



Panel B: Association between child employment and school life expectancy.



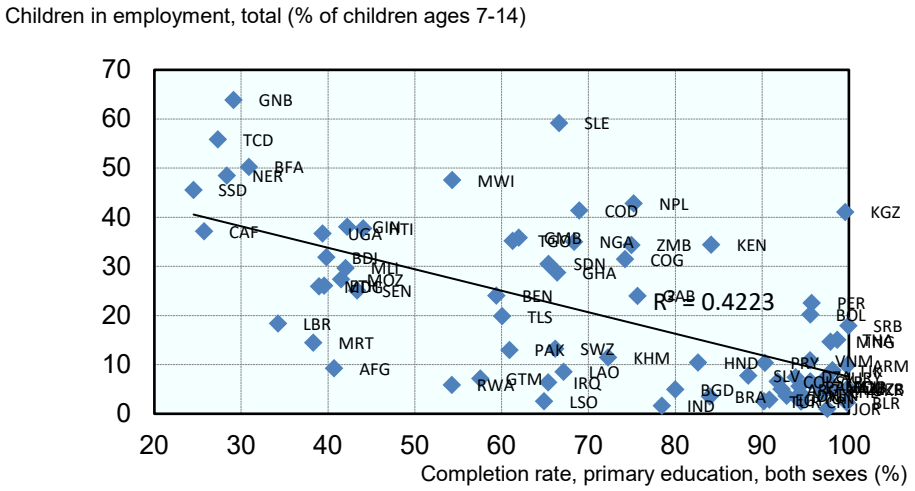
Note: Country labels refer to ISO country codes
Source: World Development Indicators, World Bank, data on school life expectancy and attendance rates are from Unesco Education Database: http://data.uis.unesco.org/

Work and school attendance are not always conflicting and in some contexts, children may actually work to attend school. de Hoop, Friedman, Kandpal, & Rosati (2019[56]) document a curious pattern in the Philippines where a cash transfer with a soft schooling nudge is associated with increases in schooling and increases in child labour. The authors argue that the transfer does not fully cover the costs of schooling, and that children work to cover the remaining costs of their education. Given low wages, children would have no hope on their own of affording their schooling, but they can top off the amount not covered by the transfer. Of course, the fact that some children work to attend school, does not imply that this work is not costly to the child's human capital development.

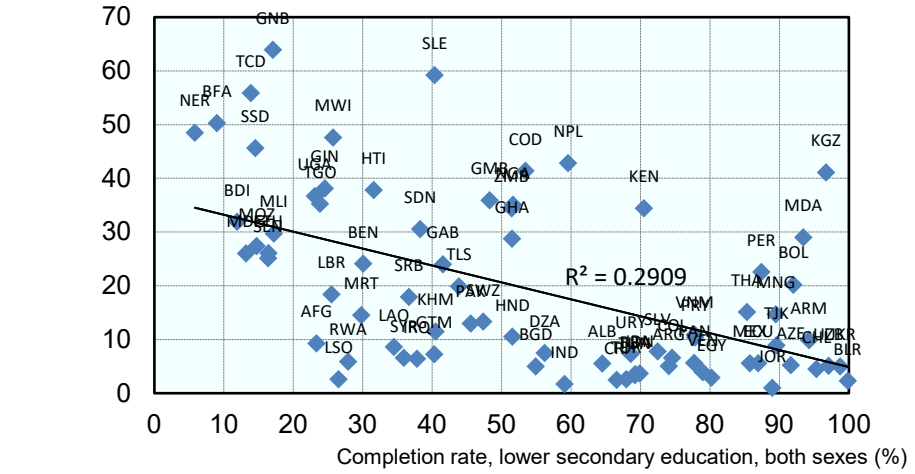
School grade completion is also affected by employment, with working children being more likely to leave school early. Countries with highest child employment rates have comparatively low completion rates (Figure A1). However, there is no simple relation and several countries with low child employment also show rather low completion ratios.

Figure 12. Grade completion is higher when child employment is low

Panel A: Association between child employment and primary education completion rates, latest year available after 2010



Panel B: Association between child employment and secondary education completion rates



Note: Country labels refer to ISO country codes
Source: World Development Indicators, World Bank and Unesco Education Database: http://data.uis.unesco.org/

There is also a strong negative association between school test scores and child employment, even for the most common forms of work. Beyond its impact on attendance, work reduces the child's time available for study and the child's capacity to devote attention to school or homework. Some of the most compelling evidence on this comes from Brazil, where Emerson, Ponczek, & Souza (2017[57]) compares test scores between children who started working while still attending school which are lower than those of children who did not work; the working child's lower test scores are equivalent to one quarter to three fifths of a year less knowledge accumulation than the child who did not start working.

Perhaps as a result of reduced test scores and disruptions to school attendance, working children tend to have substantially diminished school progression. For instance, Ray (2002[58]) observes that an additional hour of wage work in Ghana is associated with more than a year's less completed educational attainment. Similarly, Psacharopoulos (1997[59]) notes that children in wage work in Bolivia complete nearly a year less schooling than non-working children. The author also pointed out that working children in Venezuela have almost two years less attainment than their non-working counterparts. More recent evidence from Buonomo Zabaleta (2011[60]) documented that students who work more 3 hours a day while attending school in Nicaragua are more likely to have failed a school grade after a three year period. In her Nicaraguan data, a standard deviation increase in hours work is associated with a 27 percent decline in educational attainment. All this evidence suggests that the more prevalent child labour in a country, the less educated its future workers will be.

2.2.1.2. Health outcomes

Good health acquired during the years of childhood and adolescence are important determinants of health in adulthood and of life-long labour market outcomes of individuals (OECD, 2018[61]). Child labour can then have lifelong consequences since the long-term health status of adults appears to be impaired by working when young.

There are at least two basic classes of mechanisms through which a child's labour status may influence adult health. First, physical injury at work may lead to health problems that survive into adulthood. The injuries may be immediately evident to the child (e.g. a broken foot) or may take years to become evident (e.g. exposure to toxins). Second, psychological stress or trauma at work in childhood may lead to health problems in adulthood. Speculation about this second mechanism owes to the psychology literature that shows a strong correlation between stress in childhood and the persistence of mental disorders- such as depression, anxiety, panic disorders, and schizophrenia- or even health problems such as diabetes, heart disease, and immune disorders (Heim and Nemeroff, 2001[62]).

The most compelling evidence on a link between employment while young and long-term negative health consequences is from Brazil. Kassouf, McKee, & Mossialos (2001[63]) observed that individuals who start work earlier have worse self-reported health status as adults. Lee & Orazem (2010[64]) show that some of the worse self-reported health status owes to back problems, arthritis, and reduced strength and stamina in adulthood. Why do working children experience worse health status as adults? Emerson & Souza (2011[65]) showed that the impact of child employment on adult health cannot be explained by the fact that child labourers have worse education. Lee and Orazem (2010[64]) argued that the health problems they document are all plausibly related to chronic problems induced by working too early in child development.

Child labourers face higher risks of psychological distress (ILO, 2011[66]). In particular, long hours of work, heavy responsibilities and lack of social support and of positive social interaction have far-reaching negative effects on their emotional and moral development. Regular employment or work deprives children of the time and opportunity to go through normal development at the most critical stage of life.

2.2.1.3 Child Labour and Skill Accumulation

One frequent argument for child labour is that working children learn valuable skills. They do, but the critical question concerns the counterfactual use of their time spent working. The fact that something positive comes out of working does not imply that the net return to

working is positive, because working also has a cost. Given the evidence surveyed above on the impact of working while young on health and education, the body of evidence implies that the skills children learn from working are not as valuable as what they give up.

The loss of opportunities induced by child labour is illustrated, for example, by Atkin (2016[40])'s study of the impact of new manufacturing employment opportunities on schooling in Mexico discussed above. Students drop out of school to take new jobs in Maquiladoras. These new jobs pay better at 17 than do other jobs. However, their earnings profiles are flat. Hence while they pay well at 17, they do not pay as well as students would eventually get paid if they had stayed in school. If they had stayed in school, the Mexican youths would have earned less initially but entered jobs with a steeper wage growth trajectory such that by their mid-20s, students would be earning measurably more if they had stayed in school than they will earn by dropping out early for the manufacturing job.

Similar evidence is reported by Beegle, Dehejia, & Gatti (2009[67]) who found that Vietnamese children who started working at young ages earn higher wages than children who did not have that experience premium. But these child labourers end up with less education, and their earnings are quickly surpassed by their more educated peers in their late teens.

In short, child labourers are disadvantaged in their youth in ways that lead to reduced education and diminished physical and mental health. Hence, when they become adults, they will be poorer than their peers who did not work as children. Because children are almost universally unskilled, they start in unskilled occupations with low wages. This poor start tends to lead to a lifetime in an unskilled occupation with low wages for that worker.

2.2.1.4 Child Labour Breeds Child Labour

Child labour can be passed on from one generation to the next. Several studies document that child labourers are more likely to be parents of child labourers themselves. For instance, Wahba (2006[68]) showed that in Egypt the children of child labourers are 10 percent more likely to be child labourers themselves, holding everything else equal. In Brazil, Emerson & Souza (2003[69]) found that the impact of having a parent who was a child labourer increases the probability that the child works. 88 percent of child labourers in Brazil in 1996 had a father who was a child labour and 62 percent of child labourers had a mother who was a child labourer. Conversely, having a parent who was not a child labourer reduces the probability a child works by about the same amount as adding ten years to the parent's education. These studies tend to associate this perpetuation of child labour as being something about norms: "I worked as a child, so too should my child." There may be something to that, but, as discussed in section 2 child labour responds to small changes in living standards. If norms are relevant here, it seems that they are hardly steadfast, but rather can change quickly with development.

2.2.2. The Impact of Child Labour on Their Families

Child labour not only affects the personal trajectory of those who work; it also affects the well-being of family members, particularly siblings.

2.2.2.1 Family well-being

It is commonplace to hear parents explain participation in child labour as driven by their family's economic needs. At the same time, children tend to get paid very little, and there is a large body of evidence of small nudges leading to large changes in child labour.

How can families depend on the economic contribution of children when children appear to contribute very little and families are seemingly quick to move children out of child labour? The key to reconciling these observations is the idea that there is diminishing marginal utility in income. In very poor families, even small economic contributions can have a powerful impact on the family's sense of wellbeing. For example, for someone living on a dollar a day, an additional 25 cents a day is a 25 percent increase in income.

With diminishing marginal utility of income, poor families put a lot of value on even small economic contributions. But, because those contributions are small, when faced without outside pressures, families can often find alternative ways to replace that income. Hence, families can heavily value their child's economic contribution even though it is small and replaceable.

2.2.2.2 Sibling Spill-overs

Child labour also influences the well-being of siblings, particularly by affecting their own risk of work or their chance to attend school. Several studies document that working children stimulate investments in the human capital of their siblings. For example, Manacorda (2006[70]) studied how differences in child labour laws in the United States in 1920 led to differences in whether a child has a working sibling. Children whose siblings can work legally in their state of residence were found to be themselves more likely to attend school and less likely to work.

Bharadwaj (2013[71]) similarly looked at the impact of Indian child labour laws on the siblings of children whose labour supply is impacted by tightening child labour regulations. Children are found to become more likely to work, especially in agriculture, if their siblings are unable to work legally because of tighter child labour laws.

While both the US and Indian studies document positive "sibling" spill overs from child labour, there is no reason to expect that to be a universal finding. For example, Qian (2009[72]) found in China that having a sibling attending school increases the probability that a child attends school. This may be because of safety concerns, economies of scale in travel costs, or peer pressure. There is a variety of evidence of spill overs in education that could easily imply negative spill overs to education and positive spill overs to work from child labour. Hence, even though the limited evidence of spill overs and child labour seems to imply that children work in place of their siblings, this result is not universal.

2.2.3. The Impact of Child Labour on the Economy

More generally, the high incidence of child labour impacts the economy as a whole. By encouraging unskilled work, slowing the spread of technological advances, child labour has a cost in terms of economic growth and can slow the development of international trade.

2.2.3.1. A depressive effect on wages

A first order of economic cost due to a high level of child labour stems from the pressure that unskilled work exerts on wage dynamics. Children being generally employed in tasks that require little education and specialized training, everything else equal, a country with an abundance of child labour has an abundance of unskilled labour. Unskilled jobs tend to have lower wages, and supply and demand pressures imply that more abundant unskilled labour depresses wages further. Then, a vicious circle could arise from this dynamic since lower adult wages could raise child labour although there is no empirical evidence showing that this mechanism works in practice.

2.2.3.2. Slower technological advancement

Another negative impact of child labour on the economy is caused by the slower diffusion of modern production techniques resulting from the use of unskilled labour. Through its impact on education and labour markets, and because technology and human capital are relative complements (Acemoglu, 2002[73]), child labour reduces incentives for the adoption of new, skill intensive technologies. Hence, child labour deters technological investment if it reduces human capital levels through decreased education.

Even without decreasing education directly, more abundant unskilled labour induces the adoption of production methods that are unfavourable to skill accumulation. For instance, Hornbeck & Naidu (2014[74]) show that the prevalence of unskilled, low-wage black labour in the American South delayed the modernization of agriculture and hindered agricultural development. Further, the technologies that are adopted when unskilled labour is abundant are those complementary to unskilled labour. This trend has a dual effect: it further depresses average wages (Kiley, 1999[75]) and also reduces the efficiency of capital and skilled labour (Caselli and Coleman, 2006[76]). Ultimately, a shortage of skill-intensive technology adoption ends up with deleterious consequence for economic growth (Galor and Weil, 2000[77]).

2.2.3.3. An obstacle to trade development and investment

Finally, the abundance of child labour hinders the development of comparative advantages in sectors most exposed to international trade, which again can hamper growth dynamics.

To the extent that child labour reduces unskilled wages and discourages technological advancement, countries with more child labour should have a comparative advantage in exports that are unskilled and labour intensive. However, this does not necessarily mean that countries with more child labour trade more because of their advantages in low-skilled labour. On the contrary, as mentioned in the previous section, children are typically not directly involved in export production, in particular in agriculture, children are more typically involved in subsistence agriculture than in traded goods, but they are indirectly. Results from a recent effort to combine data sets from the OECD, ILO, IOM and UNICEF show that child labour, is a whole-of-supply chain problem as a substantial part is present in sectors indirectly embodied in exports (Alliance 8.7, 2019[78]).

Increased company due diligence and reporting legislation focused on child labour in global supply chain, investor pressures and civil society advocacy can also reduce the potential competitive advantage of child labour to trade (see section 3.6). For instance, trade may be discouraged if a company is likely to face higher legal, financial or reputational risks due to child labour in their activities or supply chain. Numerous global brands have faced

problems with their public images because of child labour found in their supply chains and in some cases have lost investors as a result (Boersma, Lynch and Schofield, 2014[79]).

The same arguments over the impact of child labour on international trade also extend to foreign direct investment: it can impact child labour through changing relative prices (wages, returns to schooling, and costs of consumption goods) but its impact on family incomes is likely to be the dominant channel through which it changes child time allocation. However, the one important nuance is that FDI might give the importer more control over production in the developing country. As such, the prevalence of child labour in a country could lead foreign companies to keep closer control over their poor country contractors. This risk avoidance strategy might lead to more FDI than would be prevalent in a country with less child labour.

While theoretically possible, the evidence on FDI and child labour is straight-forward. There is no link between FDI and child labour beyond the correlations between each and living standards (Davies and Voy 2009)._

3. Developing an effective anti-child labour policy

Despite significant progress in reducing child labour, much remains to be done to meet the goal of eliminating child labour by 2025. How do we get from where we are now to where we want to be by 2025? There is no single answer to this question, and only the implementation of varied and coherent measures addressing the root causes of child labour and the mobilization of all stakeholders can bring about significant progress.

The multifaceted approach that is required to end child labour includes a legislative framework that identifies reprehensible forms of work, pursues violators and effectively enforces penalties. However, the legal apparatus needs to be complemented by economic, social and educational policies that provide families and children with viable alternatives to child labour. This requires all stakeholders – including governments, public agencies, but also NGOs and community-based organisations as well as companies – to work closely together to make sure these alternatives are accessible to children and their families. In addition, businesses along the value chain should examine the business models in operation in the sector to evaluate if the requirements in place result in a higher risk of children being drawn into the labour force.

This section reviews the most effective measures, initiatives, economic and social strategies and types of collective action to combat child labour. First, continued efforts to further develop the knowledge base and better understand who are children at-risk-of child labour is crucial (section 3.1). The, effective policy packages include legal standards setting minimum age requirements to be able to work and that limit the range of jobs that are accessible to younger children. Laws may have some value even if largely unenforced but to have any hope of making the 2025 goal, they must be accompanied by enforcement and monitoring mechanisms that mobilize a multiplicity of stakeholders (section 3.2). Several other measures aim to encourage the cessation of child labour by making in particular social protection systems more protective against the risks of child labour (section 3.3), and by

making school attendance both more affordable and more profitable (section 3.4), or by improving financial literacy (section 3.5). Companies are also key players in promoting responsible business conduct that prohibits child labour throughout the supply chain (section 3.6).

3.1. Improve the knowledge base

Raising awareness about the existence of child labour and its consequences on children's lives is crucial to promote long term development and combat poverty, and for this countries need to set up an information system that provides reliable information on child labour, its evolution, the risks faced by children in work, its general impact on children, other family members or the whole economy. Good quality information systems are also needed to record child labour cases and monitor the effective implementation of legislation.

The ILO, UNICEF and the World Bank have made enormous progress in providing time consistent data to follow trends in child labour, and to harmonise the definitions used to measure child labour and child employment, and this effort should be sustained. Moreover, the criteria used to statistically identify labouring children have often a loose relation with the legal definition of the reprehensible forms of work which makes it difficult to interpret the observed trends in relation to the policies implemented. Moreover, when countries collect data on child labour, they may use their own definitions that are not in line with existing international standards.

Greater transparency on the comparability of different data sources and their link with legal definitions of child labour is desirable for making clearer interpretation of global trends. Greater regularity in data collection is also needed to ensure these data can be used to monitor progress on a regular basis.

Better data collection is also needed in OECD countries where, as mentioned earlier, there is sparse evidence showing that cases of hazardous work exist in these countries. More systematic and regular data collection on child activities could help countries assess how adolescents in particular combine work at home or in paid employment with school attendance, and technological changes affect the risk of children being exposed to hazardous forms of work. Moreover, as an important part of child labour (particularly for girls) is in household chores, there is a need to better understand its boundaries and the level from which it can no longer be considered a normal contribution to family work. This information is usually missing in general household, employment and/or time/use surveys which usually do not ask about the activities of persons below 16, and only few countries carry out surveys focusing on adolescents on a regular basis.

More in-depth knowledge is also needed on the risks that child labour poses to children's intellectual and psychosocial development. This could be done by including indicators in child labour surveys to measure psychological hazard or children's stress reactions, as for example proposed in (ILO, 2011[66]). Qualitative information on the risks faced by working children of being involved in illicit or criminal activities is also needed to improve the psychosocial support that can be provided. Some studies show that this risk is significant, particularly for child labour in urban areas (Togunde and Carter, 2008[80]).There is also a need for more knowledge on the long-term impact of measures and programmes to combat child labour and those whose impact may be indirect but more far-reaching (Dammert et al., 2018[81]). This knowledge gap hinders the implementation of appropriate responses, but above all it makes it difficult to demonstrate that the money invested is being used effectively, and therefore hinders the raising of additional funds to combat child labour.

3.2. Establish comprehensive child labour monitoring systems

Eliminating child labour requires functioning institutions to establish, enforce and monitor implementation of rules. Laws prohibiting child labour are the essential basis for taking action against the worst forms of child labour. A sound legal and institutional framework is essential to identify reprehensible forms of child labour, pursue perpetrators and effectively enforce penalties. In addition to this, the establishment of standards for working conditions and codes of conduct where child labour is permitted is an important lever for framing practices when children work in the formal sector.

Most countries have ratified all the relevant international conventions and established hazardous work prohibitions in line with international standards (ILO, 2017[82]; US Department of Labor, 2018[13]). In particular, most countries have legislation that totally prohibits child labour below a certain age (generally 12 years of age) and which regulates working conditions for older children in accordance with the principles of ILO Convention C138 on the Minimum Age of Employment and C182 on the Worst Forms of Child Labour as described in Section 1. However, for many governments, developing a legal framework to address child labour in compliance to the ILO conventions remains a challenge and national laws continue to be deficient in key areas. For example, one-third of the 132 countries reviewed on the worst forms of child labour do not have a minimum age for work that is in line with international standards (US Department of Labor, 2018[13]).

The past decade is also marked by changes in the legislative framework for a significant number of countries. Between 2004 and 2014, a total of 59 countries developed, revised, or updated their legislative framework at the national and subnational levels, affecting a total of 194 laws (ILO, 2017[82]). Fifty-seven countries adopted and implemented 279 specific policies, plans, and programmes designed to combat child labour or the worst forms of child labour. Over the same 2004 to 2014 period, the ILO recorded the inclusion of child labour concerns in relevant development, education, social protection, and other social policies and programmes in 46 countries and in 211 policies, plans, and programmes.

Minimum working age laws are an indispensable basis for combating child labour (3.2.1). These laws are particularly necessary to combat the worst forms of child labour although it does not reach the informal sector where child labour is most prevalent. Most countries in the world have decent laws prohibiting child labour and even the worse forms of child labour. However, one of the major challenges is taking policy commitments and laws and making them real. Enforcement mechanisms are needed which means implementing a law, and ensuring that there are adequate and credible follow up mechanisms (3.2.2). Raising awareness of the legislative framework and the risks faced by working children through information campaigns is also an important lever for mobilizing all stakeholders (3.3.3) and to encourage action to be at the community level.

3.2.1. Minimum age legislations and their limits

Minimum age of employment regulations have existed in high income countries since the late nineteenth century. In the United States, the first child labour laws were targeted at manufacturing employment, and efforts to enforce child labour laws followed large reductions in child labour. Minimum age limits in manufacturing in the turn of the 20th century in the U.S. played a minor role in the long run decline in child labour in the U.S (Moehling, Moehling and Carolyn, 1999[83]).

Today's minimum age laws in low income countries differ from historical laws in current high-income countries in three keys ways. First, modern regulations cover a broader range

of economic sectors than did historical laws. Second, modern regulations are generally being adopted in settings where child labour is more prevalent rather than when child labour is almost eliminated. Third, external, international pressure is more involved in the adoption of these regulations. This latter difference leads to substantial consistency across countries in the characteristics of their minimum age regulations and may account for why so few resources are devoted to enforcing newly adopted regulations on child employment.

There is very little evidence that current minimum age of employment regulations are influencing child engagement in paid employment (Edmonds, 2014[84]; Bookman, 2004[85]). Edmonds & Shrestha (2012[86]) examine the impact of laws that restrict the minimum age of employment using data from 59 countries with minimum age of employment laws in place. Minimum age regulations should limit the hours worked of younger children, and therefore effective minimum age regulations should create variations by age in the time allocated to paid employment. However, in none of the 59 countries can age account for more than 3 percent of the variation in children's participation in paid employment and the average is below 1 percent. Moreover, they did not find conclusive evidence of an effect of minimum age regulations in a single country (Edmonds, 2014[84]).

If there is little evidence of widespread implementation of minimum age employment regulations, why has so much energy been directed at their adoption? Several reasons can be mentioned:

- First, to be most effective and have a greater impact, the legislation on minimum age for employment must be consistent with the compulsory schooling age laws (OECD, 2003[34]). However, important incoherencies can exist between laws governing the minimum age for admission to employment and those dealing with the age range for compulsory schooling. ILO (2017[82]) points out that out of 170 ILO member States that have ratified ILO Convention No. 138, 44 set an age for the completion of compulsory education that is higher than the minimum age for admission to employment they specified upon ratification. Children in these countries are also allowed to enter employment before they are allowed to leave school.
- Second, although not leading to a sharp reduction in the prevalence of child labour, minimum age regulations could influence where and how children work. For instance, Bharadwaj (2013[71]) report some evidence from India that a strengthening of child labour laws there lead to a diversion of child labour out of regulated sectors.
- Finally, one possible virtue of minimum age regulations is that they may contribute to establish new societal norms over time by providing tools for the legal system to go after gross violators such as incidents of forced labour; and by also providing organizing principles for other government anti-child labour laws. However, it is clear that there is not much current evidence or historical precedent for these regulations substantively shaping the employment patterns of children in isolation.

Several elements limit the scope of minimum age for employment laws. A first one is that these regulations usually exclude family-based businesses for pragmatic and moral reasons. Employment inside the home is often unobserved to the regulator, and the regulatory infrastructure required to identify and monitor in-home production is prohibitively costly. On the ethical side, people tend to view work done in a family context as somehow fundamentally different than work done for an unrelated individual. A case can be made for questioning the basis for this view. Especially, given the general unregulated status of

household based economic activity, children could be more exposed to hazards and risks inside the household than outside despite the proximity of their parents. Regardless, the view that regulation should not interfere with child engagement in family-based businesses is widespread in minimum age laws.

Most children are thus involved in activities that are outside the scope of minimum age regulations as currently implemented. Because most children work outside the scope of minimum age regulations, the risk is that such regulations if enforced will divert children out of regulated activities into unregulated activities, doing little to change the prevalence of child economic activity or promote schooling.

However, diverting children out of the regulated sectors into unregulated sectors, or informal sectors, can have undesirable consequences beyond any economic consequences for the child or her family. First, most working children do so by their parent's side. The presence of a parent provides the child with protections from other individuals and from the child's own impaired decision-making process. If regulation separates parents and their children (parents in the regulated sector, children in the unregulated sector), then children may be more vulnerable to adverse consequences of employment (Davies, 2005[87]). Second, if the regulated sector is more visible and children in that sector are more apt to be competitive with adults, removal of children from that sector may diminish political support for a broader effort against child employment (Doepke and Zilibotti, 2009[88]). Policies to reduce the prevalence of informal employment in general may also result in decreasing child labour (OECD, 2003[34]).

In summary, the evidence illustrates that merely adopting regulations on child employment is necessary but not sufficient to influence child labour. The global fight against child labour might be better served by focusing on child labour monitoring systems that must be put in place to ensure that all stakeholders in the chain of decision making can act to prevent the use of child labour.

3.2.2. Develop comprehensive Child Labour Monitoring Systems

Although necessary, laws remain empty shells if they are not accompanied by institutions to enforce them and monitor their development and effects. Labour inspectorates and criminal law enforcement agencies are key players to check workplaces and working conditions; they need the resources, capacity and authority to carry out their jobs.

Many governments still fail to fully implement their child labour laws. US Department of Labor (2018[13]) reports that 49 of the 132 countries reviewed made no meaningful efforts in 2017 to enforce laws related to child labour. Workplace inspection systems remain generally weak in the majority of countries, largely because of capacity and resource constraints of Labour Inspectorates in terms personnel, vehicles, fuel, and training. For instance, in Burundi the Labour Inspectorate did not have a single vehicle. Similarly, Indonesian inspectors lacked office facilities and fuel for transportation needed to carry out inspections (US Department of Labor, 2018[13]). In addition, less than half of governments allow their inspectors to set penalties for violations of the law and hold perpetrators accountable. Finally, inspections of workplaces in the informal economy are rare, and this is where most child labour takes place.

There are many procedures in place to monitor the implementation of conventions against child labour at international and national level (Box 6). One way of addressing child labour is to regularly check the places where girls and boys may be working. Child labour monitoring (CLM) is the active process that attempts to ensure that such observation is put

in place and is coordinated in an appropriate manner (ILO, 2005[89]). Its overall objective is to keep children and young legally employed workers are safe from exploitation and hazards at work. CLM is a central piece of the regulatory approach towards child labour, and careful empirical research is urgently needed to understand whether, why, and how CLM can influence child labour.

In practice CLM involves the identification, referral, protection and prevention of child labourers through the development of a coordinated multi-sector monitoring and referral process that aims to cover all children living in a given geographical area. Its principal activities include regularly repeated direct observations to identify child labourers and to determine risks to which they are exposed, referral of these children to services, verification that they have been removed and tracking them afterwards to help them find satisfactory alternatives.

CLM involves different groups of people such as:

- Labour inspectors, trade unions and other company-level monitoring to check places and working conditions where boys and girls may work. Labour inspectors need to be adequately funded in order for them to be able to do their jobs.

  Labour inspection has traditionally been a key partner in legal efforts against child labour (OECD, 2003[34]). To tackle hazardous child labour inspectors can give information on hazardous child labour to employers and workers including advice on how to eliminate it. They can also use their legal enforcement powers in the workplace to ensure that (i) children are withdrawn from workplaces where hazardous work is taking place, and referred to appropriate authorities who can then get them into school or skills training; and (ii) the health and safety of children who have reached the minimum legal age to work (14-17 years of age depending on the country) is fully protected in the workplace. Protection can be ensured through a combination of general improvements in workplace health and safety conditions and avoidance of children carrying out hazardous tasks.

- Teachers, parents groups and school inspectors to provide to help prevent children dropping out of school for work and to better identify the educational problems of children who, although working, continue to attend school.

- NGOs and community-based organisations play an important role in protecting children against child labour, by raising awareness about the risk associated with child labour, and lobbying actors who can take action against child labour and providing a community based network to help children who are found working to be re-integrated into some form of formal education or skills development programme.

  Children, community vigilance committees and local action groups who are in the best position to enable vigilance and changes in attitudes towards child labour. Where it exists, community child protection committees are charged with the task of organising the community against child labour and monitoring and enforcing compliance with community standards. Helping communities develop their actions is especially important in weak states where the enforcement of child labour laws by public bodies is limited and/or unrealistic.

- Governments and local authorities to organise campaigns and share information on the consequences of child labour, the legal framework as well as also on good practices to combat child labour. Governments also have a key role to enabling role for business due diligence policies and behaviour.

Coordinating the actions of the various entities involved in monitoring the implementation of laws, codes of conduct and compliance with international commitments is crucial. Without coordination, the efforts of governments and other stakeholders can be duplicative and inefficient. Some countries have made great progress in this regard. For instance, Panama's Ministry of Labour launched a child labour monitoring information system to strengthen interagency co-ordination on child labour cases and established agreements with municipal councils to design and implement child labour elimination strategies. However, major gaps in interagency coordination to address child labour remain. The US Department of Labor report (2018) notes that in 2017 63% of governments did not make a significant effort to improve inter-ministerial coordination on child labour; and that where coordination mechanisms exist, very often no activities were reported for the year 2017.

A clear commitment by governments, reflected in a policy action plan, is necessary to set priorities for action, ensure coherence, set objectives and mobilize the necessary financial and human resources. Several countries have recently introduced such national policies (US Department of Labor, 2018[13]). For example, Argentina, Mozambique and Turkey adopted national action plans against child labour in 2017. The Colombian government approved a roadmap for the prevention and elimination of child labour in mining; or Chile released a National Action Plan on Business and Human Rights, a policy that promotes respect of human rights in supply chains.

Setting up such action plans is a necessary step, but their success depends on the resources made available to implement them. Unfortunately, 47% of the governments reviewed by US DoL (2018) did not take significant steps to implement existing plans in 2017.

Box 6. ILO instruments and enforcement mechanisms

Several mechanisms exist at the ILO to monitor the enforcement of conventions. First, the regular system of supervision includes the obligation to provide regular reports on the measures taken by member countries having ratified a given convention. These measures are then assessed by the Committee of Experts on the Application of Conventions and Recommendations (CEACR) which presents yearly a report to the International Labour Conference (the Committee on the Application of Standards, a tripartite body) on the progress made. Serious cases are discussed by the Conference, the Government is called to explain itself and conclusions on follow-up are adopted.

There are also special procedures (representations and complaints) which works on a complaints-basis (ILO supervisory system). A "representation procedure" allows an industrial association of employers or of workers has the right to present to the ILO Governing Body a representation against any member State which, in its view, "has failed to secure in any respect the effective observance within its jurisdiction of any Convention to which it is a party". Another "complaint procedure" provides the possibility to fil a complaint against a member State for not complying with a ratified Convention by another member State which has ratified the same Convention, a delegate to the International Labour Conference or the Governing Body of its own motion.

ILO Convention No. 182 calls for time-bound measures to eliminate the worst forms of child labour. Countries ratifying this Convention must take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour as a matter of urgency, including time-bound measures to prevent the engagement of children in the worst forms of child labour and provide direct assistance for the removal of children from the worst forms of child labour and for their rehabilitation and social integration. To this aim, time-bound programmes emphasise the need to address the root causes of child labour, linking action for its elimination to national development policies, macro-economic trends and strategies, and demographic and labour market processes and outcomes, with particular emphasis on economic and social policies to combat poverty and to promote universal basic education and social mobilization.

Although international conventions are ratified, they also often take time to be enforced and translated into national laws, and the CEACR point out that many countries are lagging in terms of adopting or reviewing national lists of hazardous work prohibited to people under 18 years of age (ILO, 2017[82]).

3.2.3. Organise information campaigns

The engagement of a wide range of actors since the late 1990s has increased the momentum to combat against child labour. An important event was the *Global March against Child Labour*, led by Kailash Satyarthi, which brought together a group of children's rights activists for a 50 000 mile-long journey from Manila to Geneva. The Global March featured events, rallies, foot marches, and bus caravans to raise awareness of child labour issues. Passing through 103 countries before ending in Geneva in June 1998, just in time for the ILO's annual meeting, the Global March drew the participation of more than 7 million people, including representatives from NGOs and trade unions, teachers, children, and other concerned individuals.

A year later, ILO members unanimously adopted ILO Convention 182 on the Worst Forms of Child Labour committing countries to take actions to prohibit and eliminate the worst forms of child labour. To date, 181 out of 187 ILO member states have ratified the Convention, and most countries have taken action to make their economies less dependent on child labour.

This episode highlights that for policies to be effective, it is important that the attitudes and mind-sets of people are changed to employ adults instead of children and allow all children to go to school and have the chance to learn, play and socialize as they should. It is then for all parties involved in the decision-making process to be well informed about child labour, its legislative framework and the consequences for children's lives. Conversely, the lack of information on child labour issues is a barrier to changing attitudes and practices. Without relevant information, adults might do a poor job of making risk assessments or they may misjudge the risks children may be exposed to in practice while performing a task. People might also want to comply with laws regarding child labour but be unaware of the law, and therefore it is important to organize information campaigns to raise awareness on forms of child labour, their consequences on children and on the resources that can be mobilized to prevent or assist children from working in child labour.

Information can be targeted at families attempting to influence how they value alternative uses of child time, at communities attempting to engage them in the enforcement of child labour laws, or at employers to minimize the incidence of child labour in their supply chains (OECD, 2003[34]). While there are a lot of guides for employers on tackling child labour, more information about how these practices are working in practice is needed to help transfer good practices from one workplace to the other.

3.2.4. Empower children and their communities

Community involvement is crucial to prevent the risk of child labour among at-risk populations and to support children and families with a child stopping work. Community-based regulation is especially important in weak states where enforcement of child labour laws by the central government is limited or unrealistic. From this perspective, community mobilisation offers several advantages. It expands the base of participation to the child labour fight, which breeds a true community-based initiative, in which local people say "we did it ourselves", so that it creates a sense of collective responsibility. It also helps a community overcome denial of child labour by influencing their attitudes and behaviours, and creates public pressure to change laws, policies and practices. The exchange of best practices to raise awareness and engage communities is therefore an important element of the action that can lead to sustainable reductions in child labour.

Various forms of community involvement against child labour exist around the world. The World Cocoa Foundation has been a global leader in putting in place child protection committees in cocoa cultivating areas that are staffed by local community members and charged with the task of organizing the community against child labour, and monitoring and enforcing compliance with community standards. Incentivizing and empowering local community members to do this difficult work is an on-going challenge, and there is no clear evidence in the literature about the effectiveness of these child protection committees broadly although there are some case studies.

Perhaps the most famous of these efforts to create effective child labour monitoring systems comes from the Kailash Satyarthi Children's Foundation's Bal Mitra Gram (BMG) model. The BMG model is to create a children's parliament (Bal Panchayat) at the village level that liaises with the local government, schools, and families to root out child labour. The benefit of this BMG model over typical community monitoring systems is that it attempts to address the problem of how to incentivize monitoring by empowering children with this task. While billed as a grassroots effort, the foundation operates by creating these Bal Panchayats through intensive community engagement. At the time of writing, there does not appear to be independent research available on whether the BMG model is effective.

3.3. Strengthen Social Protection

As seen earlier, child labour is a facet of poverty and its reduction is intrinsically related to the success of anti-poverty policies. The review of the economic literature also suggests that child labour is one way families buffer the income shock. Child labour is then part of household self-insurance strategies when social protection is weak. For this reason, strengthening social safety nets in place of private arrangements is therefore a key element of the strategy for the sustainable elimination of child labour.

Expanding social protection floors can make a direct contribution to addressing the multidimensional economic and social vulnerabilities causing child labour. By protecting families from fluctuations in their economic situation, social minima and social protection benefits help to stabilize their income and reduce the use of child labour. Therefore, a growing number of countries have introduced minimum social protection in the event of health problems which help reduce the use of child labour to compensate for the loss of earnings (3.3.1). Cash transfer programmes have more mixed effects that seem to depend on countries' stage of development (3.3.2). Finally, due to their temporary nature, public work programmes for parents often fail to significantly impact child labour (3.3.3).

3.3.1. Social protection rights

Setting up social protection floors reduces the need of families to secure income by sending children into work and while not always reducing child labour in general, tends to reduce the worst forms of child labour. Thus, there is ample evidence that households use child labour and the outmigration of children as tools to help triage uninsured shocks. In particular, adult health shocks are found to increase child employment (e.g. (Dillon, 2013[90])), while extreme health events like parental disability appear to be strong predictors of vulnerable children transitioning into worst forms of child labour (Edmonds, 2010[91]). In such circumstances, the income protection provided in the event of unanticipated economic shock or health problems of a household member is essential to prevent the use of child labour. However, poor families typically lack formal insurance and the informal insurance mechanisms that exist such as selling jewellery, temporary migration, borrowing from friends and families have limits.

By contrast, there is evidence that formal insurance schemes tend to reduce the use of child labour. For instance, recent causal evidence from Landmann & Frölich (2015[92]) showed the provision of health and accident insurance to participants in a micro-finance project in Pakistan helped reduce child labour and participation in hazardous activities. Interestingly from this Pakistani example, the impact of health and accident insurance on child labour occurred in both households experiencing a health shock as well as those that did not during the study period. One likely explanation for this is that, when households know that future shocks are likely and will induce child labour, they may choose to have children work in the present. That seems especially relevant in the realm of health where some sort of negative health shock is inevitable in life.

3.3.2. Unconditional cash transfers

Cash transfers (other than those conditioned to school attendance discussed in the previous section) provide poor households with income supplement which allows many households to escape poverty as well as it improves their capacity to buffer economic shocks. In addition, by providing replacement income in the event of job loss, illness or disability that limits the earning capacity of households, social security benefits limit the risk of poverty and thus the risk of resorting to child labour to cope. The available evidence suggests, however, that such transfer do not necessarily lead to lower prevalence of child labour, but they often are associated to less of the worst types of child employment.

In addition child labour is also particularly high in post conflict countries where many children are orphans and the family unit is headed by an older brother or sister, a cousin or aunt, uncle. Having a social protection system in place that looks out for the most vulnerable in society (orphans) are then essential pieces of a social protection regime that can help combat child labour.

An important role of cash transfers is to reduce the risk of children leaving school for work at the end of key school transition ages (such as the end of primary school in most countries where child labour is rampant). Edmonds & Schady (2012[20]) for instance, studied the impact of an unconditional cash transfer, paid monthly on an on-going basis on child participation in paid employment in Ecuador where children of poor families often start to work at the end of primary school. Recipients of the cash transfer seemed to use the funds to continue the schooling of children past primary into secondary. For children already at work, the unconditional transfer has no effect on work or schooling, but it essentially eliminates transitions into paid employment for families with children near the end of primary school. It should be emphasized that households where the child continued their schooling forwent a gain in standard of living because the transfer they received was less than average earnings children could get in paid employment.

Ensuring minimum income security helps improve children's material well-being, although cash benefits alone do not completely eliminate the risk of hazardous work for children. For instance, de Hoop (2017[93]) found that following the payment of unconditional cash transfers in Malawi and Zambia children moved out of extremely undesirable work outside of the household. However, children increased their engagement in both the expanded household entrepreneurial activities and household chores, and “excessive” working hours and work-related hazards also increased. The cash transfer is thus used to develop family business, with a substantial increase in the work done by both adults and children. Nevertheless, transfer income and the expansion in household production both contributed to more household consumption and improvements in children’s material wellbeing.

School attendance also increased substantively despite the higher involvement in household production and household chores.

An easy way to understand that the difference between the Ecuador and Malawi / Zambia findings has to do with the prevalence of productive economic activities available to the family in those two different contexts. For Ecuador, the additional income helped families afford secondary school. In Malawi and Zambia, the additional income allowed them to create new opportunities to generate income. Ecuadoran families were not at the same level of economic development as the Malawian and Zambian families and hence families respond differently to the transfers.

There are examples that can lead to more optimism about the potential for alternative income generating activities. Haushofer & Shapiro (2016[94]) evaluate GiveDirectly, an NGO that presents Kenyan households, large unconditional cash transfers. They document that large lump-sum transfers lead to increase spending on durable goods and have a material sustain impact on household economic and physical well-being.

Similarly, BRAC's Ultrapoor graduation programs appear to have had sustained, long-term effects. Graduation programs combine a lump-sum in-kind transfer with training on the asset, basic consumption support, and frequent life skills coaching visits, health education, and a savings account. While a more intensive intervention that the typical alternative income generating activity program in the child labour context, the results from evaluations in 6 countries after 3 years are impressive. Beneficiaries have high consumption, better food security, more assets and savings, improved agricultural and microenterprise income, and better mental health (Banerjee et al., 2015[95]).

Neither the existing GiveDirectly or Graduation program evaluations explicitly examine child labour, nor have they targeted families with child labour present. Hence, the applicability of these studies to the present context has not been established. Of course, it is possible that by expanding economic activity within the household that they could lead to more children working, perhaps even in child labour as in the Malawi and Zambia examples from the previous section. Nevertheless, they do raise the possibility that it may be possible to sustainably grow family incomes through targeted resource transfers aimed at poor families. This may lead to more economic activity of children in the short run, but whether this short term economic activity undermines child welfare or is just a transitory step to sustainably eliminate child labour is a critical policy question in need of more research.

3.3.3. Public Employment Programs

An alternative to providing income is providing work, and a number of countries have used public employment programs as a tool to help poor families cope with their poverty. These programs typically provide temporary employment in projects that have some public good value (cleaning public areas, building road, schools, etc.). These temporary employment programs generally exclude children, but they may impact child labour indirectly through changing household income (presumably positively) and by changing the economic organization of the household. Changes in the economic organization of the household may increase or decrease child labour.

To date, the available evidence of the impact of public employment programs (PEP), seems to indicate that they do not generate relevant reduction of child labour (ILO, 2017[82]). The temporary nature of the jobs often get through these programmes partly explains this result. In most public works programs, the increase in income generated is transitory and therefore

very different than most of the evidence on the impact of a permanent increase in income on child labour.

By contrast, there is some evidence to suggest that a parent's return to employment can lead to increased engagement of children in household chores when that is no longer carried out by the adults. For instance, Quisumbing & Yohannes (2004[96]) found that daughters have to divert time toward chores and child care when their mothers participate in a workfare project in Ethiopia. Similarly, Shah, Steinberg, Shah, & Steinberg (2015[97]) documented that India's National Rural Employment Guarantee Scheme (NREGS, one of the largest public employment programme in the world) is associated with an increase in girls', aged 13-16, participation in unpaid domestic work and reduced school enrolment. Adolescent boys also reduced their school attendance and participated more in market work. Though work on NREGS projects was legally limited to adults over the age of 18, the labour demand for adolescents increased through different channels. First, there could have been some leakage in who was allowed to work for the programme, with either adolescents lying about their age, or programme administrators looking the other way. Second, the introduction of NREGS jobs may have created additional jobs, such as selling tea or food to workers. Lastly, adolescents' labour could be substitutes for adults' labour in family business and for girls in domestic work. Providing affordable family and childcare services is therefore important to ensure that adolescent girls continue their education.

Moreover, while financial assistance does not always change behaviour when the child is already working, it can prevent children from entering child labour. Financial assistance, also when not contingent on school attendance, can increase the likelihood that children move from primary to secondary school (Edmonds and Schady, 2012[20]).

3.4. Make school a desirable alternative to child labour

Affordable, good quality and compulsory education up to a minimum age for admission to employment is key for getting children out of labour. It provides parents with the opportunity to invest in children's education and it makes it worthwhile for them to do so. Attendance at school helps children acquire the skills needed for decent work and more broadly for healthy and fulfilling lives. Education has also a critical intergenerational impact since a child who has benefited from education is more likely to invest in his or her own children's education.

However, there are many cases where children work because their families cannot afford the direct costs of sending them to school. In other cases, schools are not easily available because they are geographically distant. Moreover, the quality of education is sometimes so poor that many children and their families view school attendance as a waste of time, especially when parents themselves did not attend school. For all these reasons, it is essential to make school a beneficial alternative to child labour by making schools affordable (3.4.1), raising the quality of educational programmes (3.4.2) and by accompanying children who quit labour to reintegrate the school system (3.4.3).

3.4.1. Make education affordable

For parents to choose schools over work, schooling must be a cost-effective alternative to work. To this aim, conditional cash transfer programs give poor families additional resources for sending their children to school, and are an effective way to both reduce the direct cost of education (cover the costs of enrolment, books, uniforms, transportation, etc.) and to limit the indirect cost of the forgone earnings related to child work (García and

Saavedra, 2017[98]; De Hoop and Rosati, 2014[99]; Fiszbein et al., 2009[100]). For instance, programmes like Mexico's Progresa have been shown to substantively alter child time allocation, increasing schooling and sometimes decreasing child employment at the same time. The impact of cash transfers can be found to be larger when coupled with supply-side interventions such as provision of afterschool education or of generalized benefits such as health and education facilities (ILO, 2017[82]; Galiani and McEwan, 2013[101]; Yap, Sedlacek and Orazem, 2009[102]).

Conditional transfers are expensive and may not be affordable in low-income economies, and therefore the sustainability of cash transfers and the maintenance of programmes over time are important elements. How to design cash transfer programs to be most effective is then crucial, raising a few issues.

One challenge is to set financial aid at a level that is large enough to reach most disadvantaged families and encourage the transition from labour to school, while at the same time it should not be too high to limit the burden on public spending. On one hand, cash transfers need to cover the costs of children's participation in school programmes. If subsidies do not cover the full cost of education, compensatory behaviour may occur in the form of a simultaneous increase in schooling and participation in paid work by the same children (de Hoop et al., 2019[56]). Another reason for setting cash transfer amounts at a reasonably high level is that children in hazardous forms of child labour often come from the most disadvantaged families and tend to receive greater compensation for their work, perhaps as a compensating differential for the hazards of the work (DeGraff, Ferro and Levison, 2016[55]; Edmonds, 2010[91]). Cash transfers need then to be large enough to compensate for the income loss suffered by these families and to have the expected impact on children's time allocation. Yet, there is not much evidence on the impact of cash transfers on hazardous forms of child labour.

Cash transfer amounts should however not be too high otherwise it may allocate substantial resources to households who would comply with the conditions even with lower transfers. Edmonds & Shrestha (2014[103]), for instance, provide evidence that there is no need to fully compensate for the loss of net income following the cessation of child labour. Hence, they estimate that conditional transfer to children associated with carpet factories in Kathmandu in Nepal – of which the value was 20 percent of the income children could earn as weavers – nearly eliminated child participation in weaving during the period of the incentive. Smaller scale versions of the same idea (e.g. lowering the net cost of alternatives to child labour) may be more sustainable and still impactful. This might include a reduction in school fees or reducing the costs of accessing quality education (Guarcello, Lyon and Rosati, 2006[104]). That said, Jafarey & Lahiri (2005[105]) pointed out that when households face liquidity constraints, resource transfers to the household might reduce child labour more than equivalent resources transferred to the schools for quality improvement because of poverty motives for child labour.

Whether programmes which provide support in cash for a limited period of time have only short-term or long-lasting effects remains is also a key issue but remains largely an open question. The available evidence, however, suggests that the effects of cash transfers disappear when the programme ends, and that short-term projects providing conditional transfers may not provide lasting impacts. In their Kathmandu study, for example, Edmonds & Shrestha (2014[103]) revisited subjects after a year and a half after the end of the program and found no lasting evidence of an impact of the program on schooling or child labour. By contrast, there is some evidence that the transfer effect is stronger when

the program is maintained for a longer period of time (Fiszbein et al., 2009[100]). Thus, using conditional transfers may require enduring support that is unaffordable in many settings.

A final question related to the design of in-cash support is whether it should be granted to families or to schools? Alternatives to direct cash transfers are school vouchers which provide a certificate of government funding for a student at a school chosen by a family and which meets quality criteria. The subsidy is then paid to schools directly rather than to the family, so that it guarantees that the whole subsidy is used for education purposes, while the schools have the obligation to meet quality standards. School vouchers then can be efficient tools to organise the competition between schools, but it requires that the number of education services providers to be sufficiently large and that the "market" is regulated by quality standards – which may not be the case in many developing countries.

Moreover, there is little evidence to show that school vouchers are superior to other forms of conditional cash support. While school vouchers appear to be effective in reducing child labour, their effect seems to be limited. A study on Colombia's PACES programme, involving the provision of vouchers to lower the cost of attending private schools, indicates for instance that, although not affecting the likelihood of engaging in work of either boys or girls, the program was successful in decreasing significantly the number of hours worked by girls (Angrist et al., 2002[106]; ILO, 2017[82]).

3.4.2. Raise school quality

The low quality of schools reduces the benefits that can be expected from regular attendance. For this reason, it is a factor in favour of child labour being preferred to prolonged school enrolment for children. Some school quality-enhancing programs have a proven influence on the propensity to "choose" school over paid work. For instance, Rossi & Rosati (2007[107]) study the impact of Mexico's CONAFE program on child labour in addition to schooling. CONAFE improved school infrastructure, updated tech equipment, and expanded access to learning materials. This combined school quality intervention appears to have both increased school attendance and decreased child employment.

Although school quality interventions are effective in improving education, their effectiveness as an anti-child labour tool is generally speaking likely to be limited as many of the most at risk and vulnerable children are not at the margin of school attendance to be effected by changes in the return to education. For this reason, there is overall very little other evidence of a link between child labour and improvements in school quality. Efforts to improve the saliency of the value of education are likely to work on the same margin as efforts to improve school quality.

However, interventions that provide information about future educational and employment opportunities available to children if they continue with schooling, are often much cheaper which can make these interventions more effective. For example, Jensen (2010[108]) examines the impact of an intervention in the Dominican Republic where 8th grade boys were read a paragraph about the value of education and then stayed in school 0.20–0.35 more years of school over the next four years than those who were not. While that result is encouraging, more detailed interventions that provide information on future educational and employment opportunities are currently underway in multiple Latin American countries in populations vulnerable to child labour.

Another dimension of school quality relates to school-based services that can be provided in addition to the educational component. School feeding programmes (some of which have a take-home component) in particular are popular programmes to encourage children to

attend school and ensure their proper nutrition. Moreover, although they are not aimed primarily at combating child labour, they are found to reduce child labour prevalence (OECD, 2003[34]; ILO, 2017[82]). An example of such a programme is the Bangladesh Food for Education Programme, which comprises take-home rations given to poor households with children in primary school, and which has been found to reduce child employment (Ravallion and Wodon, 2000[109]).

3.4.3. Provide social support to facilitate the transition out of child labour

Social programmes serve a variety of important functions in addressing child labour. They can help families to find alternatives to the worst forms of child labour, including work that respects children's rights and their health. Social services can also provide direct assistance to remove children from child labour situations, and facilitate their rehabilitation and reintegration into school and society, including by providing temporary shelter and assistance to cover basic needs. Social programmes can also prevent child labour by raising public awareness and mobilising stakeholders, as well as by identifying children at special risks and provide services for them.

Rescuing child labourers has been the centre of child labour policy since the 19th century. There are typically three important components to efforts to help rescue child labourers or trafficking victims. First, they require psychosocial support to help them cope with their experiences. Second, they require education support to help mainstream them back into regular schools. Third, they require income or other types of support to address the reasons why the child entered into child labour in the first place as well as to prevent children from working in other, unregulated or exploitative sectors. Successfully implementing transition services is challenging. Many localities with high levels of child labour or human trafficking lack the infrastructure of psychologists and social workers necessary to help victims learn to cope with their experiences. Schools are often not eager to mainstream former child labourers or trafficked youths as they present challenges beyond the general schooling population. The challenge is therefore to find resources available and provide the training needed for teachers and social workers who can accompany children during their transition out of work.

Overall, while there are long histories of transition services, the literature does not provide a magical elixir required to make all transitions successful. Moreover, while there is a need to support children and their families, accompanying measures do not address the causes of child labour and are therefore not a means to combat the prevalence of child labour or human trafficking. If one child is removed from employment, he is likely to be replaced by another child. Transition services themselves do not influence the reason child labour or human trafficking exists. Other policy tools are needed to address the root causes of child labour by means of other policy tools.

Most countries have programmes that include the goal of eliminating or preventing child labour. For instance, in 2016-17, India established the Platform for Effective Enforcement for No Child Labor (PENCIL) to enforce child labour laws and implement a district level project that identifies children working in hazardous work, withdraws them from dangerous situations, and provides them with education and vocational training.

To be effective, these programmes need to be adequately funded and equipped with staff who have the skills to deal with complex economic and social issues. However, such programmes are too often under-resourced or their scope is insufficient to fully address the problem (US Department of Labor, 2018[13]). For instance, many localities with high levels of child labour lack the infrastructure of psychologists and social workers necessary to help

children cope with their experience. Teachers may need training to reintegrate in their classroom children who had interrupted their schooling in order to work. Community engagement is a key component of the social support needed to "disengage" children from child labour.

In addition, there is little evidence on the persistence of intervention effects after programmes end, and on the capacity of interventions targeting individual beneficiaries to produce persistent community-wide change (Dammert et al., 2018[81]). To generate such a change, it is necessary to have an appropriate policy monitoring framework in place and to act together on the demand for child labour.

3.4.4. Develop preschool education

Getting children off to a good start with proper early childhood development is key in promoting school readiness and in sensitizing parents to the importance of school participation. For this reason, the development of early care and education programmes, if they are affordable and of sufficient quality, can help to change parents' perceptions regarding the preference for school over child labour, and reduce the flow of children into child labour (ILO, 2017[82]).

There is little evidence to date of their impact on child labour, however. One of the few exceptions evaluates the impact of a preschool programme implemented in Mozambique in 30 villages during the time period early 2008 to 2010 (Martinez, Naudeau and Pereira, 2012[110]; Martinez, Naudeau and Pereira, 2017[111]). The study observed that primary school enrolments increased significantly by 24 percent in “treated” communities. Beneficiary children spend a significantly greater amount of time on schooling and homework activities (7.2 hours) and a significantly less amount of time on family farm activities. The preschool intervention also generated positive spill-overs by increasing the school enrolment of older siblings and labour supply of adult caregivers. Other studies such as those by Berlinski, Galiani, & Manacorda (2008[112]) on pre-primary education indicated that preschool attendance has a positive effect on completed years of primary and secondary education through reduced grade repetition and lower dropout. These findings suggest that pre-primary education significantly strengthens children's attachment to school, from which children can be expected to be less likely to leave school for work. The expansion of care and education preschool then appears to be a game-changer likely to induce a significant drop in child labour.

3.5. Improve financial literacy

Child labour is closely linked to the financial situation of households and family businesses where child labour is massively present. For that reason, raising families’ financial literacy may also help to reduce the likelihood of child labour.

Cash transfers are appealing as a tool of poverty relief, because poor families often have better information than policymakers over how to ameliorate their individual economic situation. However, cash transfers are expensive and generally not thought to be financially sustainable. The current focus of child labour policy that aims to eliminate the poverty that drives child labour is to promote alternative income generating activities.

The idea is that poor households lack liquidity to start or grow their livelihoods to a level where child labour is no longer perceived as necessary by the family. An influx of liquidity can push households to that child labour free level, and the hope is that level of living

standard will either be self-sustaining or continue to grow. Thus, a one-time transfer could set a household on a child labour free course that helps the household break out of poverty.

Rigorous evaluations of this hypothesis are currently under way, but there are obvious questions raised by this narrative. How much of a push is necessary for transfers to be self-sustaining? There is some cause for pessimism. For example, researchers fully repaid the debts of a selection of vendors in India and the Philippines and found that almost all of the eventually fell back into debt (Mullainathan and Shafir, 2014[113]). While one-time debt forgiveness is not necessarily equivalent to a one-time influx of cash, this example is informative. Poor lives are filled with shocks that are difficult to buffer, and it is not obvious that a one-time transfer can buffer those shocks. In such case, support towards more sustainable forms of indebtedness can help to prevent relying on child labour, in a sustainable way.

While one-time lump-sum transfers are thought to be more sustainable than on-going cash transfers, the promise of microcredit has been that it can achieve the same effect of fostering enterprise growth and development while doing it in a more self-sustaining way that also improves longer term access to credit. There is ample evidence that access to credit in and of itself influences child time allocation. In a study in South Africa, Edmonds (2006[114]) found that families are unable to smooth consumption against anticipated changes in income and that this leads to more child employment. Hence, functioning credit markets can prevent some instances of child labour. Bandara, Dehejia, & Lavie-Rouse (2015[115]) document that families with bank accounts in Tanzania seem to be able to avoid relying on child labour when farming families face a negative crop shock. Across countries it appears to be the case that those with more developed credit markets experience less child labour (Dehejia and Gatti, 2005[116]).

This positive link between credit and the absence of child labour does not imply that microcredit projects can be presumed to decrease child labour. Largely speaking, microcredit does not appear to be an effective anti-poverty tool (Banerjee et al., 2015[95]), and while it can improve credit access, microcredit recipients that are able to use that microcredit to grow their businesses tend to be wealthier than those vulnerable to child labour and trafficking. Moreover, as seen in the previous sections, microcredit if successful changes the economic structure of the household which may increase or decrease child labour. For example, Islam & Choe (2013[117]) document decreases in schooling and increased child labour in Bangladeshi households involved in a microcredit program there.

Improving the financial literacy of poor families will help ensure the can benefit from a larger access to credit without increasing the risk of over-indebtedness, which itself contributes to the risk of child labour. Although not developed in this perspective, the national strategies developed for enhance financial literacy are tools that can indirectly help reduce child labour (OECD/INFE, 2015[118]; OECD, 2016[119]).

3.6. Address child labour at the workplace

Child labour occurs in all industries, but is particularly high in the food and agriculture sector where 7 of every 10 child labourers is found. Some of the most common industries that employ child labour include cocoa, coffee, cotton, sugarcane, tobacco, garments/fashion, and artisanal mining (for example in gold, cobalt, and mica). All companies have a responsibility to identify, prevent and mitigate, and account for child labour in their own operations and in their supply chains, but particularly those companies with higher risks of child labour. This expectation of risk-based due diligence is included

in all intergovernmental standards on responsible business conduct – which include the OECD Guidelines for Multinational Enterprises (the OECD Guidelines), the UN Guiding Principles on Business and Human Rights (the UN Guiding Principles),[4] the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

3.6.1. Promote child labour due diligence

Practically, companies can take many steps to implement due diligence and prevent or mitigate child labour in their own operations or in their supply chains, including but not limited to: developing a strong policy against child labour; identifying their suppliers and providing adequate training and capacity building on preventing child labour; ensuring that supplier assessments are appropriately designed to adequately identify child labour within the local context; and providing support in establishing grievance mechanisms that are accessible to people who can act on behalf of a child and that provide access to remedy for children; integrating an assessment of the risk of child labour into company decision making processes, such as the decision to move into a new country or produce a new product line.

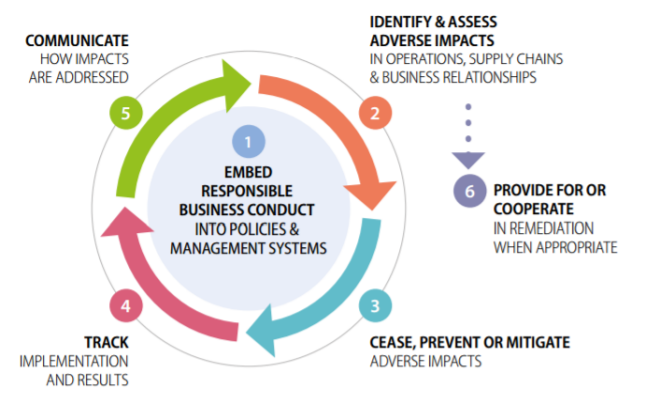
However, the fragmentation, global dispersion and resulting complexity of global supply chains obstructs visibility of supply chain actors along the supply chain. These factors lead to challenges in identifying specific components and products made with child labour. In order to help companies carry out due diligence within this complex environment, the OECD Due Diligence Guidance for Responsible Business Conduct (2018) provides companies with practical recommendations on how to address risks, including child labour, across global supply chains. The Guidance encourages companies to assess the likelihood of child labour risks in their supply chains based on the countries that they operate or source from, the products produced, the sector they are operating in and suppliers' business and sourcing practices. According to the guidelines, companies along the full value chain should put in place a practical 6 steps framework (Box 7).

Due diligence diverges from more traditional compliance approaches in that it entails a full supply chain approach, meaning that a company should seek to address child labour at all stages of the supply chain, including raw material extraction. Rather than being primarily reactive, due diligence is preventative. The purpose of due diligence is to avoid causing, contributing to, or being linked to through business relations, to child labour and to seek to prevent this risk from materialising. Due diligence is also risk-based, meaning that the action companies take to address harm should be commensurate to, and prioritised in accordance with, its severity and likelihood. It is an integral part of an enterprise's risk management and decision-making, and includes feedback loops so that the company can learn from what has worked and what has not worked to effectively prevent, mitigate and remediate child labour. Finally, due diligence is informed by continuous engagement with stakeholders, of whom the enterprises and workers and their organizations that comprise the supply chain, and whose livelihoods depend on it, are the most important.

[4] Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework.

Box 7. OECD Due Diligence Guidance for Responsible Business Conduct

The OECD Due Diligence Guidance for Responsible Business Conduct (the Guidance) (2018) provides a common understanding amongst governments, stakeholders and intergovernmental organisations (including the ILO, and Office of the High Commissioner on Business and Human Rights) on the practical application of due diligence for responsible business conduct. The Guidance includes a six-step framework for due diligence, included in the figure below, which likewise seeks to align with the UN Guiding Principles on Business and Human Rights.



Source: Reproduced from OECD, 2018. OECD Due Diligence Guidance for Responsible Business Conduct. https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf

This general Guidance is complemented by sector specific guidelines that provides guidance on tackling child labour and forced labour in business operations and global supply chains, including :

- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, identifies the worst forms of child labour as a serious human rights abuse associated with the extraction, transport or trade of minerals.
- Practical Actions for Companies to Identify and Address Child Labour in Minerals Supply Chains – which provides examples of action companies can take and public resources available to help tem address child labour.
- OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector: Module 1 Child Labour and Module 3 Forced Labour,

  OECD-FAO Guidance for Responsible Agriculture Supply Chains, which provides guidance to tackle several risks including child labour in the sector.

3.6.2. The role of governments to enable supply chain due diligence

Governments have a key role to play to support companies to act responsibly, including in addressing forced labour and child labour across their business activities. In addition to addressing contextual root causes of forced labour and child labour, this entails establishing and enforcing a strong legal framework to provide protections against human rights abuses in the world of work. It also means setting the expectation clearly that all business

enterprises domiciled in their territory and/or jurisdiction act in accordance with international standards on responsible business conduct. These standards define a company's responsibility towards the adverse impacts, including child labour, in its own activities but also in relation to its supply chains and impacts linked to other business relationships.

In recent years, a growing number of governments have introduced supply chain transparency and due diligence legislation that requires companies to publicly report on actions taken, if any, to address risks of adverse impacts across their supply chains, including child labour issues. . While the nature, types and scope of these pieces of legislation vary considerably, broadly they can be categorised into two types: those relating to the mandatory disclosure and transparency of information and those relating to mandatory due diligence and other conduct requirements. Examples of transparency legislation include the U.K. Modern Slavery Act (2015),[5] which addresses, i.a., the worst forms of child labour; Australia's Modern Slavery Act (2018),[6] The State of California Transparency in Supply Chains Act (2010),[7] and at the European Union (EU) level the non-financial reporting requirements (2016).[8] Example of due diligence and other conduct related legislation include the French Duty of Vigilance Law (2017),[9] the Dutch Child Labour Due Diligence Law,[10] and the EU Conflict Minerals Regulation.[11]

Government action has also included the adoption of National Action Plans (NAPs) on Business and Human Rights or on responsible business conduct. They provide an overarching policy framework for responsible business conduct and ensure coordination and coherence within the government. As of September 2019, 23 countries have adopted NAPS and four countries are in the process of developing one. Governments are also increasingly incentivizing and exemplifying responsible business practices when acting as economic actors themselves. Governments are expected to behave responsibly and lead by example when procuring goods and services as State-owned enterprises, or when providing development financing or trade promotion support to companies (for example, export credits). As well as being in the public interest and ensuring accountability of public spending, this also enhances the legitimacy of policies towards businesses to combat child labour.

In some instances, Governments are also working with stakeholders to establish common approaches to due diligence and to facilitate meaningful collaboration. For example, the Netherlands and Germany have initiated sectoral responsible business conduct agreements between enterprises, NGOs and trade unions which detail how due diligence should be applied in the concerned sector. Stakeholders cooperate in the implementation of the

5 UK Modern Slavery Act, 2015. Section 54.

6 Australia 2018, Modern Slavery Act.

7 State of California 2010, Transparency in Supply Chains Act, Civil Code Section 1714.43.

8 European Union, 2014. Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.

9 Loi n° 2017-399 du 27 mars 2017 relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre.

10 Child Labour Due Diligence Law, Wet zorgplicht kinderarbeid, May 2019

11 Regulation 2017/821 of European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas

agreement, exchanging information on supply chains, pooling existing knowledge on possible risk factors, or to increase leverage and using each other's experience in preventing and mitigating risks.

Another role that the government can play is to facilitate or support companies in carrying out due diligence by disseminating information on child labour risks in specific sectors or countries, providing a grievance mechanism, such as the National Contact Points for the OECD MNE Guidelines (NCPs), or providing financing to support the capacity building of industry and stakeholders on child labour due diligence. Box 8 includes information on the NCPs.

Box 8. National Contact Points for the OECD Guidelines

All governments adhering to the Declaration on International Investment and Multinational Enterprises are required to set up a National Contact Point (NCP) to further the effectiveness of the Guidelines. Key functions of the NCPs are to promote the Guidelines and to contribute to the resolution of issues relating to the implementation of the Guidelines in specific instances, or, in other words, to act as grievance mechanisms for cases of alleged non-observance of the Guidelines by an enterprise. Since 2000 more than over 450 cases have been submitted by NGOs, trade unions, individuals and others, relating to impacts from operations by multinationals and their business relationships in over 100 countries, and over 50% of cases handled since 2011 have a human rights element. As an example of how NPCs work, in 2011, cases were submitted to the NCP mechanism regarding sourcing of cotton from Uzbekistan cultivated using child labour. NCP mediation led to several agreements with companies involved in sourcing the products as well as heightened industry attention to this issue. In a follow up to the NCP processes several years later the European Centre for Constitutional and Human Rights (ECCHR) concluded that the submission of the cases had encouraged traders to take steps to pressure the Uzbek government to end forced labour. The report also noted that the NCP cases triggered investment banks to monitor forced labour issues in Uzbekistan in the context of their investments.

Child labour is rarely relegated to a single sector and therefore companies run the risk of shifting child labour from one sector to another if they deal with the problem in a silo-ed fashion. Cross-sectoral collaboration can work to mitigate this risk. Several initiatives have been put in place at national and international levels to foster cooperation across businesses (Box 9).

Box 9. Resources to help businesses combat child labour

There are several initiatives to guide and advise businesses in the design and implementation of plans to combat child labour.

The Social Dialogue Section of ILO-IPEC supports businesses' efforts to reduce child labour and to increase compliance with the ILO's child labour standards: Convention No. 138 on Minimum Age and Convention No. 182 on Worst Forms of Child Labour. The Section does so through support for the multi-stakeholder Child Labour Platform and other relevant groups; Public-Private Partnerships to tackle child labour in supply chains and reinforce capacity of ILO constituents; and research and specialized projects, notably the development of guidance for business that uses the UN Guiding Principles on Business and Human Rights as a tool for business to ensure that they respect children's right to be free from child labour, as enshrined in ILO Conventions.

Following the UN Human Rights Council's endorsement of the "Guiding Principles on Business and Human Rights" in June 2011, the ILO and the International Organisation of Employers (IOE) launched the project "Guidance Tool on How to do Business with Respect for Children's Rights to be Free from Child Labour", to provide guidance on how companies can prevent child labour and contribute to child labour remediation, whether in their own operations or in their supply chains, through appropriate policies, due diligence and remediation processes.

Launched in 2010 at The Hague Global Child Labour Conference, the Child Labour Platform (CLP) is a membership-based forum of exchange for businesses to share and learn from others' approaches to tackling child labour in the supply chain. In April 2012, the Child Labour Platform (CLP) was transferred to the International Organisation of Employers (IOE) and the International Trade Union Confederation (ITUC), co-chairs of the UN Global Compact Labour Working Group. The objectives of the Platform are aims to identify the obstacles to the implementation of the ILO Conventions in supply chains and surrounding communities, identify practical ways of overcoming these obstacles, and to catalyse collective action. By doing so, the Platform contributes to building the global knowledge base on child labour in supply chains through research and development of sector-specific and general tools and documentation of good practice.

Concluding remarks

Child labour is a complex and often deeply entrenched problem, and as the above developments have shown, it is only through a combination of measures affecting both the supply and demand for child labour that it can be expected to be eradicated. Just as clearly, no single actor can significantly shift the needle without long-term partnerships and collaboration across sectors and including a wide range of stakeholders.

Furthermore, recognising that child labour is often most prevalent in less transparent segments of the supply chain, collaboration up and down the supply chain, including with companies operating midstream in the supply chain, is likely critical to any success. Similarly, child labour hidden in the informal economy requires a collaborative approach with governments, civil society and trade unions to work towards formalisation. Integrating

a due diligence framework into company management systems can help companies identify, prevent and mitigate child labour in global supply chains. This approach, which is relevant to companies operating along all the stages of the supply chain, provides a common framework to promote collaboration and collective action to eradicate child labour.

Collaboration is a critical pillar and include multiple modalities. For example, companies can collaborate with trade unions to address child labour through global or regional framework agreements that establish a joint understanding and commitment between trade unions and enterprises regarding the implementation of child labour due diligence. Companies may also collaborate at a sectoral level or through multi-stakeholder initiatives (MSIs) which can establish common standards for responding to child labour, as well as a platform for company and stakeholder members to share and address persisting challenges concerning child labour. Other MSIs have established grievance mechanisms by which complaints, including in relation to child labour in supply chains, can be raised against companies within their membership. While MSIs have been instrumental in tackling child labour in global supply chains, it is important that companies do not outsource their responsibility to identify and address child labour. Furthermore, the proliferation of industry standards and particularly supplier auditing have been critiqued by many as placing undue burden on suppliers and diverting resources and attention away from efforts to prevent child labour. Collaboration and recognition across MSIs can help reduce such duplication.

International cooperation is also an important lever to encourage countries actively combat child labour in globalised economies. There are a number of existing programs and processes in place to foster coordination between the various stakeholders. The most recent global initiative is the Alliance 8.7 which was launched in 2016 as a global partnership to end forced labour, modern slavery, human trafficking, and child labour in accordance with Sustainable Development Goal Target 8.7. The goal of the Alliance is to help countries align their plans and strategies to combat child labour; promote data extraction and sharing of information on good practices that can be used by countries wishing to implement action programmes; promote innovative practices, new partnerships to address eliminate child labour; and increase and leverage human and financial resources to achieve the elimination of child labour.

Pushing in the same direction, in 2018 the G20 Labour Ministers Declaration reaffirmed country commitments to tackle forced labour, human trafficking and modern slavery in the world of work, and they called on companies to undertake supply chain due diligence in line with the above-mentioned instruments.

National and international action are both critical to success in achieving child labour goals. It requires mobilizing sufficient human and financial resources to reduce the short-term interest that some families, economic actors or traffickers may have in letting child labour be offered. It also requires that countries, through their economic development, social policies and the provision of education, be able to offer affordable alternatives to child labour. Finally, it also involves responding to the exposure to child labour of the increased number of children who are victims of armed conflict and natural disasters. According to the UNICEF, an estimated 535 million children (almost one in four children) live in countries affected by conflict or disaster. These disasters have contributed to dislocate economies and communities, and have created new vulnerabilities to child labour. Although it is not possible to know the impact of these circumstances on child labour, it is important that child labour issues are fully integrated into all phases of humanitarian

responses - in anticipating crises and preparing plans, humanitarian responses, as well as in crisis management and reconstruction.

The eradication of child labour is therefore a matter of respect for fundamental human rights. It requires political support at all levels, but also far-reaching economic and social policies to be implemented if the 2025 objective is to be achieved.

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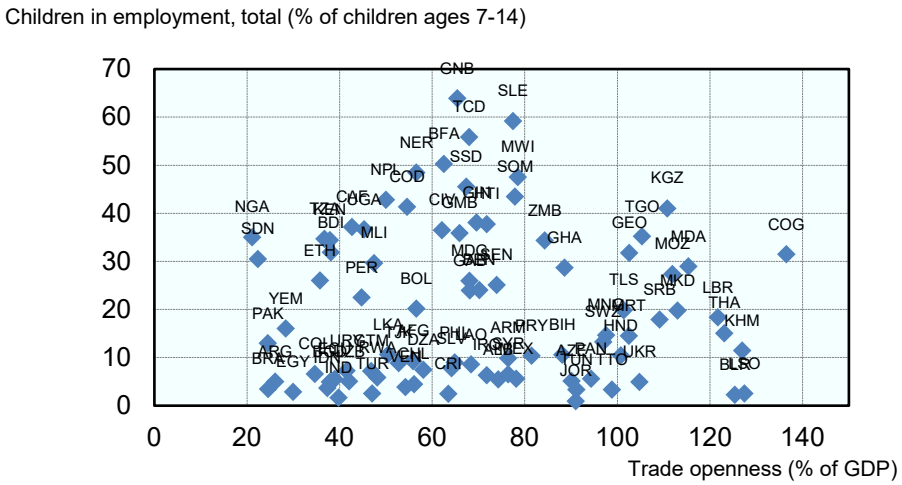
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Annex 1: Child employment and trade openness

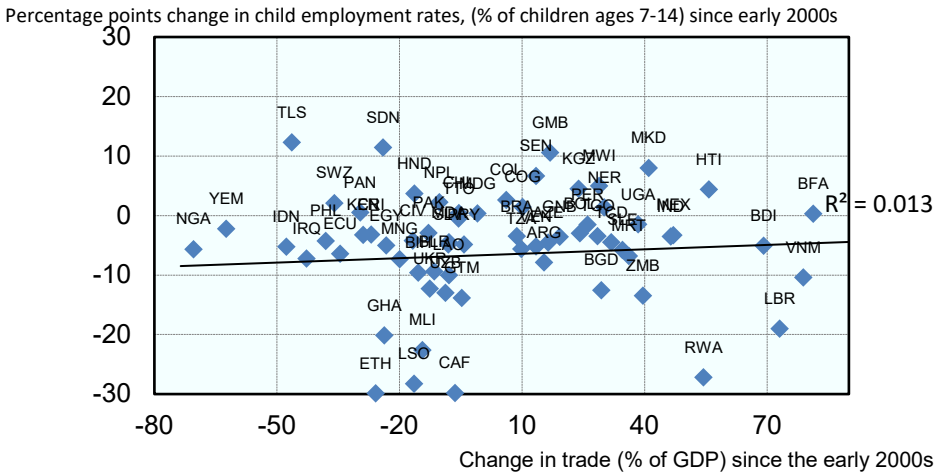
Countries with the highest rates of child employment usually show a medium degree of trade openness (Figure A1). It also appears that countries where trade openness is highest have comparatively low levels of child employment, but many countries with low trade openness also show rather low levels of child employment (Panel A). It is also noticeable that few countries (Central Africa Republic, Ethiopia, Ghana, Lesotho and Mali) where the fall in child employment has been important experienced a decrease in the overall trade openness at the same time (Panel B).

Figure A1. Countries with high trade openness generally have low child employment

Panel A: Association between child employment and trade openness, latest year available after 2010.



Panel B: Association between changes in child employment and trade openness



Note: Trade openness is calculated as the sum of exports and imports as a percentage of GDP (in PPP, USD). Country labels refer to ISO country codes.
Source: World Development Indicators, World Bank.