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**Timeline**

2016-2018

**Sample Size**

164 communities

**Research Implemented by IPA**

Yes

# The Impact of Productive Assets and Training on Child Labor in the Philippines

## Abstract

Around the world, 152 million children are engaged in child labor, and in the Philippines many of the children working illegally are in occupations that pose a threat to their health and safety. Because poverty is considered to be the root cause of child labor, policymakers have aimed to reduce child labor by improving the economic welfare of poor households that are using or vulnerable to using child labor. In the Philippines, an IPA research team worked with the government to test whether providing poor households with a one-time productive asset transfer equivalent to US\$518, along with a short business training, improved economic well-being and reduced in child labor. Preliminary results indicate that the program increased household business activity, food security, and some measures of child welfare, but it also led to a modest increase in child labor from family-based economic activities, specifically for children who had not worked before.

## Policy Issue

The elimination of child labor in all its forms is one of the measurable targets for the UN Sustainable Development Goal 8: “Promote inclusive and sustainable economic growth, employment and decent work for all.” Widespread child labor in low-income countries is thought to damper future economic growth through its negative impact on child development. Child labor also depresses economic growth by discouraging the adoption of

skill-intensive technologies, while lowering wages in low-skill sectors. Because poverty is considered the root cause of child labor, policymakers have aimed to reduce child labor by improving the economic welfare of poor households. This study aimed to shed light on whether sustainable livelihoods promotion can stop child labor where it already exists, which many other interventions have failed to do, and prevent it from occurring in households that are vulnerable to using child labor.

## Context of the Evaluation

Despite strong economic progress over the last several decades, one in five Filipino families remain below the poverty line, and a 2011 study found 2.1 million Filipino children were engaged in unlawful child labor. Sixty-two percent worked in hazardous labor activities where chemical, physical, and biological hazards exist.<sup>1</sup>

The Philippine government is a global leader in the discussion of anti-child labor policies through the Philippine Department of Labor and Employment's (DOLE) *Kabuhayan Para sa Magulang ng Batang Manggagawa* (KASAMA) Program. This program provides in-kind transfers of equipment, tools, and/or raw materials and trainings to parents of child laborers in an effort to promote sustainable, alternative forms of income that replace the family's use of child labor.

This study was conducted in five regions of the Philippine island of Luzon. Two of these regions, Bicol and Central Luzon, account for more than 1 in 5 of all child laborers in the Philippines.<sup>2</sup> Among the families in the study, 73 percent of children living in treated households were child laborers, and these families lived on less than \$1.30 per person per day on average.

## Details of the Intervention

Innovations for Poverty Action worked with researchers to test the impact of the KASAMA program on child labor, economic activity, household income, and consumption.

The program offered households a productive asset along with a short business training and was designed to support families in moving to more entrepreneurial activities and sustainable livelihoods. Potential beneficiaries were drawn from existing government lists of vulnerable families with children and families with child laborers.

One-hundred and sixty-four communities (barangays) across five regions of Luzon were randomly assigned to one of two groups:

- **Program group:** Households in 82 communities could access an asset such as livestock, farming tools, inventory for vending snacks, or materials for producing home goods (such as candles or curtains) worth PHP10,000 (USD\$518 Purchasing Power Parity). The program also included three one-day trainings designed to provide

assistance on developing a business plan, bookkeeping, marketing and financial literacy. The training also included a brief orientation on child labor: how it is defined legally in the Philippines and how the government is engaging communities to reduce child labor. Households were not told the program was designed to reduce child labor, however. (1,148 households)

- **Comparison group:** This group was comprised of 82 communities who did not receive the intervention. (1,148 households)

Researchers measured impacts of the program approximately 18 months after it started.

## Results and Policy Lessons

Overall, households offered the program had better food security and improvements in some measures of child welfare (e.g., life satisfaction), but it also led to a modest increase in the number of children who worked. The increase in child labor appears to be driven by the increase in work opportunities brought on by the family businesses.

*Livelihoods:* Households assigned to receive the program were more likely to start new businesses and preserve existing businesses.

- Households offered the program were 9 percentage points more likely to report the presence of either an agricultural or non-agricultural family firm, an 11 percent increase over comparison households.
- These households reported 0.26 new non-farm enterprises over the study period (a 61 percent increase over the comparison group). Overall, households offered the program have 0.36 more non-farm enterprises at follow-up compared to the comparison group. Because this 0.36 is bigger than the number of new non-farm enterprises, we can infer that the program helped some existing enterprises survive.
- The most common assets transferred were for the creation or expansion of small convenience stores (“sari-sari” stores).
- Flexibility in asset choice appeared important to beneficiaries according to qualitative interviews with frequent reports of experimentation in different enterprises to find what worked best for the household and some suggestion that the best asset for one household was not necessarily the best asset for another household, even in the same community.

*Economic well-being:* Household food security improves:

- Adults and children less than age 14 report not having to cut meals, being able to eat preferred food options, and not needing to borrow food or purchase food on credit.

*Child labor:* There was no overall effect on primary or secondary measures of child labor.

- For children not involved in child labor at baseline, employment in family based economic activities increases by 10 percentage points, a 16 percent increase over the comparison group. Economic activity rates increased for this group overall by 8.4

percentage points or 13 percent.

- For children already involved in child labor at baseline, the program seemed to have little effect on their time allocation.
- There is no evidence to suggest that increasing the value of the productive asset transfer would change the child labor findings, although that could be subject to further study.

*Child welfare:* Child welfare increased on average.<sup>3</sup> This appears to be driven largely by changes in life satisfaction and is concentrated among children already in child labor before the program started. These improvements in welfare for children who were laborers before the program began seems to again be due to improvements in life satisfaction. Children were more likely to report that they were thriving and had higher scores on the Student's Life Satisfaction Survey. For children not in child labor before the program, the main outcome in which they show improvements in welfare is that they were less likely to report they were suffering. It is worth noting that children in homes that already had businesses before the program was offered did not experience these gains in child welfare and life satisfaction, which could be due to the increase in work in this group.

## **Policy Lessons**

Overall, these findings raise questions about the value of providing a productive asset transfer to families in order to reduce child labor. Yet they also highlight the value of KASAMA in ameliorating poverty, increasing food security, and improving very poor children's life satisfaction.

This highlights one of the important--and previously unknown-- tensions in using a sustainable livelihood program to combat child labor. Families with child labor present are amongst the poorest and most disadvantaged, and livelihood support can make them less impoverished (as KASAMA has done). However, when introducing a new enterprise into a household, available laborers are needed to work in the new enterprise. In this context, there was not a large surplus of prime-age adult labor. Poor families were working hard to make ends meet, so the addition of a new economic activity or expanding an existing activity brought in more marginal workers, which were often children and the aged (unreported above, elder women increased their economic activity by 48 percent from being offered the program). Thus, it is critical to be clear on the goals of a sustainable livelihood program. If the goal is to improve the lives of families with child labor, then KASAMA was an impressive success. However, if the goal was to eliminate child labor in beneficiary families, then the program was not successful in reaching that goal and other approaches should be considered and tested.

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*This material does not necessarily reflect the views or policies of the United States Department of Labor, nor does the mention of trade names, commercial products, or organizations imply endorsement by the United States Government.*

## Sources

[1] “Philippines - 2011 Survey on Children 5 to 17 Years Old - Final Report,” Report, February 1, 2014. p. 8

[http://www.ilo.org/ipec/Informationresources/WCMS\\_IPEC\\_PUB\\_26815/lang--en/index.htm](http://www.ilo.org/ipec/Informationresources/WCMS_IPEC_PUB_26815/lang--en/index.htm).

[2] “Philippines - 2011 Survey on Children 5 to 17 Years Old - Final Report,” p. 56.

[3] The primary life satisfaction metric is Cantril’s (1965) Ladder which researchers collected for each child 10-17 in the household. The respondent provided a scaled response of their life quality ranging between 0 to 10, and researchers examine the impact of KASAMA on the child’s raw score and on indicators consistent with how the Gallop Organization uses Cantril’s Ladder, creating indicators by splitting the responses into thriving (7+) and suffering (4-).

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