

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



Around the world, 152 million children are engaged in child labor. Because poverty is thought to be the root cause of child labor, policymakers have aimed to reduce child labor by improving the economic welfare of poor households where children are engaged in child labor. In the Philippines, researchers partnered with the Philippine Department of Labor and Employment (DOLE) to conduct a randomized evaluation of the impact of a program that provided a one-time productive asset transfer of PHP 10,000 (equivalent to US\$518) on economic well-being and child labor outcomes.

Key Findings*

Approximately 15 months after the program started:

- » The assets increased household business activity, both fostering new activities and helping older business activities persist.
- » The program increased food security and improved some measures of child welfare, including children's life satisfaction.
- » The program had a positive rate of return on family-firm generated income.
- » However, the program also led to an increase in child employment for children who had not worked before.
- » The increase in child employment appears to be driven by the increase in work opportunities brought on by the family businesses.
- » The results support productive asset livelihoods promotion as a poverty alleviation strategy in poor families with child labor present, but cast doubt on the approach as a way to eradicate child labor, at least in this context.

** Results are preliminary and may change after further analysis.*

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FUNDER

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COUNTRY

Philippines

TIMELINE

2016-2018

STUDY SAMPLE

164 communities

STUDY DESIGN

Randomized evaluation

The Challenge

CHILD LABOR IS WIDESPREAD AND DIFFICULT TO ERADICATE ONCE IT STARTS

Around 152 million children around the world are engaged in child labor. Many children who work illegally do dangerous or hazardous labor activities where chemical, physical, and biological hazards exist. In addition to the physical and health hazards, child labor can have a 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. Yet for many very poor families, having children work is the only way to make ends meet in the short-term.

Current global anti-child labor policy is focused on learning how to eliminate hazardous child labor sustainably through the promotion of alternative livelihoods that obviate the need for child labor income. The Philippine government is a global leader in this discussion.

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

The Program

PRODUCTIVE ASSETS AND TRAINING FOR LIVELIHOOD PROMOTION

The Philippine Department of Labor and Employment (DOLE) implements a program called *Kabuhayan Para sa Magulang ng Batang Manggagawa (KASAMA)*, which is designed to promote sustainable, alternative forms of income that replace a family's use of child labor.

The KASAMA program provides in-kind transfers worth PHP10,000 (USD\$518 Purchasing Power Parity) in an asset of the beneficiary's choice, including equipment, tools, and/or raw materials for production. The most common assets transferred were for the creation or expansion of small convenience stores ("sari-sari" stores).

The program also includes two to three one-day trainings for parents of child laborers, including a business training and an orientation on child labor, although most

respondents did not report that the training was helpful and did not recall its content.

Enrollment in KASAMA began with an invitation to households to attend a local meeting hosted by DOLE. Households had to attend the initial training and complete a business plan proposal to receive the assets, but not for inclusion in the study.

Eligibility for the program was based on DOLE-maintained lists of households with child labor present from the national targeting system for poverty reduction (*Listahanan*) and in conjunction with Local Government Units. Neither homeless children nor households unknown to DOLE were eligible for KASAMA.

The Evaluation

DOES KASAMA REDUCE CHILD LABOR AND IMPROVE FAMILIES' WELL-BEING?

An IPA research team partnered with DOLE to rigorously test the impact of the KASAMA program on child labor, economic activity, household income, and consumption. The randomized evaluation was designed to inform DOLE about the program's impacts and to generate some of the first evidence on how a livelihood promotion program impacts child labor related outcomes.

The 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.¹ 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.

To measure the impact of the program, researchers randomly assigned 164 communities (barangays) to either a treatment group, which was offered the program, or to a comparison group, which was not offered the program. Each group was comprised of 82 communities (1,144 households each).

Researchers measured impacts of the program approximately 15 months after the assets were distributed to capture any changes that persisted beyond the initial distribution of benefits.

¹ "Philippines - 2011 Survey on Children 5 to 17 Years Old - Final Report," p. 56.

Preliminary Results*

*Results are preliminary and may change after further analysis.

Overall, households offered the program had better food security and improvements in children’s self-reported satisfaction with their life, but the program also led to an 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.

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 had 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.
- » 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.
- » Households that had non-agricultural businesses before the study were more successful in converting the productive asset into higher income.

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

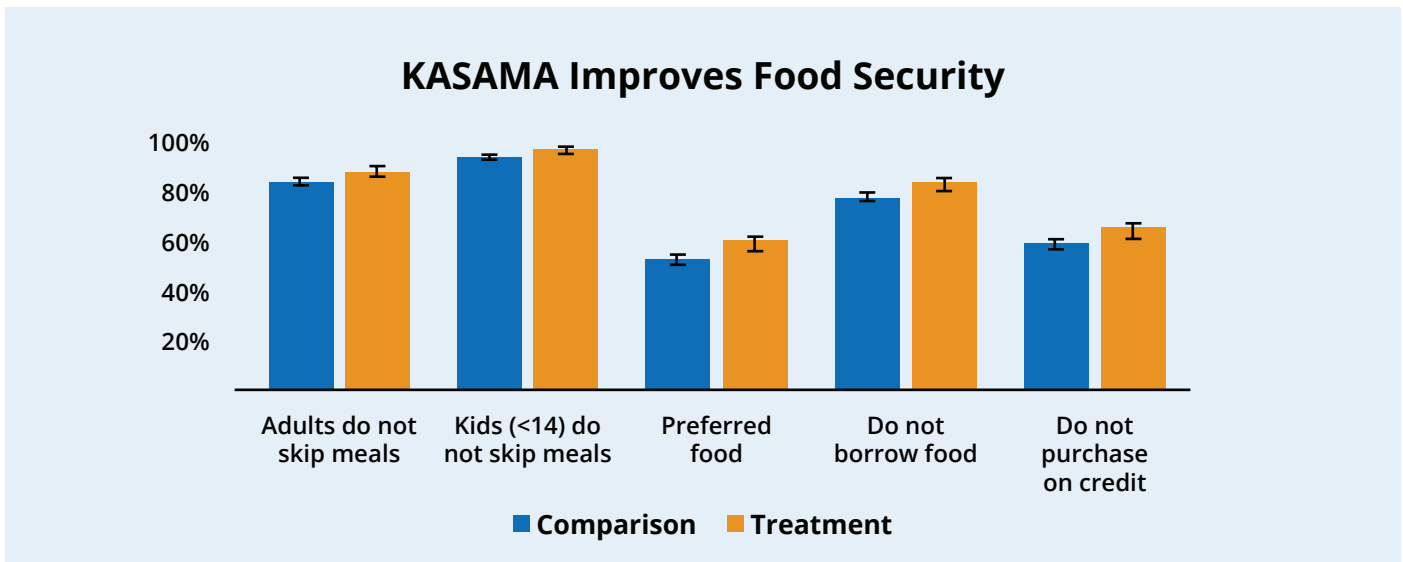
There was no overall effect on primary or secondary measures of child labor on average. However, for children

not involved in child labor at baseline, employment in family-based economic activities increased 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 involvement in family-based economic activity increased for children both in child labor at baseline and those not when the household had an existing business at baseline.
 - » Children in these households with existing businesses that were not in child labor at baseline also increased their involvement in hazardous child labor by 24 percentage points (48 percent). While some of this hazardous child labor was the result of the circumstances of the operation of the family business, children increased their involvement in activities they could do independently such as collecting recyclables (ragpicking).

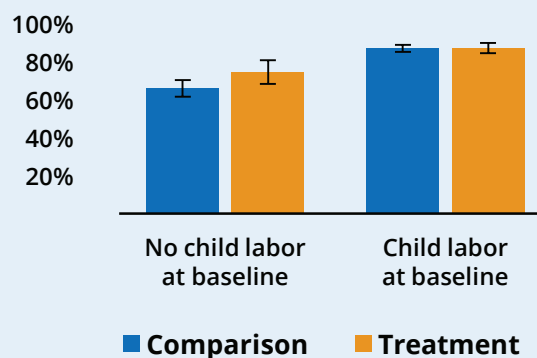
Child welfare increased on average.² This appears to be driven largely by changes in life satisfaction and was concentrated among children already in child labor before the program started.

² 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 examined the impact of KASAMA on the child’s raw score and on indicators consistent with how the Gallup Organization uses Cantril’s Ladder, creating indicators by splitting the responses into thriving (7+) and suffering (4-).



- » 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 extremely low life satisfaction (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.

Children Economically Active



Conclusion

Overall, the program reached its intended beneficiaries, improved various measures of well-being, and had a positive rate of return on family-firm generated income.

Yet these average effects mask important differences in how the program impacted different groups and different children in particular. For children that were not engaged in child labor before the program was offered, KASAMA increased child employment. In families already with a household business at baseline, KASAMA also appears to have increased child employment, including in activities that would be considered hazardous child labor, and improvements in child welfare were not evident in this group.

These findings highlight an important tension in using a sustainable livelihood program to combat child labor. Families that have children engaged in child labor 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, women above 50 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 there are opportunities for improvement in the program's outcomes.

One possibility is to consider different deliveries of KASAMA-type benefits. Increasing the value of the assets transferred or regulating the types of assets transferred do not appear to be solutions to the challenge of reducing child labor, although further study could be justified in these two dimensions. Combining KASAMA with active outreach against child labor might also be productive, either through parental education or inspection of worksites. Researchers found few families that knew that KASAMA had anything to do with child labor and no evidence of follow-up by DOLE staff, so there is scope for improvement on the education dimension. Also, expanding the scale of KASAMA so that multiple families are engaged at a worksite that is outside of the home might simplify regulating the worksite and reduce the likelihood that children participate. These different approaches to KASAMA require separate evaluation before implementing them at any scale.

Overall, the main lesson the research team has taken away from this project is that there is not one solution to child labor. There are some households with available adult labor, looking for additional work, where a KASAMA-type transfer may have potential to achieve its twin goals of ameliorating poverty and reducing child labor pressures. For households stretched to their limit without surplus labor, KASAMA in its current form might not be the best option for policy aiming to reduce child labor.

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