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## A National Policy Study on Child Labour and Development in the Philippines

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**A National Policy Study on Child Labour  
and Development in the Philippines**

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International Labour Organization**

# **A National Policy Study on Child Labour and Development in the Philippines**

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## **I. Rationale and Objectives of the Study**

In 1996, “Minsan Lang Sila Bata”<sup>1</sup>, an award winning documentary depicting the plight of child workers in the Philippines was shown on national television. It aroused a viewing public, most of whom were still unmindful of this phenomenon. The title alone vividly captures the opportunities lost by the youth when forced to work for survival. Economic theory has always emphasized the role of human capital for sustained economic growth. Philippine economic development in the next decades will be contingent on how our youth will be prepared for greater productivity in their years of maturity. Is child labour then really jeopardizing our country’s future?

More recently, the National Statistics Office (NSO) released alarming figures on the labour of children – about one of six Filipino children need to work to support his or her family. Four million of the 25 million Filipino children aged 5 to 17, or around 16 percent of the total, were "economically active," based on a survey covering Oct. 1, 2000 to Sept. 30, 2001. This was almost unchanged from the figure recorded in a similar survey for 1994-1995. Most of the working children were male, aged 10 to 17 years old. Seven out of 10 children worked in rural areas. The majority of them worked as unskilled, unpaid labourers in family farms.

With a growing awareness and response of both the public and private sectors on child labour incidence in the country, it is quite timely to undertake a national policy study to review the important research studies available on child labour and to assess key government policies and programmes responding to and affecting this phenomenon. Specifically, this study aims to:

- provide an overview of the nature, extent and predominant forms of child labour in the country based on available data disaggregated by age, sex, geographic distribution, industry, occupation
- analyze, with a gender-sensitive perspective, of the underlying causes of child labour, particularly economic factors (macroeconomic situation, poverty, labour market conditions) and issues relating to education (non-availability of schools, quality of education, etc.).
- perform an econometric and statistical analysis of the determinants of the prevalent forms of child labour at the cross section level
- review the international and national policies operating in the Philippines concerning child labour and assessment of the adequacy of policy responses towards the elimination of child labour
- examine the implications of the current child labour situation for the achievement of national development objectives
- review of some IPEC or other child labour interventions in the country with a view to identifying best practices, replicable approaches and lessons learnt
- propose policy recommendations and an agenda for further research

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<sup>1</sup> Literal translation – “children only once” (you can only be a child once in your lifetime!)

This study was based mostly on a review of existing literature, including recent researches, policy and programme documents, a quantitative analysis of data mostly from the 1995 and 2001 Survey on Children, as well as some discussion with selected key informants. The review also utilized several analyses and findings of existing studies already prepared under various initiatives, notably those of the ILO and of other agencies such as the World Bank and the regional development banks.

The paper is divided into six sections. Section I sets the rationale and objectives of the study. Section II provides an overview of the situation of child labour in the country through the use of current statistical trends from the National Survey on Children. Section III presents a household preference model on child labour and reviews existing literature based on the framework underlying the model. Section IV examines the determinants of child work and the dynamics of household decisions regarding child schooling and work. Section V gives the details of the current responses to child labour from the government's commitments to international agreements to national policies, programmes and good practices by both the private and public sectors. Finally, section VI summarizes the key findings of the study and lays out the recommendations.

## **II. The Situation of Working Children and Child Labour in the Philippines: General Statistical Trends, 1995 and 2001**

This section examines the trends in the situation of working children over the past six years, from 1995 to 2001 based mainly on the National Survey on Children which was administered by the National Statistics Office in 1994-1995 and in 2000-2001. These surveys provide a comprehensive sketch of the plight of child workers in the Philippines. However, only the key statistics on child work and child labour will be presented. The complete data set for working children can be accessed from the National Statistics Office and through their website. There are also other sources for the data on working children – the Annual Poverty Indicators Survey (APIS) of 1998 and 1999 and the quarterly Labor Force Surveys (LFS) of 1988 till the present. Esguerra (2002) discusses these data sources in more detail. The limitation of both surveys is that they do not provide information about labour market activity of children in the 5-9 age group. The LFS however is able to yield quarterly data of children 10-17 years of age, capturing seasonal variation in child work incidence. This study however, will limit itself to the National Surveys on Children.

### **1. Incidence of Child Work, 1995 and 2001**

According to the most recent survey, the incidence of child work in the Philippines had not changed much from the first. The most recent survey in 2001 revealed that 4 million working children aged 5-17 years old constituted 16.17 percent of the total population of children in the same age group. The situation in 1995 was almost similar as 3.6 million working children represented 15.98 percent of the total population in the age group. This was below the reported incidence in the Asia-Pacific region of 19% for economically

active children from 5-14 years old<sup>2</sup> (ILO 2002). The incidence of female child workers increased by .74% over the six-year period while for the males, this decreased by .36%. Although the child worker incidence in 2001 was only marginally higher than in 1995, the absolute number of child workers grew by about 12 percent over the six-year period or an average of 2 percent annually (See Table 1 in the Appendix).

From the survey results of 1995 and 2001, child work incidence is estimated by region. See Table 2 in the Appendix for details. From the table, the following regions have more than 20% incidence in 2001: Northern Mindanao (29.7%), Eastern Visayas (25.81%), Central Mindanao (24.34%), Caraga (22.31%), Central Visayas (21.75%) and Cagayan Valley (21.42%). This differs greatly with the 1995 figures: Cagayan Valley (25.0%), Central Mindanao (24.17%), Southern Mindanao (22.22%), Western Mindanao (20.47%), Cordillera Administrative Region (20.45%) and Ilocos Region (20.16%). Only Central Mindanao and Cagayan Valley were consistently in the range of 20% and over incidence rate. Explanation for these differences in regional incidence may be attributed to a host of factors related to regional growth trends, security and peace and order issues, government and private sector interventions and the creation of a new region in Mindanao - Caraga. Specific regional studies are needed to ascertain the factors which effected the changes in these regional incidences.

## **2. Other Key Trends in the Child Work Statistics, 1995 and 2001.**

The most economically active children were found in the 10-17 age range for both survey periods. In 1995, there were 1.6 million (about 44 percent of child workers) and 1.7 million (around 49 percent of child laborers) working children in the 10-14 age range and 15-17 age range, respectively. And in 2001, 1.9 and 1.8 million working children (or about 48 and 45 percent) constituted the 10-14 and 15-17 age ranges, respectively. Incidentally, the number of working children in the 10-14 age range grew the fastest at around 3 percent annually. Regarding the distribution by sex, about 6 out of every 10 working children were male. This proportion was rather consistent during the two periods. Nevertheless, the number of female child workers had been growing at a faster rate of about 3 percent annually. Female child worker incidence worldwide though is higher at 45% (ILO 2002). In addition, child work continued to be a rural phenomenon as about 7 out of 10 working children in the 5-17 age group resided in rural areas in 2001. This proportion was marginally higher than in 1995, with around 6 of 10 working children residing in rural areas.

Furthermore, the number of child workers in the rural areas rose the fastest during the period. Around 50 percent of the working children were found in regions IV, VI, XI, V and III. Region IV had the most number of working children with about 13 percent of the total population in the age group. This was followed by regions VI (12 %), XI (10 %), V (8 %) and III (7 %). The annual growth rate of working children during the period was highest in region VII at around 11 percent. This was followed by region VIII (8 %), NCR (6 %), region X (4.79 %), and region XII (4.61 %). Interestingly, the period saw

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<sup>2</sup> the direct comparison is 8.7% incidence for the Philippines for 5-14 year olds in 2001, an even lower percentage

negative growths in the number of working children in eight regions. These regions were: region I (-7.74 %); CAR (-4.56 %); region VI (-4.16 %); region II (-2.28 %); region IX (-2.05 %); region XI (-1.03 %); region III (-0.25 %); and ARMM (-0.19 %). (See Table 3 in the Appendix).

In terms of the major industries, working children were found mostly in agriculture, then services and finally, industry for both 1995 and 2001. However the percentage of working children in agriculture had declined from 64.9% in 1995 to 58.4% in 2001. The decrease in the agricultural sector was taken up by the services sector which increased from 26% to 31.7%. In terms of working children who are out of school, the percentage had declined from 35.31% in 1995 to 31.35 in 2001. This was also true for both male and female. Upon examining the nature of employment by these working children, we find that the dominant forms include short-term, casual and seasonal work which comprised 68-80% of the total number. It was also noticeable that the percentage for the permanent types of work had declined over the last six years especially for the males. See the table below for more details. (See Tables 4-6 in the Appendix).

### **3. Recent Statistics from the 2001 Survey of Working Children**

The following are selected statistics from the 2001 Survey on Children which provides more details on the characteristics of child work in the Philippines.

#### **3.1 Earnings and Benefits of Working Children**

In terms of compensation, around six of ten working children receive less than 500 pesos per week and almost two of ten get less than a thousand. This clearly shows the very low costs of child labour. However, child workers reported that they also received other benefits like meal allowances (71.9%), clothing allowances (25.2%), education/training allowance (16.12%) and medical allowance (10.95%) aside from their wages (See Table 7 in the Appendix)

#### **3.2 Working Children in terms of Household Economic Profile**

From the Working Children Survey for 2001 some characteristics of households having working children can be derived. The survey included a total of 10,440 households and only 2741 or 26.25% had members who were working children. Around 80% of the households with working children had five or more members, 65% with six or more members. This shows that increased dependency burden also heightens the possibility of a household sending its children to work. In terms of incomes, only around half of the households had incomes below P5,000.00 per month which is near the poverty threshold. With regard to expenditure, about six of ten households with working children spent below P5,000.00 per month. Table 8 in the Appendix summarizes these household characteristics.

### **3.3 Reasons for Working**

The surveyed children were asked their motivations on why they are engaged in employment or work activities. Almost four of ten children (42.72%) cited helping the household enterprise as the main reason for working. This was followed closely by the need to augment family or household income (25.85%). The table shows us that there are other important reasons aside from the objective of supplementing family income that push children to work. (See Table 9 in the Appendix for more details)

### **3.4 Exposure to Hazards by Industry**

Almost six of ten working children were exposed to hazardous environment. In terms of industries, the most hazardous physically was mining and quarrying followed by construction and transport and communication. The most hazardous in terms of chemical exposure were the transport, communication and construction industries. For biological hazards, mining, quarrying and agriculture posted the highest incidence. See Tables 10 and 11 in the Appendix.

### **3.5 Other Work-related Problems, Injuries and Illnesses**

In terms of other work-related problems, around six of ten working children were affected and that boredom and stress were reported as the more important concerns of working children. With regard to illness and injuries, two of ten working children were affected. Females again had lower incidence of work related problems, injuries and illnesses. See Tables 12 and 13 for more details.

### **3.6 Statistics on Working Children and Schooling**

Of the 4 million working children in 2001, around 30% or 1.25 million are not attending school. In terms of the age bracket, 9.6% of the working 5-9 years old, 18.2% of the 10-14 years old, and 48% of the 15-17 years old were reported not attending school. Note that the older the working children, the less probable they are in school. This might also be affected by the general high drop-out rates recorded in the country. The major effects of child work on schooling were low grades, absenteeism and tardiness. The top two reasons for dropping out according to both parents and children are that the latter are not interested in school and that the cost of schooling is too high. (See Table 14 and 15 in the Appendix)

## **III. A Review of Literature of Child Labour in the Philippines**

This section of the paper provides a review of the current and relevant literature on child labour in the Philippines from the perspective of a household preference model.

### **1. Definitions of Child Labour**



The literature on child labour underscores the negative consequences of specific work situations and abuses on the child worker which define the key elements of child labour. Thus, not all child work is considered as child labour. The conceptual, general definition of child labour encompasses all occupations that are detrimental to a child's overall welfare. Any market work, therefore, that does not undermine the general well being of children is not considered as child labour. The Ateneo Human Rights Center (1998) defines child labour in more economic terms as "the participation of a child in a variety of work situations, on a more or less regular basis, to earn a livelihood for himself or herself or for others."

The ILO Global Report 2002 classifies child labour that should be abolished according to three categories based on Conventions 138 and 182:

- a) labour that is performed by a child who is under the minimum age specified for that kind of work (as defined by national legislation in accordance with accepted international standards) and that it is thus likely to impede the child's education and full development
- b) labour that jeopardizes the physical, mental or moral well being of a child either because of its nature or because the conditions in which it is carried out is known as hazardous work
- c) the unconditional worst forms of child labour which are internationally defined as slavery, trafficking, debt bondage and other forms of forced labour, forced recruitment of children for use in armed conflict, prostitution and pornography and other illicit activities

The national definition of child labour is consistent with the above descriptions as Republic Act No. 7658 (amending Republic Act No. 7610 of 1992) defines child labour as the "illegal employment of children below the age of fifteen, where they are not directly under the sole responsibility of their parents or legal guardian, or the latter employs other workers apart from their children who are not members of their families, or their work endangers their life, safety, health and morals or impairs their normal development including schooling. The Department of Labor and Employment (DOLE)'s Department Order No. 4 Series 1999 includes in the definition the situation of children below the age of eighteen who are employed in hazardous occupations, such as: 1) work which causes exposure to physical, psychological, or sexual abuse; 2) work underground, under water, or at dangerous heights; 3) work with dangerous machinery, equipment and tools, or which involves manual handling or transport of heavy loads; 4) work in an unhealthy environment; and 5) work under particularly difficult conditions.

Put simply, the determination of whether child work is indeed child labour boils down to three important considerations: hazards faced by the child, age and parental supervision (Alonzo and Edillon, 2002 and see Table 1 below). Operationally, all child workers engaged in occupations characterized as the "worst form," based on Article 3 of ILO Convention 182, are child labourers. The worst forms of child labour are largely all occupations that undermine the general welfare and the long-term development of a child. Age is a secondary consideration regarding child labour. Child work not

categorized as the “worst form” will still be considered as child labour if the child is below fifteen years old and not supervised by his or her parents at work. A child works outside parental supervision if he or she works for a private household other than his or her own; works for a private establishment; works for the government or a government corporation; and is self-employed. Thus, aside from the nature of the work and child’s age, the type of employment relations (i.e. with or without parental supervision) is also important in the consideration of child labour.

**Chart 1: Operationalization of the Definition in the Philippines**

Child Labourer		Child Worker	
Worst Form	Not in Worst Form		
Regardless of Age	5-14		15-17
	No parental supervision	With Parental Supervision	

Source: Alonzo and Edillon (2002)

## 2. A Household Model on the Determinants and Consequences of Child Labour

To facilitate the review, we first present a framework using a household model. In the literature, the determinants of completed family size and household labor allocation are seen as operating through a household preference for present and future consumption, children, and human capital, and through three constraints:

- a) A budget constraint that reflects the opportunities and limitations implied by the market prices of goods and services, the wage rate of family members, any non-labor income and time at the disposal of household members;
- b) The household technology which enables it to convert market goods and the time of the family members into basic commodities, including food consumption and human capital; and
- c) The household’s budget that is dependent on the children’s future production and income, and the income of the resources that were bequeathed by the parents.

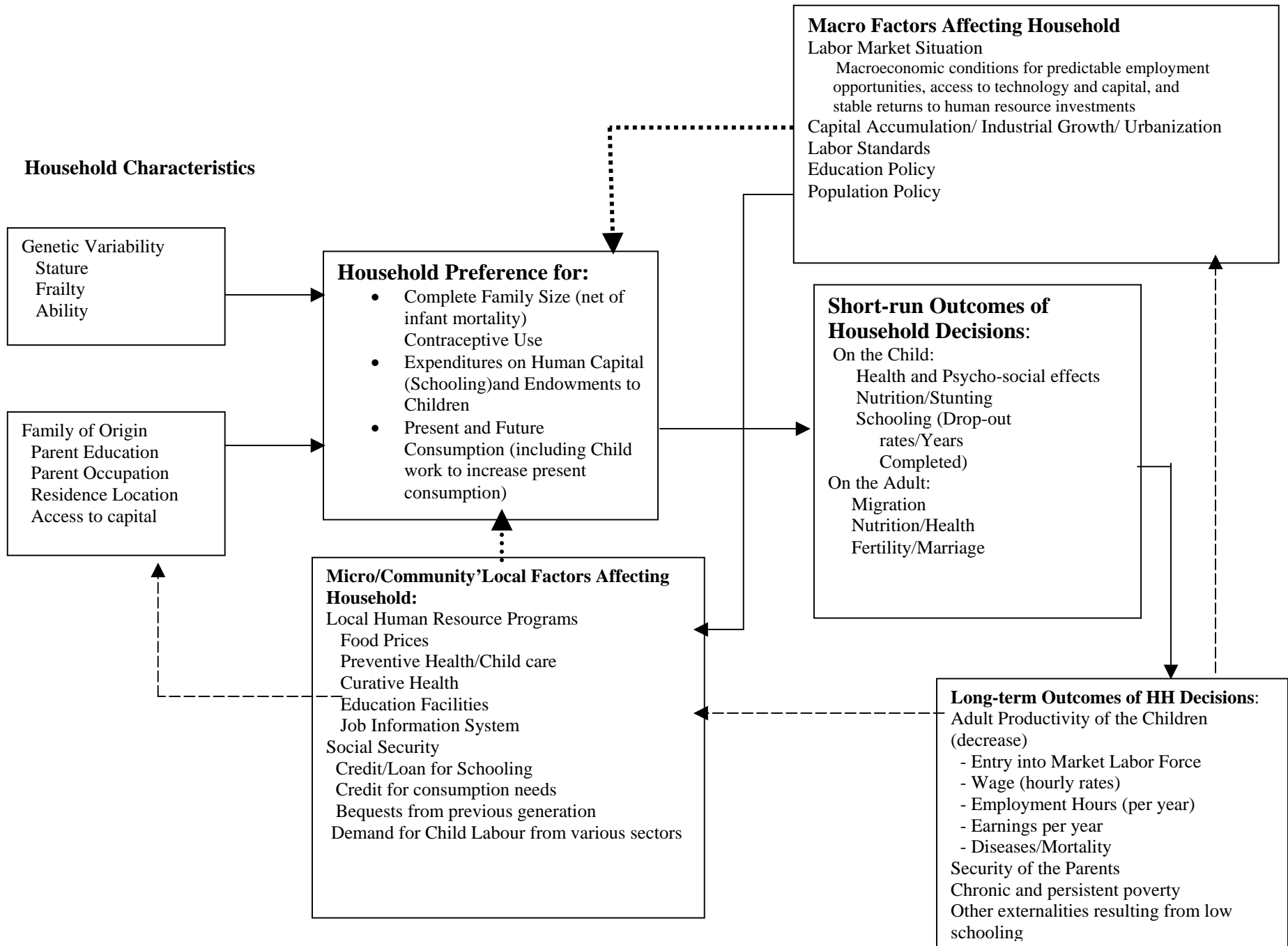
The last constraint indicates the inter-generational aspect of household decisions. Figure III-1 shows the diagram of the parent-child dynamics and the general equilibrium model of household decisions. At the center of the diagram is the set of decisions that the household makes, with the assumption that the parents rationally choose the most preferred combination of options. At the end of these choices are human capital stocks which ultimately determine the household’s welfare and future security, and ultimately the economy’s productivity and growth. The possible choice of sending children to work is part of this decision dynamics.

The constraints are represented by the three different factors that ultimately determine them. These are (a) the invariable genetic structure and background of the family; (b) the relatively short-run macroeconomic environment; and (c) the more long-run local (meso

and micro) conditions where the family resides and that ultimately determines the human capital of the household, including education. The difficulty of analyzing and identifying the determinants of child labour arises from the fact that the outcomes themselves determine the conditions that initially lead to such outcomes. The broken lines show heuristically how these final outcomes, e.g., the productivity of children and the security of parents, can reinforce the poor conditions, both local and national levels, from which these originated. Ultimately, as parents decide to use more child labor, rather than spending more resources on human capital per child, the productivity of the new generation is reduced and the security of the succeeding parents is endangered. Given this feedback process, the households' demand for children increases as poverty continues.

The short-run effects of macroeconomic policies are particularly important for two main reasons: their effects on prices affecting the opportunity costs of children and their effects on household's and investment behavior. Moreover, these influence the parents' preferences and expectations directly, especially in terms of increasing wage rates. The short-run conditions can also be determined by the long-run conditions as macroeconomic stability raises the returns from human capital or the expected wage rates of children. The main focus of our paper is that such policies improve the effectiveness of local conditions in raising labor productivity and human capital investments.

The welfare of parents and children are thus inextricably linked in our model in the sense that while children depend on their parents for their upbringing, the parents can rely on their children's labor for their present and future income. With the increase in expected life span of individuals, social security for the adults has become important. Because of this, there will be a greater dependence on child labour.



**Figure 1. A General Model of Household Decisions**

The analysis assumes that, with the improvements in economic growth and the associated changes in economic structure, the parents may be induced to substitute quantity for quality, opting for more investments in education in return for greater productivity in the future. The second piece of the argument is that, with a static local economy, the use of child labor will be self-enforcing or self-equilibrating. The increase in present income from child labor presumably overcomes the production constraints, but in turn may cause lower future labor productivity and lower wages for the children.

In this framework, improving access to schooling facilities in the local communities will have three key transmission mechanisms to reduce child labour in the short-run and will result in a higher level of welfare. *First*, schooling induces technological innovations that raise the rate of return to human capital and hence emphasize quality over quantity of children. The improved technological conditions will ease the households' budget constraints, allowing parents to have more resources to invest in their children. Furthermore, the adoption of modern technology is dependent on the availability of human capital. Hence, with human capital-induced technological improvement, the returns to child quality will rise, leading to a more significant shift away from greater child quantity along with greater output.

*Second*, access to schooling causes a more educated work force which generally causes further demand for human capital in the adults. There will be a change in parents' preference, limiting the desired number of surviving children easier to achieve. The preference for child labour is effectively decreased.

Furthermore, with a more educated and more productive work force, greater production in the local economy will mean lesser time to recover the costs of human capital investments, thus subsequently further raising the returns of other forms of human capital, such as health. Thus, a low return to education is not a cause of low educational outcomes, but a consequence of the poor access to education.<sup>3</sup> It will be less likely that households will allow their children to engage in hazardous activities. This further stimulates investments in human capital as quantity-quality tradeoffs are being made. Ultimately, each child is productive enough to meet the parents' expectations and the costs of child labour to parents become greater.

*Third*, improved access to schooling leads to greater access to funds and capital. As the productivity increases, opportunities for both men and women will be greater, and the dependence on child labour is ultimately reduced. In the process, the increased productivity of labor will also lead to an increased productivity of capital. Without increased labour productivity, increases in capital will only lead to diminishing marginal returns

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<sup>3</sup> Lanzona (1998) shows that the returns to education are lower in communities where the educated individuals have migrated outside. This means that the returns to education will be higher if the decision to migrate is controlled.

The incorporation of capital, a fixed factor of production, into this basic model serves as a unifying component that is consistent with the overall view of controlling child labour. If existing stock of adult labor is unskilled and unproductive and if capital is scarce, child labour is the only other alternative left to raise production. Investments or capital formation will be limited since capital requires some modicum of labor productivity or technological improvements. Moreover, since land is fixed, an increasing use of child labour only reduces the land-labor ratio, thereby leading to a further deterioration of wage rates. However, with greater use of capital, the slide in the wage rates will be minimized if capital is also used in raising labor productivity. Changes in capital in the short-run thus serve as the basis for a unified model that completes the transition from an equilibrium with “inefficient” child labour<sup>4</sup> to an equilibrium without child labour. With more physical capital, the prevalent demand of children as a productive input for both present and future income<sup>5</sup> is minimized. Nevertheless, it is important to note that capital accumulation should not be used to substitute for the long-term increases in labour productivity. Capital should be seen as complementary to labor inputs since fertility reductions are always grounded in improving the returns to human capital.

More importantly, the model highlights the important role that schooling decisions have in the determining the causes and consequences of child labour. Presumably, the family decides to stop the schooling of their children for a number of reasons. For one, the cost of schooling may be too high. While the primary and secondary schooling are supposed to be free, there are other incidental costs such as allowances, transportation, and other school fees, that may make it too expensive.

However a more compelling reason is that the returns to education may be too low relative to the opportunity costs of sending the children to school. In other words, the future returns of education are viewed to be lower than the wage that is offered in the market. Lanzona (1996) notes that, in Bicol, the greater the importance of irrigated land for the family, the greater is the investment in schooling of sons, holding constant for the parent's education and community school infrastructure. One hypothesis for this pattern is that the major irrigation projects in the Bicol Region facilitated the adoption of profitable high yielding varieties. Where these new agricultural inputs held the most immediate promise, families sacrificed more to educate their sons, preparing them to evaluate and profitably adopt these promising new production possibilities. The education received by daughters prepared them for employment in nonagricultural activities.

The problem thus is not so much the imperfect labor markets but the imperfect capital markets that are unable to evaluate the returns to education. Given more access to credit, the households could have properly allocated their resources to allow their children to go to school. Because of imperfect credit markets, as is the case in most developing countries, child labour arising from lack of access to schooling is seen to be inefficient.

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<sup>4</sup> this is because child labour is used a second best response to a market failure e.g. lack of capital and credit markets

<sup>5</sup> The usual view is to consider children as labor input. What differentiates children from the adult labor is the need to invest in children's development to make them productive inputs. Parents will initially have to endow children with resources, which is not necessary in hiring additional labor.

Nonetheless, the outright banning of child labour without improving access to schooling is also seen to be inefficient.

In summary, the conceptual framework's main focus is that the household decision to send children to work (the supply of child labour) is influenced by various factors at the macro (national), meso (local and community) and micro (household) levels. For the macro determinants, weak economic policies and programs result into low employment levels and incomes (and high underemployment) resulting to extreme poverty situations. Aggravating this is weak social service delivery and safety nets which if adequate could have cushioned certain sectors of the population from economic risks and vulnerabilities. In addition, the failure to formulate effective population policies and programs have increased dependency burdens of households which in turn raises the probability of child work. The inadequacies of the educational system and the lack of credit markets also affect the decision to send children to work. Most of these macro factors also operate at the local and community levels and affect the supply of child labour. The consequences of the household decision to send children to work are divided into the short-term and long-term effects. Included in the former are schooling and health effects plus psychological trauma and lowering of self-esteem. Long-run effects include lower productivity of these children leading to the perpetuation of poverty and "income insecurity" of parents and other negative externalities resulting from poor education and health.

### **3. The Determinants of Child Labour**

The Philippine literature presents determinants of child labour that can be generally categorized as either economic or socio-cultural. Essentially, the economic factors can be considered as circumscribing the social factors at play. It is important to note that these factors are interrelated and not entirely mutually exclusive as the paper will always emphasize. Another strand in the literature analyzes child labour determinants within the immediate environment of the child or the household level (micro), in the community and even regional level (meso) and in the national and international level (macro). The literature presents a skein of interrelated factors that contribute to the incidence of child labour. Expectedly, the apparent complexity and interrelations of the determinants of child labour have many-sided consequences on the child. And thus, policies that deal with the comprehensive prevention of child labour require both economic and non-economic interventions.

#### **3.1 Micro Level (within the immediate environment of a child)**

The household is the starting point of analyses dealing with the determinants of child labour at the most basic level. Analyses presented in this review of literature proceed by looking at factors that push households to make decisions regarding the participation of the child in school or work (supply side) and factors influencing the decision of enterprises to hire child labourers (demand side). These decisions matter as the participation of a child in worst forms of child labour is made at this level.

### Supply-side of child labour

#### *General poverty, low household income and the lack of work opportunities affecting poor households*

Children are forced or pressured to work, interfering with their education and exposing them to health risks, because of poverty. In fact, case studies cited in Del Rosario and Bonga (2000), and more recent studies by Lim (2001), Alonzo and Edillon (2002), Esguerra (2002), Sta. Maria and Chiongson (2002) and Villamil (2002) put to the fore poverty as the foremost determinant of child labour in the Philippines.

According to Balisacan (2001), poverty in the Philippines is mostly rural. Rural poverty accounts for about 75 percent of national poverty. This is because the poverty in the agricultural population, which accounts for about 60 percent of total population, largely determines rural poverty.

Consistently, child labour statistics reveal that poverty incidence among families with child laborers was about twice the national incidence rate. Child labour is yet again rural. Eighty-five percent of children engaged in child labor were found in rural areas, and most of these children were found in Northern Mindanao, with about 22 percent child labor incidence (Alonzo and Edillon (2002)).

Income from child labour, therefore, is welcome to very low-income households, whether it be in the rural or urban setting. These households need their children's earnings to augment their households's income. Simply said, child labour is necessary for the survival of the household as resources and economic opportunities are not sufficient to meet the household's minimum basic needs.

There are enough case studies and anecdotes in the documentations of ILO/IPEC regarding child labour and poverty. Studies about selected sectors, such as Cabaero and Imperial (1996) on garments, Rollolazo and Logan (2002) on selected agricultural activities and Remedio (2002) on fishing, mention that poverty and the need for additional income by poor families contribute to the decision of households to allow or even force children to work

Related to poverty is the lack or absence of economic opportunities in the household's localities. Ano (2002) studied the situation of child labour in the pyrotechnics industry. He finds that there are no other viable enterprises that can serve as livelihood sources for the community, thus the alternative to engage in a rather dangerous work. Edralin (2002)'s in-depth studies on the situations of children in the pyrotechnics industry and prostitution maintain that limited economic opportunities impel children to work in these worst forms of child labour. Brillantes (1996) mention that employment of children in domestic service is spurred by their impoverished households. Children who participate in domestic service come from economically depressed regions and provinces in the Philippines, which are characterized by lack of income earning opportunities. The lack or



absence of income-providing economic opportunities pushes the already poor household to deeper poverty.

*Cycle of low education and poverty, high costs and low returns of education for poor households*

The high costs of education for poor families is the overriding reason mentioned in the literature why children of poor households do not attend school. Poor households cannot simply afford to send their children to school even with free primary and secondary education. This is because the attendant costs of sending children to school are too much for a low-income household. Another reason which Edralin (2002) mentions in her study was the lack of access to schools. Particularly in rural areas, the distant location of schools relative to the child's place of work or dwelling becomes a factor to consider. Studies point to the mutual feedback between lack of education and child labour and the vicious cycle of low levels of education and child labour, which resonates to future generations. The heads of poor households are likely to have low levels of education, and often, household poverty can be ascribed to the heads' having low educational attainment. Statistics corroborate the aforementioned as Alonzo and Edillion (2002) reports that heads of families of child labourers were males, aged 25 to 64 years. About 60 percent of the head of the families went beyond the elementary level, yet about 10 percent of them finished high school.

Interestingly, Lim (2001) points out that the educational levels of the parents, household head or mother of the family have a strong bearing on the decision whether to send children to school or to allow, or even force, the children to work. Villamil (2002) provides evidence through probit regressions for the Philippines. His analysis of the results suggests that low educational level of the household head contributes strongly to the probability of a child both working and not going to school.

The "hand-to-mouth existence" (Lim (2002)) of poor households implies that without a strong value for education, lowly educated household heads will definitely prefer child labour to schoolwork because it augments household income. The need to survive on a day-to-day basis far outweighs the long-term benefit of education. In addition, Villamil (2002) finds that, based on the estimated earnings functions of adult workers (operationally defined as those 15 years and above), the differentials in earnings between primary school graduates and secondary school graduates, especially in the rural and agricultural sector, were very small and marginal. For many poor families, therefore, letting children enter high school after compulsory primary education has low returns and thus they will opt for the children to work.

*Household values systems*

The values systems of parents may be a factor regarding children's engagement in market work. It is safe to say that values systems are largely shaped and determined by education. Ignorance and lack of information, which may lead to distorted values, result in decisions that are not always in the best interest of children.

On the extreme, some household heads with distorted values systems contribute to child abuse and child labour. A study commissioned by the Department of Social Welfare and Community Development (DSWD) of the Philippines in 1997 found that a major cause of female children going into commercial sex work is “poor or strained family relationships.” (Lim (2002))

The tolerance to child labour may be related to how parents’ perception of child labour. Camacho et al (1997) reveals that child domestic work is perceived by some parents as lighter and less arduous task than other employment opportunities available for children in their community. It requires no formal training or special skills or qualification yet it provides the guaranteed and regular income needed by the household.

Although clearly a gender issue, allowing boys to participate in work is an acceptable practice in poor households. Villamil (2002) reveals that girls have higher enrolment rates than boys and boys have higher child labour participation and employment rates than girls. This finding presents that boys are expected to engage in work to help the family and girls are expected to do schoolwork to a certain point or to stay at home to help care for their younger siblings when the female head of the household participates in market work.

#### *Short-term horizon of poor households and credit constraints*

Related to the values systems of parents, children may be regarded as a form of social insurance, particularly in poor households. Jacoby and Skofias (1994) regard child labour as a hedge against risk and uncertainty, an insurance against unforeseen losses in income that may threaten the survival of the household. Child labour therefore is a good recourse, as a child labourer becomes an insurance against fluctuations and losses in adult income.

Regarding children as a form of insurance speaks of the “short-term time horizon” of many poor families, who have limited or no savings at all and have no assets which will ultimately allow them to have access to credit (Lim (2002) and Villamil, (2002)). Thus, having more children and allowing and even forcing children to engage in work is a risk-reducing strategy for most poor families and underscores that the daily need for subsistence is more immediate and of paramount concern. In economic jargon, intense poverty shrinks the time horizon of households to the short run. This means that households are willing to forego future income for current consumption; thus, future benefits have very little value to households whose immediate concern is survival. In the review of recent empirical studies, a key solution to child labour is the provision of liquidity to poor households.

#### *High fertility rate and high dependency burden*

Lloyd (1994) suggested that a larger household size reduces the investment of parents in education of children and therefore increases the likelihood that children will engage in

market work. Thus, high fertility rates among the poor, which in turn leads to high dependency burden among poor families, will likely result in higher incidence of child labour. Villamil (2002) using probit regressions for the Philippines finds that the probability of going to school and not working is negatively and strongly related to the number of children in the family aged 0 to 4 years and to the number of children aged 5 to 14. In addition, the probability of not going to school and working is positively and significantly related to the number of children aged 0 to 9 years. These findings suggest a social reality in the Philippines that older children of poor households engage in child labour to support their younger siblings.

### Demand-side of child labour

#### *Characteristics of children*

Children may be favored over unskilled adults in some lines of work because of their physical characteristics. For example, drug traffickers prefer to use children in their operations because the latter are harder to detect. Children are more agile and quick, which are indeed useful in detonating explosives in quarrying activities. Children's nimble, little fingers are useful in folding small pieces of paper in the pyrotechnics industry. Children, because of their small sizes, are favored in fishing expeditions because the boat used in such expeditions will have more area for fish. And prostituted women are now younger because of men's increased demand for younger women.

Children may also be favored over unskilled adults because the former are more docile, compliant and are willing to work for lower wages. They are easy to manage, control and discipline; they know less about their rights and do not know where to turn to for complaints, help and rescue (Lim (2002)).

#### *Relative importance of the informal sector*

Child labour is associated with the unregulated informal economy, which is largely beyond the reach of formal institutions. The relative importance of the informal sector also determines the demand for child labour. "Many children are employed in family-based enterprises where they work as unpaid labourers. These informal household activities include farming, retail trade or small-scale manufacturing undertaken directly by the children's households or subcontracted to them by other enterprises." (Lim (2001))

Although children are self-employed in some instances, Lim (2001) mentions that a large section of demand for child labour occurs in family-based activities where the families themselves are the employers. These informal household activities, particularly in agriculture, are the biggest employers of children.

#### *Short-term horizon of firms and backward production technologies*

The general macroeconomic situation may push firms to have a more short-term horizon, which in turn leads them to limit or not invest at all in skills and capital equipment, and to

employ child labourers. An unstable macroeconomy, low profits and poor economic development may discourage small firms to hire skilled labor and invest in capital equipment. This significantly contributes to the perpetuation of backward production technologies and low productivity economic activities that are conducive to the employment of child labour. Lim (2002) posited that backward production systems are likely to rely more on unskilled, manual labor rather than on skilled labour or more capital intensive processes because of cost-effectiveness.

*Structure of the labour market and low cost of employing children*

Esguerra (2002) cites Basu and Van (1998)'s position that completely flexible wages in competitive markets can, in principle, encourage substitution of child labor for unskilled adult labour. The labour market may be characterized by situations where wages are low and children work and another in which wages are high and children do not work. Considering the above-described attendant advantage of hiring children, having low market-clearing wage is likely to increase the incidence of child labour because they become good substitutes to unskilled adult workers whose reservation wages are likely to be higher.

### **3.2 Meso (at the community and local level)**

The meso level is where households and firms are situated. At this level, the interplay of economic, social and even institutional factors become evident and their level of interaction has bearing on decision of households to allow children to work and the decision of firms to hire child laborers.

Although, this section primarily deals with the determinants of child labour, it is important to note that set national policies regarding child labour and the interplay of the national government, local government and civil society are operationalised at this level. Thus, the interplay of factors suggests there are linkages among the factors presented in the literature.

*Weak social safeguards*

Households may also respond to the situations of the community. Within the immediate community of the child, a child is likely to engage in work under conditions where economic development is low, where poverty is pervasive, and when social insurance programs are weak or non-existent. Poor economic conditions lead to families entering the poverty group and experiencing credit constraints, would likely result in a higher incidence of child labour. This situation is exacerbated by weak or lack of social protection, which presumably forces people into poverty when desperate situations happen. Lim (2001) mentions that the lack of social assistance and welfare services by the government add to the desperation of families as free and subsidized health, education and social services are wanting and of very low quality. He also pointed out that child labour becomes a feasible alternative when the cost of employing children is low because

laws on child labour are below acceptable standards or when enforcement of existing laws is weak.

### *Society's values systems*

Society's socio-cultural practices, inculcated values systems and biases may encourage, reinforce and aggravate child labour in its worst forms. Alonzo and Edillon (2002) mentions of the influence of social values on the private decision of household to allow their children to engage in market work. "These values can occupy the whole spectrum from the negative to the positive. On the positive, child labour is seen as acceptable because a good child is defined as one who helps his parents earn a living for the family. Sometimes, parents are told to even teach their child to work so that they would learn to value work." Boltron (2001) affirms the above-mentioned, stating that working children can help their families in terms of financial support or physical assistance. Work is valued because parents believe that it helps the children become independent and gain positive traits such as responsibility and industriousness.

However, distorted values and its impacts bring about a higher probability of child labour. Edralin (2002) in her study of children in prostitution points to the values systems inculcated by the child from the family or even the community as a contributory factor to his or her decision to engage in prostitution. This is because the child is expected to support the family particularly during difficult economic and social and social situation. Arcilla (2002) adds that prostituted children may hold the belief that young people should be subservient in the family. Other practices make children believe that making money by selling their bodies is not an issue.

Guiam (2002) reveals that the participation of children in armed conflict in the Maguindanao, Basilan and Cotabato provinces may not be entirely because of poverty. According to her, the earliest age of entry to being a child soldier is 11. "Forty percent of the children in the purposive survey decided on their own to join armed groups, such as the Abu Sayaf, while 22.3 percent were invited to join by family members like parents, siblings and relatives. Eighty-one of the 85 child-respondents said they do not get paid for their services as child soldiers." Some of the Abu Sayaf members get paid in cash. The pay, however, is not a fixed amount as it depends on the nature of assignments. While some others said they do not get paid because they work on a voluntary basis, it is their contribution to the armed struggle against oppression and their desire to fulfill their obligation to do *jihad* made them decide to join armed work.

The sense of altruism of employers may also be a factor. Employers think that they are rendering a useful service by providing jobs to children from poor families (Albao and Tinio (1998)). For example, Camacho et al (1997) pointed out the employers generally perceived that they are doing a philanthropic act by employing a child from a poor family to work in their households, perceiving themselves as benefactors rather than as exploiters of children.

### 3.3 Macro Level (international and national levels)

The macro level is the avenue where national and international conditions meet to bring about the constraints and possibilities of checking poverty, which foregrounds household decisions to allow child to participate in market and even household work. It is also at this level where social, economic, political and legal conditions affect the decisions of firms to engage in backward production technologies and hire child labourers.

Economic and social programs are formulated at this level to have direct impact on child labor. “It is also at this level where governance structures and the political will of the state and the civil society ultimately shape and form an entire society’s response to the child labour problem.” (Lim (2001))

#### *Lack of economic growth and child labour*

Villamil (2002) posits that the incidence and participation of children in market work to augment household income is reduced when economic growth results in an increase in poor household’s income. Economic downturn, hence, has the opposite effect on the incidence and participation of children in market work. The household copes with the decreased income of the household head by encouraging or even forcing children to work. This is known as the “added worker” effect; and this leads to an increase in the labour force participation of children.

An economic downturn, however, which results in a decreased labour demand, may also result in the unemployment of both adults and children. This may also induce a “discourage worker” effect, that is children and adults regard searching for work as futile. The incidence of child labour and the labour force participation rates of children decline as a result, therefore.

Statistical data analysis at the aggregate level is consistent with the poor household reality that a fall in income increases the likelihood of child labour. In a simple regression between GDP and child labor incidence, Villamil (2002) reveals that there is a significant and negative association between the two variables, suggesting that the added worker effect is at play in poor household decisions.

Macroeconomic fluctuations, moreover, affect school participation of children in poor households. Villamil (2002) states that “for low-income households, the schooling of children is quite costly in terms of school materials, transportation and meal allowances. When incomes fall from an economic downturn, children face the risk of being forced to stop schooling (at least temporarily) to look for [market] work or to do household chores as the female head of the household engages in a job search.” Lim (2001)’s discussion corroborates the above-described situation. He reports that during the economic crisis in 1998, participation rates in elementary schools fell from 99.2 percent in schoolyear 1997-1998 to 98.1 percent in 1998-1999. Participation rates at the secondary level significantly dropped from 80.7 percent in schoolyear 1997-1998 to 72.8 percent in schoolyear 1998-1999. To present another piece of evidence, Villamil (2002) estimated

regression equations for elementary and secondary school participation rates and per capita GNP for the period 1982-1998. The results show that there is a positive relationship between elementary school participation rates and GNP per capita and also a strong positive relationship between secondary school participation rates and GNP per capita.

#### *Conditions in the macroeconomy*

Grootaert and Kanbur (1995) and Basu (1999) mention factors within the external environment of the household that influence poor household decisions regarding child labour. These factors are economic growth, technological change, adult labour market conditions, poverty and social policy. One can therefore say that the incidence of child labour is likely high under conditions of low economic development, pervasive poverty and weak or non-existent social protection programs, which, in turn, are strongly affected by government policies.

Studies by Lim (2001), Villamil (2002) and Alonzo and Edillon (2002) point out other conditions in the macroeconomy that affect the incidence of child labour. These conditions are: 1) inadequate population program, together with the lack of economic development, which perpetuate large families and high dependency burdens; 2) poor and inadequate education and transportation infrastructure, lack of free and subsidized schooling for the poor, lack of qualified teachers and classrooms, as well as inadequate curricula and low quality of education programs in the primary and secondary levels; 3) structural adjustment programs which incorporate reductions and reallocations of government expenditure, particularly on social expenditures, with damaging implications on poverty alleviation; 4) misdirected spending on education which impede the goal of reducing the costs of education for the poor; and 5) low cost of employing children because laws on child labour are below acceptable standards or when enforcement of existing laws is weak.

#### *Globalization and child labour incidence*

A number of studies by the DOLE-Institute of Labour Studies (1995) in the Philippines have attributed the incidence of child labour to globalization. However, the child labour literature has a dearth on empirical evidence regarding the consequences of globalization on child labour. And most of the studies purporting this linkage rely on documented cases on the incidence and conditions of child labourers in industries engaging in export-oriented strategy, possibly as a response to the effects of globalization.

Cabaero and Imperial (1996) surveyed selected industries to look at the consequences of globalization on child labour incidence. The findings show that the country's export-oriented strategy poses aggravating influence on the increasing incidence of child work, particularly in the garments industry.

### **3.5 Linkages of Factors**

Esguerra (2002) presents a general discussion on the linkage of factors affecting the incidence of child labour. He states that poor or low-income households are extremely vulnerable to income shocks in the macroeconomy because of the largely weak system of organized social protection in the country. The poor or low-income households, generally characterized as lacking in savings and physical assets that may be sold or used as collateral, may resort to allowing or even forcing their younger members to participate in market and even household work. The cost of the decision to allow children to work becomes lower because of ineffectual safeguards at the macro and meso levels, such as poor enforcement of child labour laws by a weak bureaucracy. The recourse, to allow child labour, augments household income during desperate times. Altogether therefore, the above-described situation suggests that child labour incidence is higher in poor households and the incidence comes about because of economic constraints and poor social safety nets and safeguards.

## **4. Consequences of Child Labour**

Certain forms of child labour, particularly those done outside of the households, have known effects on the well-being of child laborers. The impact of child labourer's exposure to various forms of work-related abuse may encompass the physical, psychological and emotional dimensions, and ultimately undermining the child's welfare.

The short-term effects of engaging in child labour, particularly the worst forms, are the ones more immediately experienced by the child and the household. Evidently, the short-term positive impact of child labour is the increase in household income because of the "added worker" effect. The literature, however, emphasizes more on the negative consequences of child labour by taking into account schooling affects, health effects and psycho-emotional effects on the child. Expectedly, these short-term effects resonate in the long term. And the literature emphasizes socio-economic long-run effects on the macroeconomy, which are consistent with the effect of child labour on the household level.

### **4.1 Short-run consequences**

The general short-run consequences mentioned in the literature are thus:

#### **4.11 Schooling Effects**

There is universal agreement in the literature about the negative impact of child labour on the education of a child labourer. Child labour interferes with school attendance and school performance, and it increases the probability that the child becomes a school dropout. In the medium and long run, this leads to low education and skills and low capacity to earn, thus bringing about the mutual feedback between child labour and education in the medium and long runs.



As a case in point, de Vries et al (2001) reports that children working in the pyrotechnics industry feel exhausted at the end of the day after long hours of work in a squatting or standing position. Children lost their interest in schoolwork because of the psychological benefits of earning their own income. In addition, their overtime work does not make it possible for them to continue their studies.

Alonzo and Edillon (2002) provide evidence to the aforementioned, revealing that school participation decreases with age of the child labourers. “About 53 percent of the surveyed child labourers do not attend school. School participation among child labourers aged 5 to 12 was about 80 percent. This drops to 60 percent by age 13 and to 22 percent by age 17.”

#### **4.12 Health and Safety Effects.**

The Institute for Labour Studies (1994)’s comprehensive study on child labour mentions that many child labourers are underdeveloped, undernourished, underweight, and are more susceptible to respiratory diseases. The study underscores that various child work expose children to health hazards, which are not only diseases and ailments affecting the children but also hazards that endanger their limbs and ultimately their lives.

More recent studies affirm the above-mentioned findings. Estrella-Gust (1997) reveals that children involved in the processing of minerals in small-scale mining operations are constantly exposed to mercury. These children also suffer respiratory diseases, muscular-skeletal and gastro-intestinal disorders and skin diseases.

Cacabelos (2000) mentions that child labourers in the Philippines are indeed exposed to chemical, biological and physical hazards, especially those engaged in the worst forms of child labour. Considering health and safety, Rollolazo and Logan (2002) who did an in-depth study on child labour in agriculture reveals that child labour in selected sub-industries in the agricultural sector, namely, rubber, sugar, banana and pineapple, are engaged in dangerous and accident-prone activities.

Remedio (2002) reports that children engaged in fishing expeditions face work hazards such as drowning, burns, getting entangled in the rope or net and losing a limb. Many children survived mishaps with lost limbs. Moreover, these children experience typhoid fever, gastro-enteritis, beri-beri, respiratory ailments, bronchitis, headaches, fever, cough, dysentery, ruptured eardrum, damaged auditory nerves and shark/needlefish attacks.

Ano (2002) reveals that aside from being exposed to accidents, such as mashed fingers, foot being struck by hoe, head struck by tools or foot being pinned by adobe, child labourers in quarrying suffer headaches due to rain and heat, fever, coughs and colds. They also experience skin allergy to marble dust and stunted growth.

Arcilla (2002) mentions that prostituted children are exposed to sexually-transmitted diseases. As coping mechanisms, child prostitutes may also indulge in substance abuse, with may have insidious effects on their physical and mental states if left unchecked.

Pacis (2002) reports that child domestic workers experience physical abuse—many are being injured, beaten, or tormented, some even to death. Others were forced to drink poisonous fluids such as bleach and anti-clog liquids.

#### **4.13 Psycho-emotional Effects**

The worst forms of child labour also expose children to psychological and emotional abuses and harm. This in itself is a crime against the child's rights, which should be prevented at all costs. From a psycho-social viewpoint, the reality of child labor essentially leads to the loss of the child's semblance of childhood. De Vries et al (2001) points out that, socially, the children felt that they have less time for recreation, play and even to socialize with other people outside of their work. This lack of socialization at play may have both psychological and emotional effects on child laborers.

Villamil (2002) posits that the concern for child labour is not misplaced and justifiable because a good number of people find child labour objectionable on moral and humanitarian grounds. Anker (2000) provides a counterpoint to Villamil's, stating, in effect, that certain societies regard child work as part of the socialization process and is highly valued for imparting discipline and survival skills to the young. But those who find child labour objectionable feel that childhood should be devoted entirely to learning and play. Rollolazo and Logan (2002) points out that the child workers are deprived of their educational and social rights to socialize and play with their peers, which may hamper their psychological and emotional developments.

Edralin (2002) reports that the effect prostitution on children cuts across the different areas of their lives: physical, psychological, social and spiritual. Psychologically, majority of the children are ashamed and full of self-hate and guilt. Arcilla (2002) maintains that there are psycho-emotional impacts on prostituted children. Children suffer traumatic experiences—physically, developmentally, socially and psychologically. Their trade makes the children vulnerable to distorted sense of values and a negative outlook of people in general.

Pacis (2002), who did a study on internal trafficking for child labour pointed to testimonies revealed during focused group discussions that child laborers experienced deplorable working condition; as physical, verbal and sexual abuse; long working hours; non payment of wages; no day offs and other hazards. These abuses started immediately after they were deployed to their work. Many child domestic workers have stunted intellectual, emotional and physical development. Some have experienced rape, molestation and other acts of sexual abuse.

#### **4.2 Long-run consequences**

Child labour is basically the short-run coping mechanism of poor families during times of crises. The child is considered as insurance during desperate situations because of the lack or weak social protection programs in the community and in the macroeconomy, by

and large. In the medium and long run, the practice of child labour provides a coping mechanism of the poor and disadvantaged in a community and society that is wanting in economic development and social protection.

As it were, the negative consequences of child labour experienced in the household level, resonates on the aggregate level and in the long run. The costs of foregone education and the lack of skills acquisition and health, emotional and psychological damages will surely have an effect on current and future efficiency and productivity. As it were, work abuses likely result in psycho-emotional problems experienced by the child labourer, which leads in the medium and long run to stunted growth, psychological and emotional problems and incapacity as well as dysfunctional behavior and sometimes criminality.

The employment of child labourers by firms may suggest that these firms, adopting “backward production technologies,” may seem to be cost-effective in the short term. However, without investments in long term assets such as skilled labour and capital assets, future efficiency and productivity will be undermined.

It is important to stress that the literature on child labour underscores that on the macroeconomic level, the long-term effect of child labour are the perpetuation of poverty and low education and the negative externalities of low education, poor health, and poor psycho-emotional development of these children (Villamil (2002) and Lim (2002)).

Macroeconomic, endogenous growth theory argues that the contribution of human capital to economic development results in increasing returns to scale and positive externalities which are key to economic development and sustained growth (Romer (1986) and Lucas (1988)). This theory provides a counterpoint to realities and consequences of child labour. Lim (2002) says that Child labour leads to reduction in human capital and reduction in skilled and educated labour, a reduction in healthy and productive labor, and a reduction in the quality of the labour force by reducing socialization and interpersonal skills. High incidence and prevalence of child labour, therefore leads to massive productivity and efficiency losses in the medium and long-term. The high incidence of child labour creates a sort of hysteresis—a quicksand, which drags the economy and society down to lower and non-optimal growth paths.

## **5. Current Responses to Child Labour**

Illo and Bagadion-Engracia (1998), Abrera Mangahas (1999) and Esguerra (2002) describe various responses to eliminate child labour in the Philippines in the 90’s to the present. Alonzo and Edillon (2002) specifies the important characteristics and components of a direct action program based on lessons learned from five current programmes of non-government organizations. They even arrive at estimates of the program costs based on assumed targets<sup>6</sup>. Villamil (2002) discusses the “good practices”

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<sup>6</sup> Under a low cost scenario and a 20 year program, the estimated costs is P 157 billion in 2002 prices, medium cost scenario, P161 billion, and with a high cost scenario, P 167 billion.

in the action against child labour: clearly set goals, priorities and strategies, enactment of key legislation and policies, awareness raising and social mobilization, community involvement and the provision of alternatives (e.g. school subsidies, livelihood programs). Chart 2 gives a taxonomy of the current responses to child labour, the sectors involved and some specific examples. There are also responses that incorporate various aspects mentioned below – the so-called integrated and multi-pronged approaches which are more effective than single responses. Thus, networking and coordination are key to successful responses.

**Chart 2: Taxonomy of Responses to Child Labour**

<b>Forms of Responses</b>	<b>Main Sectors Involved</b>	<b>Examples</b>
1. Macroeconomic Stability and Sustained Economic Growth	National Government and Private Sector	Medium Term Philippine Development Plan 2001-2004
2. Legislation and National Policy, Local ordinances	National and Local Government (i.e. Department of Labour and Employment)	R.A.7658, Ratification of ILO Convention 182
3. Awareness Raising and Social Mobilization and Fund raising	Civil Society Groups, International Institutions	PRRM Radio Program, ILO-IPEC Programs, Bantay Bata, Children's Hour
4. Enforcement, Surveillance and Monitoring	Local Government and Civil Society	DOLE, Kamalayan Development Foundation, SAGIP-BATA MANGGAGAWA
5. Community Organization and Livelihood Programs	Civil Society and Private Sector	PRRM
6. Provision of educational assistance and Scholarships	Civil Society and Private Sector	ERDA Foundation., World Vision Development Foundation
7. Advocacy	Government and Civil Society	Visayan Forum
8. Coordination and Networking	All stakeholders	National Child Labour Committee, DPNet
9. Policy Research and Statistical Analysis	Academe, Government, and International Institutions	ILO-IPEC studies, UNICEF studies, NSO surveys

## **6. Review of Recent Empirical Studies on Child Labour**

The motivation of this section is to examine whether any kind of child labour is indeed detrimental to the children and thus inefficient. Inefficiency in this case refers to social losses resulting from the failure to form human capital in the form of schooling. Because of this, the children fail to develop their productivity and can cause persistent poverty. Although these losses may be compensated in the form of labour, the future benefits are

given up in favor of the present. With the absence of any assets, including human capital, the children's future welfare is imperiled.

The main weakness of recent Philippine empirical studies on child labour<sup>7</sup> is their apparent failure to categorically conclude that certain forms of child labour are inefficient. In particular, if poverty is the reason for the use of children or if the survival of the family is at stake, then a ban on child labour is not welfare enhancing (Basu and Van, 1998). On the other hand, if the cause of child labour is the absence of credit or insurance markets, then child labour even in poverty is seen to be inefficient since the child is used as a second-best alternative to the absence of these markets (Baland and Robinson, 2000). For instance, in face of capital market imperfections where the financial agencies cannot evaluate the returns to education, families may not be able to borrow from possible future earnings. In this process, they employ child labour but are prevented from generating assets (including human capital), thus failing to internalize the negative externalities of child labour. Even though the parent's inter-temporal welfare is maximized, this is accomplished at the expense of the child's future. Poverty itself may not justify the existence of child labour; we need to know what it is about poverty that causes child labour to be inefficient.

Recent empirical studies in the Philippines (Esguerra, 2002 and Villamil, 2002) have formed a consensus that poverty plays a significantly direct role in determining child labour. The conclusion then is that child labour can be merely another facet of poverty, necessitating various economic measures, except for the outright banning of children, to solve the problem. However, other studies in certain countries (e.g., Canagarajah and Coulombe, 1997, for Ghana) find that poverty is not the main cause of child labour although this may have an impact on the quality of schooling. Bhalotra (1999) also shows that an increase in the returns to education (i.e., wage rates) do not necessarily result in a lower level of child labour. The failure to provide children with the enough access to education is both a sign of capital market imperfection and the lack of asset formation.

Four main issues from the above discussion have some implication on the empirical analysis. The first is the consideration of poverty and its effect on child labour. The second is the possible influence of the missing capital market and thus government intervention on the use of child labour. Third is the consideration of the effects of household assets on child labour. The fourth and last is the impact of specific public policy on child labour. There have been three recent studies that try to analyze statistically the factors leading to the use of child labour and to assess its impact of child labour on the economy and society in general. In light of these key issues, this section will provide a critical review of these studies.

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<sup>7</sup> A distinction is often made between child labour and child work. Child labor is defined as the specific situation where children are compelled to work on a regular basis to earn a living for themselves, and in the process adversely affecting their schooling and health. Child work refers to conditions that are acceptable to society in general. Because of the difficulty of measuring these distinctions, the paper will use these terms interchangeably, and, unless stated otherwise, presume that the every child work has the potential of being classified as child labor.

The paper of Esguerra (2002) has sought to prove that, despite its adverse effects, child labour remains critical to the survival of poor households and thus efficient given their present situation. The following observations taken from the Labour Force Survey (LFS) data from 1988 to 2000 are noteworthy. First, the incidence of child labour is generally stable over the year, only exhibiting a significant increase in the second quarter. This occurs during the summer months when children are on vacation from school. Second, as expected, older and male children have a higher incidence compared to their younger and female counterparts. However, the share to total child employment by age groups 10 to 14 years old and by 15 to 17 years does not differ significantly. Third, child labour is more dominantly found in the agricultural sector. For women in the 15 to 17 age group, the majority is engaged in some service-related activity. Fourth, children in the 10 to 14 age group are mostly unpaid family workers, while quite a number in the 15 to 17 age group become wage and salary workers, especially for females where 70 percent are found. Fifth, the children in the 10 to 14 age group are equally involved between permanent and seasonal contracts, while the majority of those in the older age group are engaged in the permanent arrangements (lasting to about a year). Female children in the 15 - 17 age group also tend to find more regular employment than their male counterparts. Sixth, for the 15-17 age group, the males and females engaged in permanent arrangements are employed mainly in the agricultural sector, while those in the younger age group working in the permanent contracts can equally be found in agricultural and services. Finally, children were found in mostly hazardous activities, especially those engaged in agricultural and fisheries.

Two econometric analyses were utilized in the paper. The first was an estimation of an ordinary least square equation that aimed to analyze the change in the incidence of child labour using macroeconomic variables, such as changes in the national unemployment and the growth rates in key sectors, i.e., agriculture, service and manufacturing. The results showed a negative but insignificant effect of unemployment on child labour. To some extent, this indicated that child labour will only be used if there is a shortage in the labor market. The insignificant sign can be to probably high correlation between unemployment and the sectoral growth rates. Nonetheless, the significant coefficients for the growth rates in the agriculture and service sectors also support the idea that children are hired in periods when the demand for labor is high.

The second econometric analysis involved a binary analysis of child labour, using microeconomic, i.e., both household, child and locational, variables. In effect, these variables measure the probability of engaging in child labour. The following results are significant. First, as expected from the descriptive analysis, older, male children tend to participate more in child labour. Second, the attainment of a high school degree by the parents has a negative effect on the probability of child labour. Third, child labour is more likely to be found in households with many children, and is less likely in households with more adults. Fourth, although the employment of the household head is observed to draw children away from child labour, the ownership and the operation of household enterprise increases the incidence of child labour. Fifth, households whose incomes were lower than the poverty line in 1997 are observed to have children who are participating in child labour. Sixth, child labor appears to be less predominant in the

urban rather than the rural areas. Seventh, households residing in the provinces that have a higher poverty incidence are surprisingly observed to have the lower incidence in child labour, perhaps because lesser economic opportunities.

Esguerra's analysis all seems to point to poverty as the cause of child labour. The problem is that because the variables used are either correlated, such as lower household income and province of residence, or endogenous, such as household size or the employment variables. There is also the confounding result of households with lower poverty incidence reporting lesser child labour incidence. These problems make it difficult to attribute the real causes of child labour. All these estimates can establish are correlations, thereby making it difficult to design specific policies.

Moreover, the efficiency and inefficiency of child labour still remains in question since poverty by itself is not sufficient to establish the efficiency of child labour. The analysis will need to establish that markets are perfect so that the absence of resources will be the only reason for hiring children. The observation that households with more children tend to have more children employed seems to suggest a case where children are simply viewed as production inputs by the households. Unless it can be clear that households do not face liquidity constraints or that the children's human capital formation is not deterred, the case for efficiency of child labour cannot be determined.

One way of showing credit market imperfections and inability to form assets is to determine if poor access to schooling leads to greater child labor. Villamil (2002) specifically considers this interface of schooling and child labor. Using the Child Labour Survey (CLS) conducted in 1995, this paper has the following interesting observations with regards the time allocation of children. First, younger children engaged in child labour (from 5 to 6 years old) use almost 3 days and 6 hours per week at work, while the older children (from 12 to 14 years old) spend 3 days and a half. Second, the hours of work depend on the nature of the work. Children in mining and construction spend 31 hours per week at work, while those involved in domestic activities have 27 hours per week of work on average. Children working in the business activities of their families spend 10.7 hours per week. Second, other than working, the waking hours of the children surveyed are devoted to studying, and doing household work. On the average, both boys and girls devote mainly almost the same hours of work per year on the average, the latter spend more time doing housework (14.2 hours) compared to the former (3.9). Working girls average to about 9.9 hours of working relative to only 8.2 hours for the boys who are also working. At the same time, girls are also more likely to be enrolled in school than the boys.

Villamil presents estimates of a sequential probit model of the determinants of child labor. Children are assumed to have three choices: (a) going to school and not working; (b) going to work and not to school; and (c) going both to school as well as working. The following observations are noteworthy. First, the low education of husband drives children towards child labor. Second, the increasing number of young children in the family leads to less schooling and more child work, but the opposite if older children are found in the family. Third, ownership of agricultural land is positively related to greater

schooling or combined activity of both working and schooling. The ownership of a residential lot leads to more child labour and lesser schooling. Fourth, the ownership of an enterprise draws children to more work or to the combined activity. Fifth, children in the households with income lower than the poverty threshold are engaged more in child work and less schooling. Sixth, living in an urban area leads to an increase in child labour, except when one is female. In the latter case, there is an increase in child labour for households residing in urban areas. Seventh, locational factors seem to indicate rather mixed results. Residing in regions that are fairly developed, especially in educational facilities and physical infrastructure, however does not lead to a significant decrease in child labour, but significantly decreases the probability of engaging in combined activities. Other regions also which seem to have basically the same educational infrastructure can have conflicting results. Nevertheless, children residing in areas in Mindanao where a poor state of infrastructure are found all to have less schooling and more child labour.

Unlike Esguerra, Villamil provided a conceptual framework which seems to view macroeconomic and institutional variables as the principal factors that determine child labour. Yet in text (p. 11), he claims that the effect of macroeconomic variables, such as economic growth, on child labor is ambiguous. Its impact is seen to be conditioned by the distribution of income, as well as the impact of upturn or a downturn on household labour which can go either way because of its substitution and income effects. This seems to put in a quandary the interpretation of the regressions made on the child labour incidence and participation using real GDP growth as an independent variable. A higher growth rate in GDP is noted to be correlated with a lower labour incidence and participation for different age groups. Assuming that distribution does not change, it would seem that the increases in GDP has led to a high income effect, causing a lesser demand for child labour, or to a substitution effect so that more adult labour is used, instead of child labour. Which of these mechanisms is actually operating has an important implication for policy. At the same time, Villamil suggests that another mechanism is the possibility that with higher GDP, schooling may increase. This explanation ties in with the income effect hypothesis, and may be easier to test given the available data.

With the same problems of multicollinearity and endogeneity, Villamil's paper is affected by the same difficulty of attributing causes found in Esguerra's paper. Both papers also have some rather surprising results for the locational factors. These results may be explained by the fact that these locational factors also affect the other included variables in the equations, making it impossible to determine their real effects on the dependent variable, i.e., child labour.

A major conclusion of these papers is the negative correlation between poverty and child labour. Yet, there are confounding results that households with enterprises and capital also send their children to participate in the labour market. Simple associations between child labour and poverty cannot shed light on how child labour responds to the exogenous changes in the impoverished environment that are brought about, for example, by poverty reduction transfer strategies. Also, even when exogenous prices and socio-economic



variables have been controlled, there remain unmeasured differences in tastes and household endowments as confounding sources of the observed poverty-child labour associations. In the presence of severe collinearity, parameter estimates of the model are sensitive to which variables are excluded from the regression. This also implies that one has no a priori specification of the model in mind, calling into question the meaning of classical hypothesis testing. Or, they are asking much of the data to require them to tell us of the causal structure which they were generated. The empirical models implicitly assume that the returns to education are either the same or lower than the implicit wage earned in child labour. Studies nonetheless show that returns to education are higher. The difficulty is not returns to education but the access to education, the failure to account for this factor leads to the non-consideration of the possibility that returns to education may be high but beyond the reach of the household.

The paper of Alonzo and Edillon (2002) presents more of basically the same observations using primarily the APIS data. The key contribution of the paper is the more enhanced analysis of the link between schooling and child labour. Their findings on the experiences of civil society groups point to the importance of educational programs in eliminating child labour. They view that the over-all solution to the problem is the establishment of schooling facilities and assistance to the child labourers. This insight is quite distinctive from the two previous papers which focus on the schooling outcomes as consequences of the use of child labour. In the successful civil society interventions studied by Alonzo and Edillon, the educational assistance and skill training have become indispensable components.

The main components for the elimination of child labour are noted as follows: (a) the reduction of worst forms of child labour over the next five years especially for impoverished households (presumably by outright banning or persuasive collaboration); (b) the transfer of children from work to education resulting in full primary education in 11 to 15 years; and (c) the achievement of participation of child in education up to lower secondary school, with no work that interferes with schooling. This program points to three main principles. First, even in situation of poverty, an outright banning or any form of elimination of child labour can be justifiable, in the sense that this enhances social welfare, as a way of guaranteeing the future of children. Second, this absolute elimination of child labor is however not sufficient. The elimination of child labour should be complemented by educational assistance that offers them a higher return over the long-run. Third, the returns to education can be improved by making sure that there are no distractions that interfere from the educational process.

What is missing from the last paper however is the systematic measurement of how much is the trade-off between schooling and child labour. Since there are varied factors affecting schooling and child labour, the measurement of the impact of schooling on child labour is needed in order to determine the social benefits of investments in schooling intended to eliminate child labour.

## IV. Poverty, Schooling and Child Work

This section aims to specify the key empirical determinants of child work in order to identify more specifically the impact of poverty relative to other factors. The focus is on the possible linkage between schooling and child labour.<sup>8</sup> Because of impoverishment, parents are not able to send their children to school and thus can force them to engage in child labor. However, poverty has many dimensions, including the absence of household assets that can support the basic needs of the household such as education. This chapter will find out whether child labour is ultimately affected by the lack of household resources and by the higher costs of education.

The section is thus interested in determining whether there is any evidence of a trade-off between working and going to school. Specifically, it aims to look at factors that prevent children from going to school and in the process to see whether this can lead to more child labour. If so, it leads to the question of what policy is most appropriate to encourage these households to invest in their children's education. This analysis hopes to emphasize where this trade-off is coming from and how this should relate back to current policy issues.

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In order for this model to work, the key challenge here is how to identify schooling from child labour decisions from the given data. The failure to provide children with the enough access to education is both a sign of capital market imperfection and the lack of asset formation. In addition, as earlier work has left unclear the empirical importance of income or poverty status in determining child labor intensity, we investigate this issue by looking at how poverty indirectly affects the decision to go to school and then how this ultimately influences child labour.

### 1. The Empirical Model: Trade-off between Schooling and Child Labour

The section considers a household utility maximization problem over arguments that are of interest. Hence, we do not assume child schooling as an investment good (in the standard Beckerian approach), but instead as an argument of the utility function. Nonetheless, the interpretation of this assumption should be broader in the sense that

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<sup>8</sup> A distinction is often made between child labour and child work as discussed in early chapters. Child labour is defined as the specific situation where children are compelled to work on a regular basis to earn a living for their families, and in the process adversely affecting their schooling and health. Child work refers to conditions that are acceptable to society in general. Because of the difficulty of measuring these distinctions, this chapter will use these terms interchangeably, and, unless stated otherwise, presume that the every child work has the potential of being classified as child labour.

education is expected to generate income in the long-run, i.e., one can regard this demand for schooling as a demand for quality children.<sup>9</sup>

The household's decision to send children to school depends upon their wage and the amount of subsidies given by the government. To simplify the model on child work, we assume that children do not work when they are in school. Furthermore, suppose that the child can have at the maximum 14 years of schooling. Moreover, she can devote 14 years of schooling if she receives the subsidies coming from the state. Assuming that schooling starts at age seven, the present value of the amount of money she needs if she takes this option,

$$PV_7 = B_7 + \frac{B_8}{(1+r)} + \frac{B_9}{(1+r)^2} + K + \frac{B_{20}}{(1+r)^{13}}$$

where  $B_i$  refers to the amount of benefits received at age  $i$ , and  $r$  is the discounting factor. In other words, if the child begins schooling at age seven and decides to take 14 years of schooling, the family may be able to purchase  $PV_7$  pesos worth of consumption goods. In lieu of subsidies, the household can also be given access to some form of assets (including credit) which in turn provide incomes and in effect internally "subsidize" the child's schooling.

As an alternative, the child can choose to participate in the labour market for 14 years (so that she never studies). The present value of her income stream, starting from age seven, would then equal to the discounted sum of labour earnings, the opportunity costs of schooling:

$$PV_{20} = W_7 + \frac{W_8}{(1+r)} + \frac{W_9}{(1+r)^2} + K + \frac{W_{20}}{(1+r)^{13}}$$

where  $W_i$  gives the child's labour earnings at age  $i$ . If the child never goes to school, she can purchase  $PV_{20}$  pesos worth of consumption goods.

Suppose that  $PV_{20} > PV_7$ , i.e., incomes are greater when the child is working than when the child is in school.<sup>10</sup> The worker can then choose to study at any age between seven and 20. She would receive labour earnings while employed and schooling subsidies when he is in school. By calculating the present value of the incomes associated with each age, we can derive the child worker's "budget line." This budget line indicates that if the worker wants to achieve more schooling, she will have to give up some goods. Given this tradeoff, one can determine the child's optimal number of schooling by

<sup>9</sup> Nevertheless, the idea of schooling as a consumption good is not contradicted by ethnographic evidence. There is a large amount of anecdotal evidence showing that for some households schooling is at least partly a consumption good.

<sup>10</sup> This assumption is reasonable since the child worker's salary is typically greater than the schooling subsidies.

introducing her utility between schooling and consumption. The worker maximizes utility by choosing level of schooling, and this then indicates whether he will participate in the labour market or not.

A central factor in this model for schooling is the availability of subsidies and accessibility to assets that will induce greater incomes and reduce the opportunity costs of not schooling. As an income effect, the increase in these factors expands the child's opportunity set, increasing the demand for schooling. As a substitution effect, the increases in these factors reduce the price of schooling as the difference between the earnings received from schooling and not schooling is decreased. This discourages the child from working. Thus, an increase in the accessibility to schooling, through subsidies or household assets, leads to a longer schooling period. The absence of such subsidies will force households to look for some other form of earnings to spend for their consumption.

Empirically, this model suggests the following two-stage model where the families first decide the amount of schooling, and recursively chooses the level of child work, given the schooling decision.<sup>11</sup> The decision for child labour depends mainly on the labor market conditions. Children decide whether to participate in the labour market or not depending on how their reservation wages compare with the given market wage rates net of the costs of transacting in the labour market. Their reservation wages in turn are determined by individual and household characteristics, including the assets that the parents have already invested earlier in their schooling.

Based on the above framework, the following equations will be used in the estimation:

$$S_i = f(\text{Child Characteristics, Community Variables, Household Assets, } \varepsilon_i)$$

$$L_i = g(\text{Child, Household and Community Variables, Predicted Schooling, } \mu_i)$$

where  $S_i$  and  $L_i$  refer to some index of the child's schooling and labour decisions, respectively. The terms  $\varepsilon_i$  and  $\mu_i$  are error terms for the two equations.

The objective is to measure how the probability of schooling structurally affects the decision to work. Hence, the empirical challenge of this paper is the identification of variables that are distinct between schooling and labour.<sup>12</sup> The estimates of the above equations are only possible if there is at least one independent variable in the schooling equation but not in the labor equation. Based on the theoretical model, factors that affect the household's ability to "subsidize" their children to school make the schooling decisions distinct. The child characteristics determine to some extent how parents may be distributing the assets to their children, e.g., girls may be given more assets than the

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<sup>11</sup> This suggests that child labour decisions are separable from the over-all consumption-schooling decisions and are considered ancillary or an outcome of this process.

<sup>12</sup> A two-stage empirical model is required since the error terms,  $\varepsilon_i$  and  $\mu_i$ , are correlated. The inclusion of a predicted schooling index purges  $\varepsilon_i$  from the child work equation.

boys. Community variables refer to some measures of accessibility to schooling. Finally, household assets account for the resources or subsidies that households may invest in their children's schooling. In the theoretical model found in the previous section, the first equation explains the process that will lead to the formation human capital stocks within the household.

On the other hand, the decision to participate in the labour market in turn is determined by factors that affect the market wages and the reservation wages of the children. In addition to child, household and community variables, predicted schooling (based on the estimates of the schooling equation) captures the inability of the household to gain access to some assets that support their schooling expenditures. Thus, it accounts for the assets that will potentially raise the reservation wages of keeping children in school, and out of the labour market. The presence of such variables raises the opportunity cost of working.

## **2. Review of Institutional Setting and Data**

In general, the Philippines has achieved significant gains in terms of access to education. Enrolment in the elementary and the high school system has expanded by 2.5 and 3 percent per annum, respectively, from 1985 to 1998. This means that the growth of enrolment in basic education is greater than the population growth, a significant feat considering that the country has one of the highest population growth rates in the world. In effect, the country registered a participation rate of 95 percent at the elementary level, while in the secondary level a participation rate of 64 percent, in school year (SY) 1997-98, from 85 percent and 55 percent, respectively, in SY 1990-91.

Reyes, et. al. (1999) however showed lower enrolment rates and higher drop out rates as the primary effects of the Asian Financial Crisis in 1998. This is specially so in the depressed communities such as the urban poor, sustenance farming, and upland and fishing communities. Among the reasons cited were the financial difficulties, inability to cope with higher tuition rates, and school expenses, higher out-of-pocket expenses (e.g., transportation and school projects), and the need to give priority to more essential items such as food.

The households generally coped with the crisis by prioritizing expenditures to essential items such as food since medical/health, education, transportation and housing expenditures were beginning to cover a higher proportion of their incomes. To meet their financial needs, a majority of the households surveyed also resorted to borrowing, or availing of credit, mostly from the informal sectors or from relatives and friends. When credit is no longer available, some households have no choice but to raise cash by selling assets.

In trying to keep up with these expenses at a limited budget, education became the first casualty. In this case, education was the first asset that households were willing to give up. The increase in drop out incidence was more greatly felt in public secondary schools, and did not seem to be very large in elementary and private secondary schools. Based on

the government's administrative reports, there was a slight growth in enrolment rates in public elementary schools between SY 1997-98 to 1998-99, but a considerable decline for the secondary level. There was however a decline in enrolment in Grade 1, and a slowdown in the first year high school level (Reyes, et. al., 1999). This implies that households have postponed the enrolment of new entrants both to elementary and secondary levels. Further, enrolment in private schools showed significant decreases, perhaps due to household decisions to transfer their children from private to public schooling.

These changes in education during the financial crisis can be also attributed to the significant movements in the labour market. Lamberte and Yap (1999) noted that many manufacturing companies resorted to cutting down work hours or days to minimize on the losses while some implemented cost-cutting measures like freezing of salary increases, imposing forced vacation, and enforcing compressed work week. A few firms also implemented salary cuts. Because of this, many households who lost their jobs tried sought some part-time work, mainly in retail and doing odd jobs. There was an observed increase in the number of women looking for jobs or undertaking self-employment mechanisms such as direct selling or retail. In some households, children were made to work either as labourers (for the boys) or as domestic helpers (for the girls).

These observations clearly show the plausibility of our assumptions and conclusions. The effects of the income shocks on household welfare, particularly in education enrolments, food consumption, work decisions and savings, are clearly evident from the observations. It may also be asserted that much of these results are due to the inadequacy of social protection, in particular the subsidies on schooling that would have lowered the opportunity cost of the education. Hence, given the importance of education in the distribution of income and the ability to obtain higher wages, the presence of social protection that are tied to schooling would contributed significantly in reducing poverty.

Using the experiences of other countries in conducting of child labour survey, the National Statistics Office (NSO) adopted questionnaires to suit local situations in the 2001 Child Survey. The Survey of Children (SOC) is a nationwide survey of children 5-17 years old. Two questionnaires were completed. The first obtained the socio-economic characteristics of households with children aged 5 to 17years and the second gathered the characteristics of all working children found in the sample households. These two questionnaires consist largely of pre-coded type of questions for convenience in gathering data and at the same time facilitate in the processing of information gathered.

The key issue in the study is the possible trade-off between schooling and child labour. One of the main arguments against child labour is its potential to substitute for schooling as one of the children's daily activities. The results of the NSO survey (shown in Table 16) indicate that only 28.8 percent of those who reported "worked" were not studying within the last 12 months at the time of the survey. However, the same table also reveals that roughly more than 40 percent of the children in the survey were still taking their only elementary schooling. The next highest proportion of students consists of those who are still in high school (at 32 percent). This suggests that a substantial number of those

working were still studying to complete their elementary or secondary schooling. At the same time, the proportion of those children who had dropped was higher than those who have already completed these levels: 42 percent for the elementary school and 51 percent for high school. The above data indicate that those who finished either elementary or secondary schooling, but were unable to move to a higher level of schooling, were more prone to engage in child labour. This may seem to indicate the absence of opportunities for children to embark on a higher level of schooling.

One difficulty with Table 16 is controlling for the demand for labour. The table may only be capturing the supply of child work. As they completed either elementary or high schooling, the wages offered may offset the opportunity cost of work, and schooling may have stopped. Employers may particularly favor those who completed their degrees, and offer higher wage rates. Hence, while a number of students may have wanted to stop their schooling (due to foreseen lack of opportunities for even higher education), the wages offered may not be commensurate to the opportunity cost of not going to school.

To get a better sense of the demand for child labour, one can examine the working children who left their parental home. These data will involve cases where the demand for child labour already exists, and the children in some period or another have responded to this demand. Table 17 shows that the roughly 79 percent of these children who reported work at the time of the survey were not studying. Moreover, it seems that the higher the level of schooling completed, the lower the probability of dropping school. The percentage of children disclosing work decreases substantially as they reach 10 years of schooling (or as they reach and graduate high school). Thus, in cases where the demand for child labour is present, the employers of child labor seem to prefer those with lower years of schooling. Again, this seems to point out that increasing access to higher education is correlated with lesser child labour.

Table 18 provides some indication of workers who has dropped out or stopped schooling. A number of observations are important. First, two in every five working children 5-17 years old stopped/dropped out of school. Second, the ratio of male working children to female working children in terms of dropouts was 2:1. Third, the highest drop-out rates are found for those who completed their primary and secondary schooling. The above findings in Table 18 seem to correspond with Table 17. These observations provide some evidence of the trade-off between schooling and child work, as indicated in the empirical model.

### **3. Results of the Econometric Tests**

Table 19 features the list of variables used in the regression analysis. Based on the model, the model consists of household, community and individual variables. Means and standard deviations are based on the 2001 Child Survey. One particular weakness of the model is its inability to measure poverty accurately using the data on the levels of

household income. An alternative is to measure extreme poverty using the threshold of P5,000.00 per month irrespective of the number of household members.<sup>13</sup>

Table 20 presents the regression coefficients and t-values of the logit estimates for the probability of dropping school. A probit estimate is used since the dependent variable is limited between zero and one. Using maximum likelihood, the method considers the occurrence and non-occurrence of the event through a chance mechanism determined by a probability.<sup>14</sup> The coefficients show the effect of the regressors on the probability of dropping school at some time in the children's lives. Individual characteristics such as the age, highest grade attained, and health conditions are all significant factors in deciding whether to continue schooling or not.

Children seem to have an increasing propensity to drop out of school as they become older, due perhaps to increasing labour market opportunities. With higher education, however, the probability of dropping school is decreased since the family may be more willing to invest in children who have already reached a high level of schooling. In the same manner, boys also have a greater tendency to drop schooling since girls are perhaps given more assets to complete their schooling. Parents in effect may prefer to invest more in the schooling of girls, than with the boys. This means that greater schooling incentives should be offered to children, particularly the boys, while they are still young, and as more income opportunities are offered to them as they get older, they will already have attained a higher level of schooling. By which time, the opportunity costs of dropping out of school is fairly high.

In the absence of any data on health facilities, the variable poor health is used.<sup>15</sup> The estimates show that poor health implies a lower likelihood of dropping school. This can mean that accessibility to health facilities or investments in health is a key factor of whether children stay in school or not. These findings on education and health seem to confirm the hypothesis that greater availability of human facilities will cause households to invest more in further building their human capital. Complementarities between schooling and health investments can thus be found.

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<sup>13</sup> Using the number of household members as an independent variable is not considered in the empirical model because this is assumed to be endogenous. Including this variable in the estimates will not explain anything since the number of household members is itself a choice variable.

<sup>14</sup> The estimates are also corrected for sampling design. When any sampling method other than simple random sampling is used, we need to use survey data analysis software to take into account the differences between the design that was used and simple random sampling. The sampling design affects the calculation of the standard errors of the estimates. If the sampling design is ignored, e.g., if simple random sampling is assumed when another type of sampling design was used, the standard errors will likely be underestimated, possibly leading to results that seem to be statistically significant, when in fact, they are not.

<sup>15</sup> The model assumes the exogeneity of health when in reality it is endogenous. Nonetheless, the decision to include health in the specification can be justified empirically since the coefficients and standard deviations of variables are the same when the variable was excluded as when these are included. Admittedly, further work will be needed to clearly identify this variable in the same way that the probability of dropping out was estimated in the model.



The other variables are used to assess the importance of household assets in the decision to continue schooling. The children born to more educated fathers show a greater tendency to drop schooling, and those living in households with greater assets and non-agricultural land tend to stay longer in schools. These findings support the hypothesis that access to assets lead to greater schooling. The accessibility to funds or credit for schooling may thus be more available with more durable assets and greater incomes.

Table 21 presents three specifications of the probit estimates for child work. The first specification considers simply the child, household and community variables that affect both the reservation wages of and offered wages to the child. The first four variables are the often used variables in the Mincer equation to estimate wages. Wages are expected to increase with age (though non-linearly) and with education, as the older and educated children are expected to have higher reservation wages. The results show the expected signs for age. With greater experience, wages are expected to rise to some extent until some diminishing productivity with age sets in. Consequently, as shown by the results, the probability of work increases initially and then decreases with rising ages.

The result for highest education obtained is rather surprising. With higher education, wages are expected to be higher, causing a substitution effect away from leisure and other activities toward work activities. However, the coefficient seems to indicate that education also has an asset or income effect that reduces the child's propensity to engage in child work.

The results also indicate that boys are offered higher wages than the girls, thereby inducing them to engage more in the labour market. At the same time, there may also be some asset factor effects incorporated in these coefficients since as we observed in the previous estimates on schooling, parents seem to invest more in their daughters in terms of education. In which case, the reservation wages of the girls are higher.

Income poverty is also another factor that captures the reservation wages of the children. Those living in the lower income bracket (less than P5,000.00 monthly) are considered extremely poor. In this case, their reservation wages are lower, and children belonging to these households have a greater propensity to engage in the labour market. The results thus show that those who reside in poor households have a greater likelihood for working.

The next set of variables included is meant to capture the community variables that will reduce the transaction or information costs of engaging in the labour market and increase the opportunities of work. The results show that residing in the rural areas increase the likelihood of engaging in the labour market. Casual agricultural labour arrangements—as opposed to contractual arrangements—are more predominant in rural areas and these are perhaps the types of activities child workers engaged in.

The last set of variables is aimed to capture the set of available assets that influence the reservation wages of households. In the absence of an overall index for good household assets, the level of monthly expenditure is used as a proxy variable for the household's

fixed assets. The results indicate that the families with more fixed assets tend to have more children working. This is consistent with results in other studies showing that the households operating small-scale enterprises have a greater incidence of child labour (e.g., Villamil, 2002, and Esguerra, 2002). Another type of asset is the parents' education. The estimates indicate that children with more educated parents are less likely to work. Greater education for the parents ultimately leads to more resources which draws children away from working.

The second specification already incorporates the predicted drop-out rates using the estimates found in Table 20. A number of notable changes can be observed. First, the effects of age factors are increased. This can be due to the observed fact that parents in tend to invest less on older children. This factor then pulls down the overall coefficients of age and age squared found in the first specification. Second, the effect of sex is significantly lower in absolute value. As shown in the previous results, parents prefer to invest less in their sons for their education. Hence, the greater difference found between boys and girls in the first specification can be attributed to this asset formation preference. Third, education, measured by the highest grade obtained, is observed to have a complete shift in the sign in the second specification. The asset or income effects of education, i.e., the preference of parents to provide more assets to their already educated children, are now controlled with incorporation of the predicted drop-out rate.<sup>16</sup> The coefficient in the second specification only reflects the expected substitution effect arising from higher education or higher wages, drawing children towards more work. Fourth, the effect of income poverty is smaller and now statistically insignificant. Income poverty for this particular sample is correlated with the household asset formation on education. This means that addressing the household's basic needs for education will influence both poverty and child work simultaneously.<sup>17</sup> Fifth, the effect of parent's education is now lower and less significant. This can be attributed to the high negative association between parents' education and the probability of dropping-out of school.

The effect of the probability of dropping out of school on child work is seen to have the most substantial effect. The assets invested for the schooling of the child results in an increase in the reservation wages of the child. Thus, a one percent decrease in the likelihood of dropping is thus expected to lead to a four percent reduction in the propensity of children to work. The key factor then that will help to mitigate child labour will be the creation of assets that will be used specifically to the formation of education.

The third specification is an attempt merely to determine whether the asset formation (including those affecting schooling) is simultaneously decided with child labour decisions, as is assumed by the recent empirical work. If this assumption were true, the incorporation of key variables that influenced asset formation should cause significant shifts or changes in the estimated coefficients found in the first specification.

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<sup>16</sup> The high correlation between the predicted drop-out rate and highest schooling level obtained can be seen because higher drop-out rates ultimately lead to lower schooling. However, in this estimate, the correlation is really between greater schooling obtained and the greater assets for schooling which the predicted drop-out rate essentially captures. Hence, the interpretation of asset effects is considered in the above analysis.

<sup>17</sup> This result should however be qualified since variable for income poverty can still be improved.

Interpretation should look at how these factors will affect both decisions, causing changes in the statistical tests as more variables are included.

Otherwise, asset formation (as well as predicted drop-out rates) and child work decisions are separable, as is assumed by this paper where decisions in the former recursively influence the latter, but not vice versa. Note that, except for poverty and monthly expenditures (which is used as a proxy for fixed assets), all the coefficients in the first specification are largely left untouched. Poverty is not significant for the simple reason that these are correlated with the other incorporated variables. Monthly expenditures are also expected to have a less significant effect because of their high association with fixed assets. Other than these points, no new information is added from the first specification.

Two points are also interesting. First, the ownership agricultural land, which is significant in this third specification, has no influence on the other variables, aside from being perhaps negatively correlated with income poverty. Second, poor health leads surprisingly leads to more work. This nonetheless can be interpreted more accurately in terms of the availability of health facilities as is assumed in the paper. Poor health facilities lead to less investments in schooling and thus, more child work.

#### **4. Policy Implications of the Econometric Results**

Poverty reduction programs are fairly inexpensive, and thus need to be prioritized. If part of the objectives of poverty reduction is to reduce child labour, then the program can be redesigned so that the various forms of assistance given to families will provide children better options for the use of their time, including schooling. Integrating all of these elements into an over-all poverty reduction will allow a better utilization of the government budget.

The results of the empirical analysis indicate however that the elimination of child labour (and simultaneously poverty) cannot be dissociated with household asset formation or their limited access to financial markets. Child labour is a result of two main functions: the imperfection of capital markets, as shown in the theoretical framework, in translating future earning-potential into present spending; and the inability of parents to provide the necessary assets to their children. If the parents are able to bequeath debts to their children, they could in effect borrow against their children's future earnings in order to pay the present expenses.

However, the use of credit to induce schooling and to eliminate child labour might be hard to implement. The best policy then is for children themselves to borrow against their future and to pay these debts later with future education-enhanced earnings. Since the private sector is not expected to foresee such long-term gains, the state or multinational agencies can establish these forms of capital markets and attract funds individuals, institutions and other governments. Children or more likely parents in their behalf can sign promissory notes to repay educational stipends during their working lives. Also, poor families affected by substantial migration, can require assurances that the

beneficiaries of such loans would use their state-funded skills at home rather moving abroad, or that they would send back remittances to the government to pay for their debts.

## **V. International and National Policies & Programmes on Child Labour<sup>18</sup>**

This section gathers the key international and national policies and programmes on child labour. As will be gleaned from the discussions, the country does not lack the relevant policies and programmes responding to the issue of child labour. Previous advocacies within and outside government have been instrumental in the drafting of such policies and programmes. Even our fundamental law, the Philippine constitution recognizes the rights of the child and the need to protect him/her from neglect and exploitation. The major development policy framework, the Medium Term Philippine Development Plan 2001-2004 has also incorporated the importance of child protection in its chapter on protecting the vulnerable sectors.

The Philippines also has a dynamic alliance and network of government, employer, trade union and civil society organizations which are united in the implementation of a comprehensive programme – National Programme Against Child Labour. The resource mapping done by the Philippine Time Bound Programme (PTBP) also shows the presence of coordinating structures in the various regions<sup>19</sup>, provinces and cities which could implement campaigns against child labour. According to a BWYW official, the Monitoring Team for ILO Convention 182 will soon be organized as mandated by Memorandum Order 71 of the President. There seem to be in place both the hard and soft infrastructure to launch effective anti-child labour campaigns. One is tempted to say that the only lacking ingredient is the sufficiency of financial resources to launch the campaigns and programmes. The actual results of the PTBP or the UNICEF fifth country programme in the next few years could gauge the effectivity of this current infrastructure. The following sections discuss in detail the various international and national policies and programmes dealing with child labour.

### **1. Commitments to International Agreements and Conventions**

#### **1.1. The United Nations Convention on the Rights of the Child**

The UN Convention on the Rights of the Child (CRC) is a comprehensive code of international standards and measures which recognizes a child's vulnerability. It specifies the civil and legal rights of children, as well as their social, economic and cultural rights. Children as defined in this document are those persons below 18 years of age except when they have attained their majority (through emancipation) at an early age according to their national law. The CRC was unanimously adopted by the UN General

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<sup>18</sup> The website of the Bureau of Women and Young Workers provides a very good listing and description of policies and programmes on child labour in the country. This section borrows much from the said website.

<sup>19</sup> What is conspicuously missing though is the Autonomous Region of Muslim Mindanao (ARMM)

Assembly on 20 November 1989 and was ratified by the Philippine Government on 26 July 1990. *The basic principles of the CRC include:*

- *Non-Discrimination* (Article 2): All rights apply to all children without exception and that it is the State's obligation to protect children from any form of discrimination and to take positive action to promote their rights
- *Best Interest of the Child* (Article 3): All actions concerning the child shall take full account of his or her best interest
- *Implementation of rights* (Article 4): The State must do all it can to implement the rights contained in the Convention.

In addition, the CRC, the provides for the right of the child to be protected from work that threatens his or her health, education or development and mandates the State to set minimum ages for employment and regulate working conditions.

The rights of the child include:

- To be born, to have a name and nationality
- To have a family who will love and care for me
- To live in a peaceful community and a wholesome environment
- To have adequate food and a healthy and active body
- To obtain a good education and develop my potential
- To be given opportunities for play and leisure
- To be protected against abuse, exploitation, neglect, violence and danger
- To be defended and given assistance by the government
- To be able to express my own views

## **1.2 International Labour Organization (ILO) Conventions**

### **1.21 ILO Convention No. 138: Minimum Age for Admission to Employment**

The International Labour Organization adopted Convention No. 138 which regulate the admission of children to work in June, 1973. The Philippine government ratified this only in October 1997. The Convention seeks to effectively abolish child labour by specifying a minimum age for admission to employment or work, which shall not be less than the age of completion of compulsory schooling and in any case shall not be less than 15 years except for developing countries which may set this at 14 years initially. Governments must pursue a national policy that will aim at the effective abolition of child labour and must raise progressively the minimum age for admission to employment to a level that ensures the fullest physical and mental development of young persons. The minimum age shall not be less than 18 years - or 16 years under certain conditions – for any type of employment or work which is likely to jeopardize the health, safety or morals of young persons. The Convention provides that limited categories of employment or work may be excluded from its application where special and substantial problems of application arise.

### **1.22. ILO Convention No. 182: Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour**

In June 1999, the International Labour Organization adopted Convention No. 182. The Philippines ratified this Convention on 18 November 2000 which mandates governments

to take effect immediate and effective measures to secure, as a matter of urgency, the prohibition and elimination of the worst forms of labour carried out by all persons under the age of 18. The worst forms of child labor comprise:

- 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 labor, including forced or compulsory recruitment of children for use in armed conflict;
- the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;
- 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;
- 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
- Effective and time-bound measures to eliminate the worst forms of child labour include preventive measures, removal from work, rehabilitation and social reintegration through, among others, access to free basic education and reaching out to children at special risk and taking account of the special situation of girls.

Organizations of employers, unions, non-government organizations must be also be consulted by government in determining the worst forms of child labour, designing and implementing programs of action, and establishing monitoring mechanisms.

### **1.3 The Oslo Agenda for Action of 1997**

An International Conference on Child Labour was held on 27-30 October 1997 in Oslo, Norway. An Agenda for Action was formulated aiming at the effective elimination of child labour through the protection of the child from all forms of economic exploitation and from performing any work that is hazardous, to interfere with his education or to be harmful to his total development. Urgency was noted in terms of the immediate removal of children from the extreme forms of child labour and their physical and psychological rehabilitation. The Oslo agenda identified key action points at the national and international levels.

At the national level, these include the implementation of social and economic policies aimed at combating poverty, the design of strategies which integrate long, medium and short term, social, political and economic measures for the elimination of child labour, and ensure the necessary resource allocation for their sustainable implementation, the formulation and drawing up of a time bound programme, support tripartite cooperation among government, workers and employers organizations and NGOs in their efforts to reduce incentives for using child labour and in the implementation of labour legislations in all areas of work, the advancement goal of equal access to education by taking measures to eliminate discrimination at all levels, the strengthening and improvement of the judiciary and the legal enforcement processes by sensitizing and training such personnel on child labour related legislation.

At the international level, working to promote overall poverty orientation in aid programs that target economic growth, the encouragement for the ratification and implementation

of relevant international instruments and the support of follow up actions aimed at the elimination of child labour by initiating informal consultations among governments, UN funds and programmes and specialized agencies, the World Bank and other financial institutions, workers' and employers' organizations, private sector and NGOs.

#### **1.4 1996 Stockholm Declaration and Agenda for Action Against Commercial Sexual Exploitation of Children**

Another important Agenda for Action was adopted by United Nations country members and related organizations in Stockholm to bring an end to commercial sexual exploitation of children. This agenda reconfirms its commitment to the rights of the child as embodied in the UN Convention on the Rights of the Child and declares that commercial sexual exploitation of children is a fundamental violation of their rights. Also, it identifies priorities for action and implementation in the following areas:

- Coordination and cooperation by all sectors of society at the national, regional and international levels to set goals and to develop implementation and monitoring mechanisms towards the eradication of commercial sexual exploitation of children.
- Prevention through the provision of education, health services, training and recreation for children
- Protection through the development or strengthening and implementation of national laws, policies and programs that prohibit commercial sexual exploitation of children and encourage networks and coalitions to protect children from commercial sexual exploitation.
- Recovery and Reintegration through the adoption of a non-punitive approach to child victims and judicial procedures that do not further aggravate the trauma experienced by the child, provision of counseling and support to child victims as well as to the medical personnel, teachers, social workers, and others working to help child victims
- Promotion of the participation of children, including victims, young people, their families, peers and others who are willing to help so that they can be able to express their views and assist victims to be reintegrated into society

## **2. National Laws/Policies**

### **2.1 1987 Philippine Constitution**

In the Constitution, the State officially recognizes the Filipino family as the foundation of the nation. Article XV, Section 3, item 2 of the Constitution ensures the right of children to assistance and protection from neglect, abuse, cruelty, exploitation and other conditions prejudicial to their development, to wit:

### **2.2 Labour Code of the Philippines**

Article 139, Chapter II, Title III, Book III of the Labour Code specifies the minimum employable age and disallows the employment of a person below eighteen (18) years of

age in an undertaking which is hazardous or deleterious in nature as determined by the Department of Labour and Employment. Article 140 prohibits the discrimination against any person in respect to terms and conditions of employment on account of age.

Book II of the Labour Code allows a child of at least 14 years of age to be employed in apprenticeable occupations in highly technical industries, subject to the approval of the Secretary of Labour. (As amended by Section 1, Executive Order No. 111, December 24, 1986).

Book III, Chapter III of the same code allows children under 18 years of age to be employed as household helpers, provided that their employer gives them the opportunity for at least an elementary education, the cost of which shall be part of the helper's compensation, unless otherwise stipulated.

### **2.3 DOLE Department Order No. 4, series of 1999: Hazardous Work and Activities to Persons Below 18 Years of Age**

This Department Order was issued pursuant to Article 139(c), Book III of the Labour Code of the Philippines, as amended, and its implementing rules and regulations, and Republic Act No. 7658 (Special Protection of Children Against Child Abuse, Exploitation and Discrimination Act). It prohibits the employment of a person below eighteen (18) years of age in an undertaking which is hazardous or deleterious in nature as identified therein. In addition, the employment of children below fifteen (15) years of age in any undertakings is prohibited, except only in employment that would not endanger their life, safety, health and morals, or impair their normal development, and in any event subject to the requirements of Republic Act No. 7658.

### **2.4 Department Order No. 33-02, Series of 2002: Guidelines and Operational Procedures on Masterlisting Child Labourers**

In accordance with the National Programme Against Child Labour (NPA CL or the Programme which will be discussed below) goal of making the invisible visible, the Guidelines and Operational Procedures on the Master Listing of Child Labourers, was issued around March 2002 for adoption and implementation by the DOLE, including the attached agencies, its Regional Offices and the NPA CL Partners.

The development of a database of child labourers through a systematic collection, analysis and evaluation of data on working children is needed to address the "invisibility of the child labourer". Master listing child laborers will assist the NPA CL implementers to identify particular child laborers in specific areas, their immediate needs and the appropriate interventions necessary. The databank will include the number of beneficiaries of the Programme, their socio-economic profile, geographical distribution, as well as the nature, extent and effect of services availed of, established by end of June 2003. These shall be done in all regions and in all areas or localities with existing/on-going activities or services aligned with the goals of the Programme



## **2.5 Presidential Decree No. 603: The Child and Youth Welfare Code**

**P.D. 603** contains the rights and responsibilities of children who are defined as persons below twenty-one years of age except those emancipated in accordance with law. The terms "child" or "minor" or "youth" as used in this Code refers to such persons. According to the Code, the child shall enjoy special protection and be given opportunities and facilities, by law and by other means, to ensure and enable his fullest development physically, mentally, emotionally, morally, spiritually and socially in a healthy and normal manner and in conditions of freedom and dignity appropriate to the corresponding developmental stage.

## **2.6 Republic Act No. 7610: Special Protection of Children Against Abuse, Exploitation and Discrimination Act**

In its Declaration of State Policy and Principles, the State shall provide special protection to children from all forms of abuse, neglect, cruelty, exploitation and discrimination and other conditions, prejudicial to their development; provide sanctions for their commission and carry out a program for prevention and deterrence of and crisis intervention in situations of child abuse, exploitation and discrimination. It shall also be the policy of the State to protect and rehabilitate children gravely threatened or endangered by circumstances which affect or will affect their survival and normal development and over which they have no control. The best interests of children shall be the paramount consideration in all actions concerning them, whether undertaken by public or private social welfare institutions, courts of law, administrative authorities, and legislative bodies, consistent with the United Nations Convention of the Rights of the Child.

**REPUBLIC ACT NO. 7658:** An Act Prohibiting the Employment of Children Below 15 Years of Age in Public and Private Undertakings, Amending for this Purposes Section 12, Article VIII of RA 7610

## **3. Policy Frameworks**

### **3.1. Medium Term Philippine Development Plan (MTPDP), 2001-2004**

The Medium-Term Philippine Development Plan (MTPDP) is the government's development framework and blueprint which is the basis of all government programmes and projects. The MTPDP's current vision is to promote economic growth with equity through a partnership among a dynamic and internationally competitive business sector, a vigilant and responsible civil society, and an efficient and impartial government. The success of this partnership shall be measured by achievement in the reduction of poverty, thereby mirroring the administration's preferential option to the poor. The MTPDP provides a comprehensive set of social and economic policies that directly address the needs of the poor coupled with good governance and institutional reforms are all geared towards expanding and equalizing access to economic opportunities, inculcating receptivity to change and promoting personal responsibility.

The current MTPDP has thirteen (13) key chapters:

- ensuring sustained growth with equity and macroeconomic stability;
- promoting full, decent and productive employment;
- enhancing capacities through health, education and housing;
- protecting vulnerable groups;
- accelerating comprehensive rural development;
- gearing for international competitiveness in industry and services;
- putting the Philippines in the international tourism map;
- strengthening public-private partnership in infrastructure development;
- bridging the digital divide: information and communications technology;
- reducing regional disparities: regional and spatial development;
- creating competitive and livable cities and urban areas;
- pursuing sustained peace and development in Mindanao;
- improving the quality of life through good governance.

A parallel document to the MTPDP is the Medium Term Public Investment Program (MTPIP) which specifies the indicative financial resource requirement of prioritized government programmes and projects. A key constraint however is the perennial budget deficits which are mostly due to revenue shortfalls.

### **3.2. Medium Term Youth Development Plan (MTYDP), 1999-2004**

The enactment of Republic Act 8044 (Youth in Nation-Building Act) in 1995, apart from strengthening government support for the youth through the creation of the National Youth Commission, provided for the formulation of a Philippine Medium-Term Youth Development Plan (MTYDP). The MTYDP envisions a generation of a more enlightened and empowered Filipino youth, who are value-driven, active as well as innovative, obedient to a Supreme Being, patriotic but at the same time open to global competition and cooperation. Approved on 17 March 1998, the MTYDP serves as the government's blueprint for youth development from 1999 to 2004. The youth sector, given its legal definition of 15-30 years old is a very diverse group. Thus, to ensure that the Plan is truly responsive to particular needs of these various groups, the sector is divided into four (4) major sub-sectors namely: in-school, out-of-school, working youth and youth with special needs. Key strategies are outlined for each sub-sector

### **3.3. The Philippine National Strategic Framework For Plan Development for Children, 2000-2025(Child 21)**

Child 21 is as a strategic framework paints in broadstrokes a vision for the quality of life of Filipino children in 2025 and a roadmap to achieve the vision. As part of the country's commitment to the Convention on the Rights of the Child (CRC), it builds upon the gains of the Philippine Plan of Action for Children. It pursues the same goals and targets set forth in the country's Medium Term Philippine Development Plan. It was a product of a variety of processes from the convening of experts to conduct of consultations nationwide, review meetings, writeshops, presentation and consultation among sectors including children. Child 21 has gone through the review and approval of several

relevant bodies and acquired a "legal personality" with the issuance of Executive Order No. 310 (November 5, 2000), adopting Child 21 as the country's framework for plan and program development for children. Child 21 gives prime importance to the natural development of the child and recognizes the need for appropriate, integrated, holistic interventions per a particular life stage.

The Vision of Child 21 for the Filipino children:

- Born healthy and well, with an inherent right to life, endowed with human dignity;
- Happy, loved and nurtured by a strong, stable and God-loving family;
- Living in a peaceful, progressive, gender-fair, and child-friendly society;
- Growing safe in a healthy environment and ecology;
- Free and protected by a responsible and enabling government;
- Reaching his/her full potential with the right opportunities and accessible resources;
- Imbued with Filipino values steeped in his/her indigenous cultural heritage;
- Assertive of his/her rights as well as those of others;
- Actively participating in decision-making and governance, in harmony and in solidarity with others, in sustaining the Filipino nation.

Child 21's primary goal is to create an enabling environment for children to grow and develop their full potential at every stage of development. Child 21 has defined objectives at every stage of the child's development making sure that there are programmes and interventions at every stage of the life cycle. By this, the convergence of services of different sectors would be easier, identifying the most critical life stage where interventions are most needed - targeting the FAMILY being the primary care-giver and from where the child learns his/her values. The objectives are best achieved through the promotion of the Child Friendly Movement.

### **3.4. Education For All (EFA)**

The Philippines was also a signatory to a global plan that aimed to give every child in the world quality basic education by the year 2000 which was adopted at the World Conference on Education For All (EFA) held in Jomtien, Thailand. This commitment was translated into a 10-year EFA Philippine Plan of Action (PPA) covering 1991-2001. The plan specifies the country's national goals, objectives, policies and strategies, as well as regional programs for implementation. It also serves as the guide of the education sector and its partners in attaining the EFA goals and targets. EFA's basic thrusts consist of early childhood development, universalization of quality primary education, adult literacy, and continuing education. From a distinct and special program, it became the overarching philosophy and integral strategy of basic education in the Philippines. Eighteen (18) core EFA indicators were devised under the auspices of the International Consultative Forum on EFA which were monitored by the government.

Table 22 provides a summary on how the country performed according to selected core indicators. In general, according to the Philippine Assessment Report for 2000, the

country posted a remarkable accomplishment in providing access to primary schooling and in raising literacy rates. Net Primary School enrollment rates have increased from 84.6% in 1990 to 95.7% in 1998 while literacy rates went up from 96.6% to 97.3% in the same period. On the other hand, substantial work still has to be done in terms of providing opportunities and ensuring participation in early childhood care and education (Pre-school enrollment rate is still at a low 14% in 1998) and in achieving a desirable level of internal efficiency (i.e. allocation of resources) and external effectiveness in the primary education sub-sector.

In addition, the report noted that “programmes initiated for attaining EFA were mainly school and educational system based and founded on a policy of attraction rather than retention...immense resources have been expended to bring children to school to provide access and increase participation but not much have been done to keep them there.” To sum up, it concludes that the situation at the start of the EFA decade - the high basic literacy level and a lower functional literacy rate in 1998 makes one to increasingly believe that primary education system is indeed only capable of developing fundamental reading and writing skills.

Another independent assessment of the general state of education, the Philippine Human Development Report of 2000, highlights the following problems:

- the increasing quality deficit
- the budget per pupil remains low relative to other countries
- low internal efficiencies related to weaknesses in curriculum, the mix of education inputs (90% of resources go to salaries), the quality of teachers, availability of textbooks<sup>20</sup> and the classroom environment
- the one-size fits all approach of the system does not consider specific needs and context of learning environment (e.g. medium of instruction, cultural difference, etc.)
- overloaded curriculum in grade 1 to 3 and a lack of focus on core subjects like reading, writing and math
- highly centralized bureaucracy implementing the system and programmes

Recently, an education task force composed of different agencies with education programs and services was organized. It led the formulation of the education agenda on child labor and spearheaded the formation of similar task forces in various provinces. Whether this task force will be able to push educational reforms to curb child labour will only be seen after a few years.

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<sup>20</sup> The textbook student ratio range from a low of 1:7 to a high of 1:2.

## **4. Key Government Programmes in Partnership with Various Sectors**

### **4.1 National Programme of Action Against Child Labour (NPACL)**

The National Programme of Action Against Child Labour (NPACL) is a comprehensive programme which consolidates the efforts of various social partners to eliminate the worst forms of child labour and to transform the lives of child labourers, their families and communities, towards their sense of self-worth, empowerment and development. The guiding principles of the NPACL include demonstrated caring quality service delivery, continuous learning, competency-building and service innovation, rights-based and needs-driven advocacy and action, partnering, supportiveness, convergence of resources, both financial and human, strong sense of social responsibility, results orientation, diversified resource base. The NPACL's strategic directions include:

- Make the invisible visible
- Broaden and strengthen alliances with social partners
- Focus advocacy and action on child labourers, their families and communities.
- Expand educational opportunities for child labourers.
- Improve quality of care-giving.
- Increase access to economic opportunities
- Improve quality of service delivery.

The National Programme of Action Against Child Labour is implemented through a multi-sectoral coordinating body in congruence with the goals enunciated in the Medium Term Philippine Development Plan (MTPDP) and the Philippine National Strategic Framework For Plan Development for Children, 2000-2025 (Child 21). Institutional mechanisms of the NPACL at the national and regional levels involving inter-agency efforts have also been established, with the Department of Labour and Employment (DOLE) – Bureau of Women and Young Workers taking the lead role. The NPACL is being implemented by partners at different levels:

*At the Local Level* - The *Program Implementation Committee (PIC)* is composed of representative(s) from local government units (LGUs), local representatives of the partner agencies, NGOs and community or people's organizations, the working children themselves and their family

*At the Regional Level* - The *Regional Child Labour Committee (RCLC)* is composed of regional representatives of the partner agencies and the chairperson of the PIC

*At the National Level* - The National Child Labour Committee (NCLC) is composed of national representatives from member agencies: Department of Health (DOH), Department of Education (DepEd), Department of Social Welfare and Development (DSWD), Department of Interior and Local Government (DILG), Philippine Information Agency (PIA), Employers Confederation of the Philippines (ECOP), Trade Union Congress of the Philippines (TUCP), National Council for Social Development (NCSO) and the Department of Labour and Employment (DOLE), with its Undersecretary as Chairman

*Financial Resources.* In terms of resources, the main donors for the NPACL include the International Labour Organization and the United Nations Children's Fund. In the past several years, government was also able to provide counterpart funding to these donor contributions. However, this has been slashed to almost nil mainly because of the current fiscal deficit. The BWYW also reports that a new donor has agreed to fund a programme in Region I for children involved in the Tobacco industry<sup>21</sup>.

#### **4.2 ILO-IPEC Programmes: National Surveys of Working Children and Time Bound Programme**

In June 1994, the Philippine government and the ILO formalized a Memorandum of Understanding on the implementation of the former's International Programme on the Elimination of Child Labour. In 1995, inter-agency partners signed a Joint statement for a Unified and Intensified Action Against Child Labour and also clarified inter-agency responsibilities under an integrated programme. It was also the same year when the NSO sponsored by the ILO-IPEC conducted the first national survey on working children. The following years also saw an ILO sponsored documentary "No Time for Play" by the PCIJ highlighting the plight children in the mining industry. Another documentary done by the Ateneo Center for Social Policy and Public Affairs entitled "Minsan lang sila bata" was able to mobilize greater attention and cited as one of the most effective communication tools in raising public awareness (NPACL, 2002).

In June, 2002, the Philippine government and its anti-child labour partners launched the time-bound program (TBP) against the worst forms of child labour. The TBP is an improved modality designed to prevent and eliminate all incidences of the worst forms of child labour. It combines sectoral, thematic and geographically based approaches, linking interventions with the national development efforts as a whole including economic and social policies from macroeconomy to population, education and labour market policies. It was a result of various regional and national consultations. The President of the country, in her key pronouncements, has given emphasis to the anti-child labour campaign by committing the Philippine government to the implementation of ILO Convention No. 182 on the Worst Forms of Child Labour, along with the earlier Convention No. 138 on minimum age. The Medium Term Philippine Development Plan has included in its priority thrusts the need to protect children as a vulnerable group, thus bolstering the national anti-child labour campaign.

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<sup>21</sup> Eliminate Child Labour in Tobacco, a Geneva based organization (interview with Maribeth Casin).

The Philippine Time Bound Programme (PTBP) is anchored on the vision of the National Programme Against Child Labour and relies on the collective efforts of the various stakeholder/partners. Major preparatory activities include the mobilization of social and political commitment, development of adequate data bases, undertaking in-depth research and the formulation of the Philippine Time Bound Programme Document. One important project of the PTBP was the resource mapping of institutions and structures on child labour. In crafting the PTBP, the DOLE, through its Bureau of Women and Young Workers (BWYW), closely worked with labour and business groups, nongovernment organizations (NGOs), other government agencies, the civil society, ILO, and donors. The PTBP has targeted the following regions (provinces): Region 3 (Bulacan), NCR (Metro-Manila), Region 6 (Iloilo and Negros Occidental), Region 5 (Camarines Norte), Region 7 (Negros Oriental and Cebu), Region 11 (Davao). These were chosen based on the existence of the worst forms of child labour in the mentioned provinces (e.g. in the following sectors - mining/quarrying, prostitution, fishing, domestic work, pyrotechnics and agriculture). One notes that these regions are not similar to those reported by this paper as having high child worker incidence (i.e. Regions 12, 10, 8, 2 and Caraga) except for Region 7.

#### **4.3 Country Programmes for Children, 1989-2003 (CPC-III to V) of the United Nations Children's Fund (UNICEF)**

In 1988, the Philippine government and UNICEF initiated a Programme of Cooperation for the Third Country Programme for 1989-1993 which featured the first major attempt to raise public awareness through a national conference on child labour in 1989 where 87 representatives of government agencies and NGOs participated (NPACL, 2002). The UNICEF Country Programmes from the third to the current facilitated inter-agency coordination and networking on the campaign against child labour. The Fourth Country Programme covered 14 provinces and 8 cities in Regions 4,5,6,7,8,11, CAR and NCR. The major components were: action research/social investigation, advocacy and social mobilization, provision of basic, special and alternative services, employment promotion and income generation, policy development and legal protection, institutionalization and capability building, project documentation, monitoring and evaluation. The Fifth Country Programme for Children for 199-2003 is being implemented in 14 regions- 2,4,5,6,7,8,9,10, 11, 12, NCR, CAR Caraga and ARMM covering 20 provinces and five cities. Its major goal is to make the Convention on the Rights of the Child a reality for Filipino children. Its programmes include communication, advocacy, legal and policy development, health and nutrition, education, gender and development, and children in need of special protection.

#### **4.4 Sagip Batang Manggagawa (SBM)**

The Sagip Batang Manggagawa ("Rescue Child Labourers") - is an inter-agency Quick Action program launched in May 1994 which aimed at responding to cases of child laborers in extremely abject conditions. It employs an inter-agency quick action team for detecting, monitoring and rescuing child labourers in hazardous and

exploitative working conditions. The SBM Quick Action Team (SBMQAT) is composed of the following member agencies:

- Department of Labour and Employment (DOLE) – as lead agency
- Department of Health (DOH)
- Department of Social Welfare and Development (DSWD)
- Philippine Information Agency (PIA)
- Department of Interior and Local Government (DILG)
- Department of Justice (DOJ)
- National Bureau of Investigation (NBI)
- Commission on Human Rights (CHR)
- Trade Union Congress of the Philippines (TUCP)
- Lakas Manggagawa Labour Center (LMLC)
- Employers Confederation of the Philippines (ECOP)
- National Council for Social Development (NCSDFI)
- Kamalayan Development Foundation. Inc. (KDF)

The SBMQAT is involved in the following functions: data gathering and validation, reporting of rescue operations, investigation of parties concerned, filing of labor standards/child labour cases, rehabilitation and integration of rescued victims.

## **5. Elements of Good Practice in the National and Local Response to Child Labour**

### **5.1 Characteristics of Good Practices**

The response to child labour can be categorised into two levels- the macro and micro and two main components – policy and programme implementation. The following grid is an example of these responses.

<b>Component/Level</b>	<b>Macro (National)</b>	<b>Micro (Local and Community)</b>
<b>Policy</b>	Sound Macroeconomic Policy	Local Economic Development Policies and Strategies
	Anti-Child Labour Laws	Ordinances on Child Labour



	Commitments to International Conventions	Commitments to International Conventions and National Policies
	Population Policy	Local Population policy
	Poverty-Reduction Policies and Strategies	Local Poverty policy
	Education Policy: Education for All	Local Policy on Education and Schools
<b>Programme</b>	National Survey of Children	Livelihood Programmes: Microcredit and microfinance
	National Family Planning Programmes	Community family planning programmes
	KALAHI-CIDSS	community based poverty programmes
	SAGIP-Batang Manggagawa	Local monitoring of child labour
	Policy Researches	Participatory and action researches at the community level
	National Awareness on Child Labour	local awareness campaigns
	National fund-raising campaigns	Local fund raising campaigns

***Characteristics of good practice in terms of policy formulation and implementation:***

- Multi-stakeholder partnerships and consultations to ensure policy addresses urgent needs and concerns
- Inter-agency coordination and consultation within government
- Built in monitoring mechanisms for policy implementation
- Built in budget for policy implementation

***Characteristics of good practice in terms of programme implementation:***

- Effectiveness and concrete impact on targeted beneficiaries
- Sustainability of programme if warranted
- Cost efficiency
- Community/stakeholder participation and involvement (ideally from design to implementation)
- Built in monitoring and evaluation mechanisms (also documentation of good practice)

## 5.2 Specific Examples of Good Practices<sup>22</sup>

Type and Level of Responses	Description	Institutions Involved
Integrated National Programme of Action	National Programme of Action Against Child Labour is an integrated and multi-level response which involves different social actors.	BWYW-DOLE, DSWD, DEPED, DILG, TUCP, NCSD, LGUs, Local NGOs
Specific National Programme	Sagip Batang Manggagawa is a quick inter-agency mechanism responding for detecting, monitoring and rescuing child labourers in abject conditions	DOLE, DSWD, National Bureau of Investigation, Philippine National Police, NGOs, Trade unions, etc. (see above)
National Awareness Raising Among Firms	Child-Friendly Firms – a campaign by an employers organization among its members to increase awareness and improve attitudes on child labour	Employers Confederation of the Philippines with the assistance of government agencies and other NGOs
Specific Programme on Monitoring Child Domestic Workers	A programme that monitors unaccompanied children disembarking from ports to check for possible trafficking in domestic work or prostitution	Visayan Forum and Port Police
Specific Programme in Monitoring Child Workers in Factories	Community organising work coupled with surveillance work to monitor cases of child workers in industries or in the agricultural sector	Kamalayan Development Foundation with DSWD, Police, ILO
Specific Awareness Raising in Radio	A radio programme entitled “Tanggol Bata” that features concerns and issues on child labour	Philippine Rural Reconstruction Movement
Specific Awareness Raising on National television	A TV programme entitled “Bantay Bata” which airs important children issues and concerns; they also have a hotline for this	ABS-CBN Foundation

<sup>22</sup> The BYWY-DOLE website also provides examples of good practices. Some of the examples here are from such website while the others were derived from Alonzo and Edillon (2002). However, assessing these programmes according to the criteria mentioned above was not done due to time constraints.

Specific Fund Raising Campaign for Children	Children's Hour- a campaign for working people to donate just one hour worth of their wage and earnings to children's causes including child labour concerns	Ayala Foundation with other NGOs
Specific Educational Programme for Child workers	A programme which grants educational assistance to school drop-outs and working children	Educational Research and Development assistance, Inc. together with DepEd and other NGOs in the country

## VI. Summary and Main Recommendations

### 1. Summary

#### 1.1 Statistical Trends

The incidence of child work in the Philippines has not changed much. The most recent survey in 2001 revealed that 4 million working children aged 5-17 years old constituted 16.17 percent of the total population of children in the same age group compared to 1995 where 3.6 million working children represented 15.98 percent of the total population in the age group. The incidence of female child workers have increased by .74% over the six-year period while for the males, this has decreased by 36%. Although the child worker incidence in 2001 was only marginally higher than in 1995, the absolute number of child workers grew by about 12 percent over the six-year period or about 2 percent annually. The most economically active children are found in the 10-17 age range for both survey periods. Regarding the distribution by sex, about 6 out of every 10 working children were male. This proportion was rather consistent during the two periods. Nevertheless, the number of female child workers had been growing at a faster rate of about 3 percent annually. In addition, child labor continued to be a rural phenomenon as about 7 out of 10 working children in the 5-17 age group resided in rural areas in 2001. This proportion was marginally higher than in 1995, with around 6 of 10 working children residing in rural areas.

#### 1.2 On the Determinants of Child Work

Our econometric analysis using a two stage process shows that the following are the determinants of the probability of child work: Child's Age (+), Child's Age<sup>2</sup> (-), Being Male (+), Highest Grade Completed (+), Predicted Drop-out rates (+) and other community variables like the presence of a recruiter (+) and whether the work is within the community (+). However, the effect of the probability of dropping out of school on child work is seen to have the most substantial effect. An important finding in our regressions is that poverty is a necessary but not sufficient

determinant of child work<sup>23</sup>. The key factor then that will help to mitigate child labour will be the creation of assets that will be used specifically in the formation of education and schooling. Thus, the over-all condition of the educational system can be a powerful factor on the supply of child labour. This also means that addressing the household's basic needs for education will influence both poverty and child work simultaneously.

## **2. Recommendations on Policies and Programmes**

Key policies and programmes and implementation structures are already in place in the campaign against child labour. The National Programme of Action Against Child Labour has incorporated all categories of responses. There is also an active child labour network i.e. National Child Labour Committee which enhances coordination of the various groups in terms of policy advocacy and actual programme/project implementation. This coordination has been strengthened by networking and partnerships among the key sectors and common activities like the celebrations of the Global March against Child Labour and the World Day against Child Labour. However, the national response can further be refined by addressing the following:

- a) Making educational interventions as one of the major priorities in the elimination of child labour through:
  - greater access to quality, basic education for actual and potential child labourers
  - enhance measures and mechanisms to keep children in school maximizing survival rates and lowering drop-out rates
  - the enhancement of the role of credit and subsidies for the education of child members of poor households (e.g. micro-financing or social credit schemes for education as discussed in section IV) in reducing child labour incidence
- b) The need to prioritize interventions in terms of regions with high child work/child labour incidence. These regions include Region 2, 10, 8, 12 and Caraga.
- c) The need for more comprehensive national census on working children with more systematic disaggregation of data (especially by sector and geography if possible at the provincial and municipal levels) and the improvement in the information management system of such data bases on child labour (e.g. development of early warning indicators as Esguerra (2002) suggested)
- d) The need to effectively and efficiently converge resources where they are most needed; prioritization of the sub-components and sub-strategies of the NPACL especially those related to schooling and education

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<sup>23</sup> Deb and Rosati (2002) even shows that poorer households have a higher propensity to send their children to school and not work. In addition they emphasize that there are other unobservables affecting household decision to send a child to work or school.

- e) The need to increase capacity of local government units (LGUs) and local civil society organizations to implement and coordinate programmes against child labour since they are in the forefront of the campaign
- f) The need to continually assess specific responses in terms of key indicators of good practice; full documentation and dissemination of programmes categorized as good practice

### 3. On a Future Research Agenda

There is already a fast growing literature on child labour in the Philippines. However, it may be fruitful to delve into the following areas to further refine the country's responses to child labour:

- a) More precise estimates of child labour incidence according to the official Philippine definition, disaggregated at the regional and provincial levels; "reestimation" of the determinants of child labour incidence based on such figures; examination of current data in terms of "idle children"<sup>24</sup> as this might have some important policy implications
- b) Community, household and firm level studies to ascertain micro and meso determinants i.e. effect of socio-cultural norms on household decision-making
- c) More in depth studies on the credit market (or the lack of it) and asset formation in general and its effects on schooling and child labour
- d) More in depth studies on the costs and returns to education and their impact on the household decision to send children to work or school
- e) Evaluation of the effectiveness of past and current Child Labour Programmes and Measures to ascertain good practice
- f) Institutional Analysis of Child Labour Campaign Infrastructure: Capacity, Coordination, Division of Tasks and Resource Allocation in the Fight Against Child Labour

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<sup>24</sup> these are children who are neither working nor studying

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