



Reducing Incidence of Child Labor and Harmful Conditions of Work in Economic Strengthening Initiatives (RICHES)

Pre-Situational Analysis Research Brief for El Salvador September 2020

Few would expect that investments in women's enterprises are increasing the risk or incidence of child labor or poor working conditions. However, a Pre-Situational Analysis (PSA) conducted by the RICHES initiative confirmed these problems do exist within El Salvador's micro and small enterprises. The PSA also revealed that while entrepreneurship is a common work option among Salvadoran women, female entrepreneurs in El Salvador often encounter barriers that can limit their success. Those who get access to microcredit may see an increase in household income, but may also lack social protections, or experience business-related crime and other challenges that can create or exacerbate situations of child labor and poor working conditions. Despite the Government of El Salvador's efforts to increase access to education, low income families often do not have enough money to cover their expenses, leading them to resort to child labor. Furthermore, national and local efforts aimed at combating child labor and poor working conditions are not always inclusive of women's economic empowerment (WEE) actors, such as financial service providers and women's business support organizations, nor do these stakeholders take into account these issues. To address these problems, the RICHES project proposes key policy and strategy recommendations that WEE actors can implement at the organizational and client levels. These recommendations for El Salvador include, but are not limited to: raising awareness of the risks of child labor and poor working conditions among both WEE actors and their clients; developing and providing a comprehensive set of financial services that help women entrepreneurs manage risk, as well as start and grow their enterprises; facilitating intra-household dialogues that promote positive household decision-making and planning; and linking clients to social protection services to meet their comprehensive needs.



Funding is provided by the United States Department of Labor under cooperative agreement number IL-31469. 100% of the total costs of the project or program are financed with federal funds, for a total of \$1,500,000 dollars. This report does not necessarily reflect the views or policies of the United States Department of Labor, nor does mention of trade names, commercial products, or organizations imply endorsement by the United States Government.

BACKGROUND

RICHES is a multi-sectoral capacity building project, led by an integrated team of experts in women's economic empowerment (WEE)¹, child labor, and rule of law. The RICHES initiative aims to integrate the issues of child labor alleviation and acceptable conditions of work² into WEE initiatives through the development of a toolkit for policy makers, microfinance institutions (MFIs) and other financial service providers (FSPs), and others whose work supports women entrepreneurs.

The RICHES Pre-Situational Analysis (PSA) assessed the intersection of child labor, working conditions in women's enterprises, and WEE initiatives at a global level, and will inform the development of the RICHES toolkit. Two pilot countries, El Salvador and the Philippines, were chosen for in-depth study and for testing the tools to evaluate their global applicability.

The PSA relied on an extensive literature review as well as key informant interviews and focus group discussions in El Salvador, the Philippines and globally, among policy makers, WEE actors (FSPs and women's business support organizations), field staff, and potential beneficiaries and their children. While the PSA was global in nature, this brief focuses on El Salvador and summarizes key findings of the research and proposes solutions.

KEY FINDINGS & INSIGHTS

Child Labor, Unacceptable Conditions of Work (UACW),³ and Their Intersection with WEE in El Salvador

- **Child labor and UACW exist in many sectors in El Salvador, particularly in the commercial and industrial sectors, where most women's businesses operate.** Child labor in women's businesses is common in the informal sector, in rural areas, and in households headed by a single wage earner, although the specific numbers of children involved in this work is unknown. While boys are engaged in child labor at higher rates in El Salvador, girls and other adult females are at a higher risk of involvement in child labor and UACW in women's businesses, due to traditional gender roles. Girls also support their entrepreneurial mothers by helping them with domestic tasks, such as cooking, cleaning and childcare.
- **There is a lack of understanding of child labor and UACW, including in women's enterprises.** This lack of understanding is particularly evident at the community level, among adults with no schooling or limited formal education.
- **Poverty is the key driver of child labor and UACW in El Salvador, including in women's enterprises.** Other factors that contribute to these problems in women's businesses include: a lack of social protections and supports for families (e.g., affordable child care and health insurance, etc.); parental preferences for reliable, trustworthy, and no or low-cost labor; a lack of decent work opportunities for youth, and a desire to prepare children for future work.

¹ WEE is defined by the Women and Girls Empowered ([WAGE](#)) Consortium as, "A process by which women increase their power to succeed as equal and active participants in the economy. This includes women's enhanced access to and control of human, economic, and social resources (**power over**); individual agency to make independent decisions that benefit themselves, their families, communities, and nations (**power to**); personal assets, including knowledge, skills, self-confidence, resilience, and ability to take and manage risk (**power within**); and collective assets, such as support services and networks (**power with**). Women's Economic Empowerment is critical to achieving gender equality, poverty reduction, economic growth, and other sustainable development goals."

² Acceptable conditions of work are considered to be positive conditions of work in terms of wages, hours of work, and occupational health and safety.

³ Unacceptable conditions of work are considered to be negative conditions related to wages, hours of work, and occupational health and safety.



Field research found that women who operate businesses, particularly in rural areas, have experienced feelings of powerlessness, sadness and desperation from having to cope with financial problems, and high levels of violence and insecurity affecting their households, businesses and communities.

- **Women face major barriers to entrepreneurship, despite the implementation of numerous laws, policies and programs supporting WEE.** Barriers to entrepreneurship include: a lack of access to capital, due to a lack of collateral and guarantors; insufficient business training and mentoring; a lack of awareness among women of financial products and services; male dominance in decision-making; gender bias; high levels of crime and extortion against businesses, which often lead women to keep their enterprises smaller, thus reducing their profits; weak enforcement of legal protections for women; and the segregation of women’s businesses in markets that are oversaturated.

- **Child labor and UACW in women’s businesses can result in many negative consequences for women, their families, and communities.** In El Salvador, these negative effects include: a culture of insecurity and instability due to increasing crime and gang violence; weak economic growth; poor education outcomes for children; adverse effects on health for children and adults, and the perpetuation of poverty, among others.

- **Women entrepreneurs in El Salvador usually work about 12 hours per day, split between their businesses (7 hours) and domestic and care responsibilities (5 hours).** Since they shoulder a greater share of childcare and household responsibilities than men, women entrepreneurs often spend less time operating their businesses than their male counterparts.
- **Microcredit can help improve a household’s income but can also contribute to creating child labor and UACW.** Microcredit, however, provided with other supports (e.g., business training), may help prevent, mitigate, or eliminate child labor. One ILO project that provided support (i.e., business training, vocational training, and a kit) to Salvadoran women who received microcredit did not note negative effects on child labor, but did find an increase in women’s decision-making in the home, which resulted in increases in schooling—particularly among those children who were working at the start of the project.

Key Stakeholder Efforts and Gaps in Addressing Child Labor and UACW in El Salvador

- **El Salvador does not have a national child labor program and there is limited evidence of active programming and coordination to address child labor on the national level. Additionally, research found no evidence of policies and programs to address the intersection between WEE initiatives and child labor or working conditions specifically.** Field research suggests this gap exists because key stakeholders in the country usually do not consider children’s work in women’s enterprises to be a problem, but rather as a necessary contribution towards the family’s income, a way to keep children supervised or occupied, or a way to help them learn skills for future employment.
- **Despite efforts to improve WEE, several gaps exist in interventions to support women’s enterprises.** El Salvador’s Law for the Regulation and Installation of Nurseries for Workers’ Children does not provide a childcare benefit for most women entrepreneurs and their employees due to the small size of their businesses. Furthermore, the Government of El Salvador (GOES) does not adequately enforce laws related to the informal sector, so women in this sector are at a higher risk of discrimination and other labor-related violations. Additionally, more effort could be made to protect women’s business from crime through improved enforcement of El Salvador’s Special Law Against Extortion.
- **Three types of interventions – transfers, health insurance, and increased access to schooling – have shown effectiveness in addressing child labor and UACW.** One study in El Salvador found that cash transfers have had a positive effect on schooling for some children in rural areas in the initial two years of basic education. Nonetheless, due to lax enforcement of attendance requirements



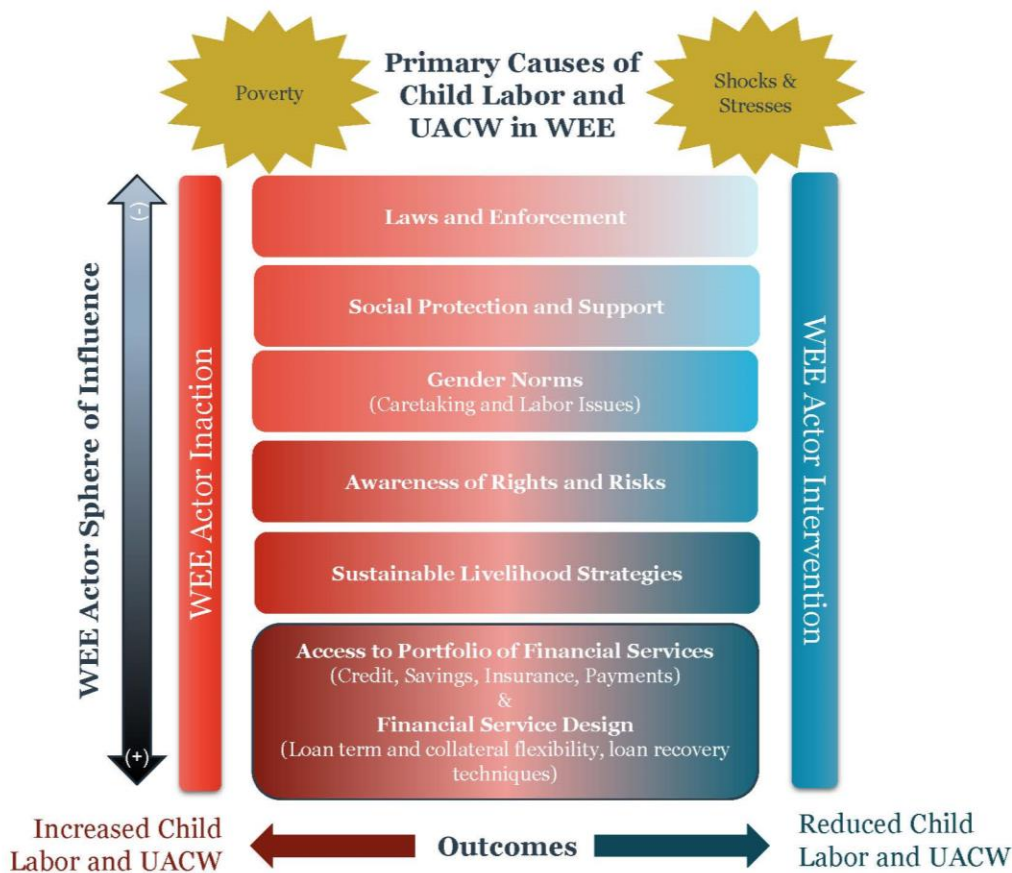
in these programs, some children do not attend school in El Salvador. Two major GOES education programs, the [Presidential School Supply Program](#) and the [Full-Time Inclusive School Model](#), have been credited with decreasing the incidence of child labor in the country. However, the latter program did not appear to have the same reach and effectiveness, particularly in rural areas, likely due to insufficient resources for facilities, supplies, and personnel.

- **There is limited information of the effectiveness of other types of interventions such as awareness raising and advocacy, labor cooperatives, and savings groups in addressing child labor and UACW.** Awareness raising in El Salvador may be less effective when it focuses on compliance with labor laws, rather than taking into account families' concerns about their children, or considering their abilities to assess risks for their children and find their own solutions to complex problems.
- **Other types of short-term and long-term efforts to address child labor and UACW in El Salvador have shown mixed results.** One effective ILO-led project in the sugarcane industry reduced child labor by 93 percent between 2004 and 2015. Many of its strategies, which included awareness raising and a zero-tolerance policy on child labor, have been sustained since the project ended.
- **A number of interventions, either conducted together or alone—such as business coaching, networking, financial and business education, skills training, access to capital, and subsidized and affordable childcare—have been identified as promising in terms of making women's enterprises more successful generally.** For example, between 2011 and 2016, one of the GOES' key programs, [Ciudad Mujer](#) (Women's City) provided nearly 3.4 million services to more than 1.2 million users, many of whom are women entrepreneurs. An impact evaluation Ciudad Mujer found that, in the short term, women who participated in this government program were more likely to access public services that support their businesses (e.g. legal services) than women who did not. Additionally, CONAMYPE (National Commission for Micro and Small Enterprises), implements a second major program, [Programa de Empresariedad Femenina](#) (National Female Entrepreneurship Program) which has a network of over 20 business consultants who provide advice to female entrepreneurs in such areas as business registration, intellectual property, licenses and permits, branding and communications, and technology.
- **WEE actors have taken few measures specifically aimed at preventing or eliminating child labor and UACW in women's enterprises.** MFIs and other WEE actors in El Salvador do not currently offer their clients incentives or recognition for addressing child labor or UACW problems in their businesses. Rather, many of them have a minimal understanding or awareness of issues surrounding child labor and UACW, including laws and regulations.

Promising interventions for women's enterprises, either conducted together or alone, include business coaching, networking, financial and business education, skills training, access to capital, and subsidized and affordable childcare.

The graphic below depicts some of the primary factors that contribute to the incidence of child labor and UACW in women's enterprises. It also highlights the potential for WEE actors to affect these issues, whether positively through their interventions, or negatively due to a failure to act. As the spectrum suggests, there are some leverage points where WEE actors, particularly FSPs, can have the most impact. FSPs influence women entrepreneurs' access to financial services but most importantly, they influence the design of the products that have been shown to potentially exacerbate child labor and UACW, due to features such as aggressive loan terms and recovery policies.





KEY RECOMMENDATIONS

Organization-Level Recommendations

The following are recommendations that WEE actors can implement within their organizations to increase awareness, improve internal policies and practices, and provide improved products and services to their clients:

- Due to low awareness of the link between the provision of financial services and their risk of increasing child labor and UACW, a crucial first step is raising awareness of child labor and UACW among WEE actors to increase their understanding of the issues and inspire them to action. This includes engaging investors, networks, and associations to influence practice of WEE actors through their investments and technical assistance.
- Establish “Do No Harm” policies that guide internal practices, such as monitoring program outcomes to ensure no adverse impacts. Conduct risk assessments that help WEE actors understand their portfolio exposure to business types that may be at risk of child labor and UACW, and train staff to better understand and identify potential issues and monitor for child labor and UACW within client businesses.
- Offer financial products that take into account the specific needs of women entrepreneurs and the risks of child labor and UACW. For example, FSPs can offer emergency loans or health financing products, education loans or commitments savings products that help women cover education or other expenses of their children, and digital financial services that help overcome women’s limited mobility and need for timely transactions.
- Diversify training offerings in the country so that women can establish businesses in a variety of different sectors to prevent the oversaturation of markets. In this regard, consider extending or



enhancing these WEE interventions by linking women to government programs, such as Ciudad Mujer.

- Explore ways of supporting 15- to 18-year-olds (where local regulations allow institutions to provide services to minors) to have their own businesses as well as financial services that help respond to children's educational needs, so that they have the flexibility to combine work and schooling in a safe, productive, and legal way.
- Establish linkages to national and/or local social protection services, given some products and services that clients need may fall outside the core services of WEE actors, such as those that address education, government-support and child labor remediation programs. In El Salvador, local child protection committees formed under LEPINA (Law for the Comprehensive Protection of Children and Adolescents) can be utilized to develop awareness raising and monitoring plans to prevent child labor within women's enterprises.
- Increase social protection for women entrepreneurs and their families. For example, explore private microinsurance options beyond credit life insurance, such as health and accident insurance.
- Ensure that interventions developed by WEE actors aim to address child labor and UACW and are:
 - holistic and participatory;
 - locally owned and context-appropriate; and
 - considerate of the actual causes of child labor and UACW, i.e. poverty, preferences for child work or skill-building, barriers to education, lack of social protection and support, access to financial services, low awareness of rights and risks of work for children.

Client-Level Recommendations

The following are key strategies that WEE actors can pursue with their clients to increase awareness of child labor and UACW, increase risk management practices, and improve household decision-making:

- Increase awareness of child labor and UACW among clients with particular emphasis on how to make workplaces safer and healthier for women entrepreneurs and others who work in the business. Awareness raising needs to be non-punitive and acknowledge the balancing act that women entrepreneurs face in their own household and business responsibilities. WEE actors can also leverage their personal, ongoing relationships with clients to influence client-level business practices.
- Support women entrepreneurs to identify their particular household and business risks to child labor and unsafe working conditions for themselves, their employees and their children. Simple tools and rules of thumb approaches can facilitate women's behavior change.
- Foster intra-household and gender dialogues so families have tools to talk about the pressures they are facing economically and in their businesses, as they navigate complex decision-making and trade-offs.

Policy-Level Recommendations

While outside the scope of the RICHES project, the following policy recommendations have also been made to inform approaches that could be explored by governments and other policymakers working in the areas of child labor, UACW, or WEE. These recommendations are intended to guide their efforts to raise awareness, increase the knowledge base, and develop and implement effective laws, policies, and programs to address child labor and UACW in women's enterprises.

- Improve the knowledge base for stakeholders in El Salvador through collecting information on the incidence of child labor and UACW in WEE initiatives and foster greater collaboration among child labor, UACW, and WEE actors through public-private partnerships. Collect data on the incidence of child labor and UACW in WEE through the country's Committee on the Eradication of Child Labor.



- Foster financial stability in households vulnerable to child labor and UACW through investments in women's enterprises, social protection programs and promotion of savings plans and low-cost insurance schemes.
- Support entrepreneurship and microfinance, particularly for women, through incentivizing government programs that support the microfinance sector such as through loan guarantees and reducing regulatory barriers for women entrepreneurs and addressing caretaking barriers for women through childcare programs.
- Extend labor and social protections for workers in the informal sector and simultaneously develop policies to transition informal sector workers into the formal sector. Policymakers in El Salvador should create indicators to measure improvements in labor practices in the informal sector.
- Improve access to quality education and training for children and youth at risk of or involved in child labor. Fully fund and expand the Full-Time Inclusive School Model to all schools in the country, particularly those in rural areas. Provide education access and training opportunities for youth who are neither working nor studying and enforce attendance requirements in government cash transfer programs to improve school participation.
- Improve the design and implementation of policies and programs to address child labor and UACW, such as focusing awareness raising on child protection needs rather than on labor law compliance or child rights only. Additionally, MFI and NGO practitioners should encourage good business practices among women entrepreneurs, such as those practices implemented within the sugar industry.
- Strengthen policies, laws, and enforcement to better protect women and children from exploitation, discrimination, and violence, for example, by implementing policies that address biases and discrimination against women and girls. Make greater efforts to widen the enforcement focus of the Special Law Against Extortion, to better prevent extortion against businesses. Additionally, expand labor enforcement at the Departmental level where it tends to be limited.

THE RICHES TOOLKIT

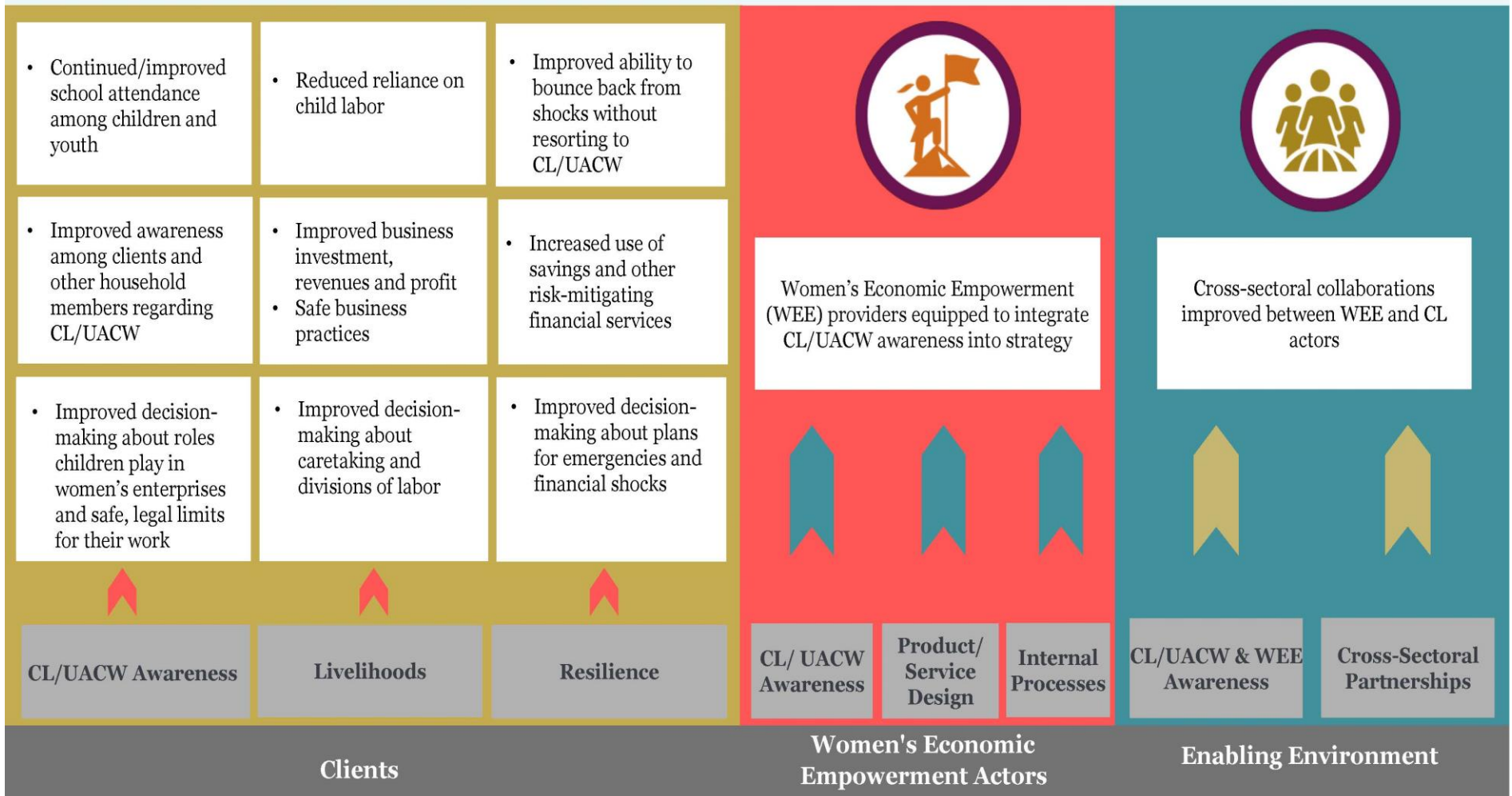
The PSA research validates the need for a collection of tools that can be used to address the root causes of child labor and UACW in women's enterprises. The following theory of change (see graphic on next page) for the RICHES toolkit hypothesizes that *IF* there is increased collaboration between WEE and child labor and UACW actors, and *IF* WEE actors have increased awareness of child labor and UACW risks among their clients and are able to offer a comprehensive set of services that are sensitive to child labor or UACW, *THEN* women entrepreneurs will have improved awareness of child labor and UACW and access to improved livelihood and resilience strategies *RESULTING* in women's enterprises improving lives responsibly without resorting to child labor and UACW.

To achieve short-term outcomes and the long-term goal, the RICHES project will develop tools that fill gaps in existing WEE and child labor/UACW approaches, which:

- Address gaps in awareness and understanding of child labor and unsafe working conditions for a wide range of WEE actors, including FSPs, investors and clients;
- Help FSPs fill the need for tailored financial products and services for women, including stronger use of risk management products such as insurance and savings and including better financial and business education;
- Help WEE actors and clients to assess risks related to child labor and unsafe working conditions, and monitor their progress toward addressing them within their portfolios and businesses, where relevant;
- Support positive household decision-making and planning for household risk management and child welfare decisions; and
- Link FSP clients to government or other community social protection services, such as ultra-poor, after-school, cash transfer and education programs, etc.



Women-led Enterprises Improving Lives Responsibly without Child Labor (CL) and Unacceptable Conditions of Work (UACW)



RICHS Theory of Change

CONCLUSION

Both governmental and non-governmental actors in El Salvador, including FSPs, have expressed an interest in addressing child labor and working conditions in women's enterprises, and there is enormous potential for impact by bringing together the various stakeholders in the country. Initial conversations with government and NGO stakeholders indicated that while there has been no national discussion or coordination on child labor and UACW in WEE, there is a need to take action on this issue, and awareness raising on this problem could be integrated into existing government and non-governmental literacy, gender, labor rights, and entrepreneurship programs. Furthermore, these stakeholders identified a need to improve the knowledge base on child labor and UACW in WEE. MFIs suggested that their institutions could have an impact by offering positive incentives, such as credits, longer loan periods, or lower interest rates to clients who implement practices that address child labor or UACW. However, a few expressed hesitations about becoming involved in more social accountability initiatives for which they do not think they have expertise. As all key stakeholder groups in El Salvador showed limited familiarity with child labor and UACW within the context of WEE specifically, a next step would be to increase awareness at all levels on this issue.

Child labor and UACW in WEE initiatives are complex problems that occur throughout the world, and particularly in developing countries, though the nature and incidence can vary widely based on the context. Despite extensive efforts to prevent and eliminate child labor and UACW, and to support women's entrepreneurship (as separate issues), little attention has been focused on the intersection of these phenomena. The RICHES initiative aims to address this gap by increasing the availability, applicability, adaptability, and adoptability of tools that integrate awareness of child labor and acceptable conditions of work into WEE initiatives. The research suggests that there is interest and potential on the part of WEE actors to take action in order to bring about positive change for the women they serve and their children.

To access the full PSA Report and references, please see: Camillo, C., Ramesh, D., Cornet, N., Kuklewicz, A., Gray, B., Portillo Cienfuegos, V., Escoton, V., & Brul, B. (2019). Reducing Incidence of Child labor and Harmful Conditions of Work in Economic Strengthening Initiatives: Pre-Situational Analysis Report. Washington, D.C.: ABA-ROLI and Grameen Foundation. <https://grameenfoundation.org/documents/RICHES-PSA-Report-FINAL.pdf>

For more information about RICHES, please contact Amelia Kuklewicz at akuklewicz@grameenfoundation.org.