



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

Pre-Situational Analysis Research Brief for the Philippines 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 revealed that while there is a strong culture of entrepreneurship among Filipino women, female entrepreneurs in the Philippines face numerous constraints that can limit their success. Those who get access to microcredit may enjoy an increase in household income, but inflexible loan terms, coupled with inadequate social protections and other challenges, can sometimes create or exacerbate situations of child labor and poor working conditions. While education is highly valued and prioritized by both Filipino parents and their children, low-income families often do not have enough money to cover household and education expenses, further compelling them to turn to child labor. Further, while government policies and programs aimed at combating child labor attempt to take a multi-sectoral approach, they do not always include stakeholders that promote small and medium enterprises, where child labor is frequently found, nor do women's economic empowerment (WEE) actors, such as financial service providers and women's business support organizations, take into account the issues of child labor and working conditions. 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 the Philippines 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.



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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 (financial service providers 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 the Philippines 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 the Philippines

- **Child labor is prevalent in agriculture and in the retail and trade sectors, where many women's enterprises operate.** Although there is no specific data available on the number of children working in women's enterprises, the *Philippines 2011 Survey on Children* indicates that two-thirds of child laborers ages 5 to 14 engaged in unpaid family work, including in family businesses. Most children combine work with schooling, and work is generally done outside of school hours or on the weekends. Both boys and girls help out in women's enterprises, although they may take on different tasks.
- **There is a lack of understanding of child labor and UACW, particularly at the community level, and in women's enterprises specifically, including by WEE actors.** Households in the Philippines perceive child labor as forced labor, begging, or work done without the knowledge or supervision of the parents. They do not perceive child labor as work that children do in support of their families, even if that work involves hazardous activities, long hours, or interruptions to schooling. Furthermore, while published research generally draws clear distinctions between working children and child laborers, the terms are not well-understood and are frequently used

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.



interchangeably. At a minimum, this causes considerable confusion, but can also result in an understated or overblown perception of the problem and can consequently skew program design.⁴

- **Poverty is the key driver of child labor and UACW, including in women's enterprises.** Other factors that contribute to these problems include: the need to work to contribute to the family

Child labor in the Philippines is most prevalent in agriculture and in the retail and trade sectors, where many women's enterprises operate.

income; barriers to quality education; a lack of social protections and supports for families; parental preferences for the trustworthiness and no- or low-cost labor of children and other family members; and inflexible loan repayment schemes. For older children, the trade-off between working and attending school increases, leading more children to choose work over school.

- **Weak legal and social protections, particularly in the informal sector and especially for women, can often lead to UACW, including long hours and occupational hazards.** Field research showed that women entrepreneurs consistently work extremely long hours, starting as early as 3 a.m. and ending at 10 p.m. Women feel overworked, overextended, and cited stress as a major hazard of their work. The major occupational hazards they face are cooking burns, exposure to the elements, and falls.
- **Women face major barriers to entrepreneurship.** While the Philippines' strong matriarchal culture allows women to play active roles in household decision-making and in the economy (70 percent of firms are partially or fully owned by women in the Philippines), the legal framework does not sufficiently support their rights. Lack of access to collateral, especially land, as well as the ability to use land and other women-owned assets as collateral are major hurdles. This can impair their ability to access credit, which can, in turn, exacerbate child labor and UACW. Many women also lack the training and resources to diversify their income sources in order to compensate for unstable or seasonal income.
- **Microcredit can help improve a household's income but can also have the reverse effect of increasing child labor and UACW.** Families in the Philippines place a high premium on educating their children and the country displays high rates of female entrepreneurship. However, microcredit can result in an increased workload at home and pressure to make loan payments on time. When women are at risk of not meeting a loan payment, children may be pulled from school to help fill the gap. An evaluation of a program that provided start-up capital to the parents of child laborers showed that while the overall well-being of a household may have improved, child labor also increased in many families.

Despite a matriarchal culture, legal frameworks in the Philippines do not sufficiently support women's rights, particularly regarding land rights and other women-owned assets. This impairs women's access to credit, which can, in turn, exacerbate child labor and UACW.

⁴ The *Philippines 2011 Survey on Children* (SOC) defines a "working child" as one who worked for at least one hour in the week preceding the survey. "Child labor" is generally defined as work that is "mentally, physically, socially, or morally dangerous and harmful to children, and that interferes with their schooling." It is worth noting that child laborers are a subset of working children. Despite the clarity of these definitions, other reports that reference it are not consistent in their use of the terms "working children" and "child labor," and often use them interchangeably. These inconsistencies make comparing and analyzing data across reports challenging and often confusing.



Key Stakeholder Efforts and Gaps in Addressing Child Labor and UACW in the Philippines

- While the Government of the Philippines (GOP) has numerous initiatives to combat child labor, and to promote acceptable conditions of work and WEE, there is little to no cross-sectoral coordination between these initiatives. For example, the GOP has formed the [National Council Against Child Labor](#) (NCACL), an inter-agency body led by the [Department of Labor and Employment](#) (DOLE), co-chaired by [Department of Social Welfare and Development](#) (DSWD), and comprised of government agencies as well as representatives from the labor and employer sectors, and from NGOs that work on child labor issues. The GOP also runs numerous programs such as the

While the Government of the Philippines has substantial programming to combat child labor and improve women's economic empowerment, there is little to no cross-sectoral collaboration between these programs.

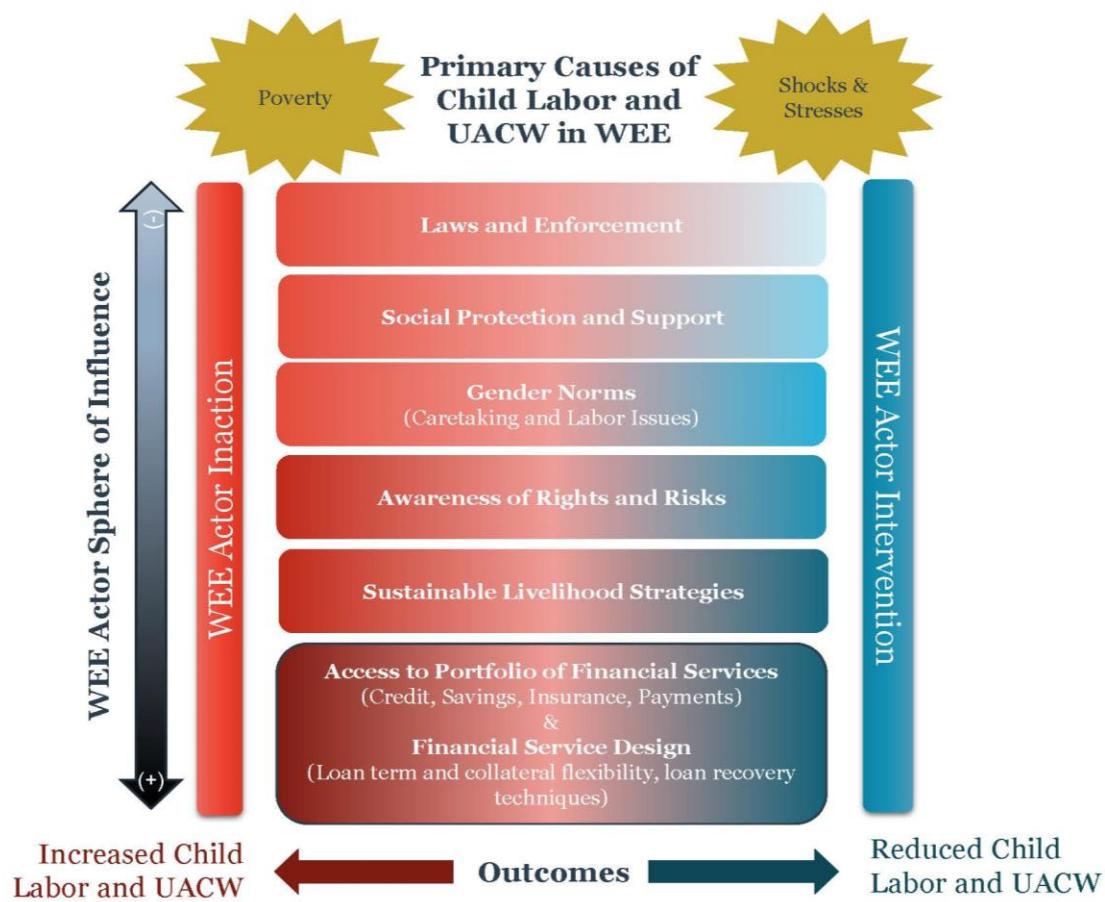
[Pantawid Pamilyang Pilipino Program](#) (4Ps) and DOLE's [KASAMA program](#), both of which address child labor and assist families of child laborers. On the WEE front, the [Philippines Department of Trade and Industry](#) (DTI) implements a range of programs that focus on supporting and promoting microenterprises, including those run by women. The [Go Negosyo Act](#) supports the creation of micro, small, and medium enterprises by facilitating the registration of

businesses; increasing access to services; providing services related to training, financing, and marketing; and facilitating access to financial assistance at centers throughout the country. The [MentorME](#) program, run by DTI's Bureau of Small and Medium Enterprise Development, helps micro and small enterprises scale up by engaging business owners and practitioners as coaches in various aspects of entrepreneurship. While the NCACL aims to be multi-sectoral in its membership, it has not always included representation from DTI or other WEE actors, nor have DTI's programs addressed child labor or UACW.

- **Three types of interventions – transfers, health insurance, and increased access to schooling – have shown effectiveness in addressing child labor and UACW.** However, partial education transfers may be less effective than full education transfers in reducing child labor. Since 2008, the [4Ps](#) program has offered a conditional cash transfer program that includes health and education grants. However, while the program was succeeding in improving school attendance, since the education grant was only a partial subsidy, it also sometimes increased child labor in the poorest communities, particularly when children were not previously attending school.
- **There is limited information on 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 may be less effective when it focuses on compliance with labor laws, rather than on 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.
- **A number of specific interventions, conducted either together or alone — such as business coaching, networking, financial and business education, skills training, access to capital, and affordable childcare — have been identified as promising in terms of making women's enterprises more successful.** DTI offers microentrepreneurs a series of training modules and sees greater active participation by women than by men. The modules also help participants develop a business improvement plan, with the hope that this will help avoid common business pitfalls, including resorting to child labor.
- **WEE actors have taken few measures specifically aimed at preventing or eliminating child labor and UACW in women's enterprises.** WEE actors interviewed by the RICHES project indicated that they do not currently offer their clients special rates/terms, labels or other types of recognition for addressing child labor or UACW problems in their businesses. On the contrary, many have a minimal understanding or awareness of child labor and UACW, including laws and regulations, and are often reluctant to place even greater pressure on their already-burdened clients.



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 better-quality products and services to their clients:

- Raise 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 the risk of child labor and UACW among their clients’ businesses as a whole, and train staff to better understand, identify and monitor for child labor and UACW within individual 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, access to 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.
- 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.
- Increase social protection for women entrepreneurs and their families. For example, explore providing private microinsurance options beyond credit life insurance such as health and accident insurance, and establish linkages to external services to meet clients' needs that fall outside the core services provided by WEE actors, such as those that address education, government-support and child labor remediation programs.
- Offer financial and business support services to help women, their households, and their businesses cope with shocks, as well as personal and business financial management and planning, including crisis management. In this regard, support women entrepreneurs to identify their particular household and business risks of child labor and unsafe working conditions for themselves, their employees, and their children. Simple risk assessment tools and rules-of-thumb approaches can facilitate women's behavior change. Service providers should tap into resources offered at Go Negosyo Centers and the MentorME program to increase women's access to support services. Additionally, increase access to skills and business training as well as resources, so that women entrepreneurs can earn income from other sources when their primary business is not profitable.
- 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.

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 on child labor should focus on improving knowledge and understanding of child labor and relevant laws from the point of view of child protection and well-being, rather than compliance with labor laws. Approaches should also acknowledge the balancing act that women entrepreneurs face in their own household and business responsibilities.
- 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 policy makers working in the areas of child labor, UACW, or WEE. These recommendations are intended to guide their efforts to raise awareness, improve the knowledge base, and develop and implement effective laws, policies, and programs to address child labor and UACW in women's enterprises.



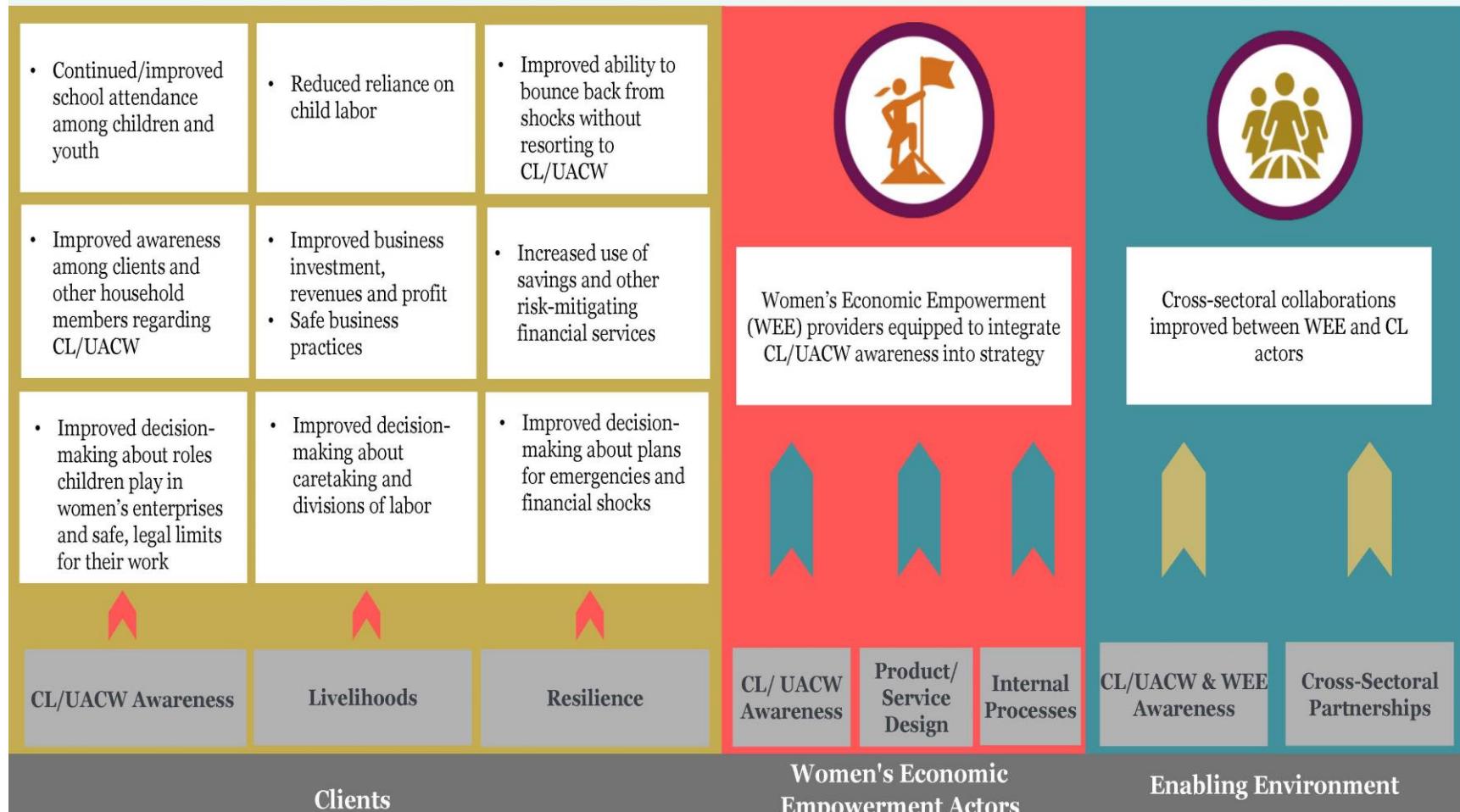
- Improve the knowledge base for stakeholders in the Philippines by collecting information on the incidence of child labor and UACW in WEE initiatives and foster greater collaboration among child labor, UACW, and WEE actors through public-private partnerships.
- Establish a common understanding of working children and child labor, and ensure that the terms are used consistently in published reports, in practice, and among the general public.
- Include DTI's Bureau of Small and Medium Enterprise Development (BSMED) and other WEE actors on the National Council Against Child Labor. Conversely, BSMED should incorporate the issues of child labor and working conditions into its MentorME program.
- 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 to the formal sector. Ensure adequate support to measures outlined in the Philippine Development Plan 2017-2022 that are aimed at improving protections for informal sector workers, and facilitating the transition of workers from the informal to the formal sector.
- Improve access to quality education and training for children and youth at risk of or involved in child labor. Offer assistance programs to offset the indirect costs of education such as "baon" (school lunches), transportation, supplies, etc.
- 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.
- 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. For example, improve and harmonize agrarian legislation and its implementation to improve women's ability to purchase, inherit, and own land, and to use it as collateral.

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.



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



RICHES Theory of Change

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.

CONCLUSION

Initial conversations with FSPs in the Philippines showed an openness to ensure that their interventions are not having unintended negative consequences, but they hesitate to put further resource restrictions (i.e., no children's labor) on their already-constrained clients. A key challenge will be educating FSPs on child labor and UACW to dispel the notion that efforts to remedy them must be punitive. As WEE stakeholders tend to have minimal familiarity with child labor and UACW, a first step would be to raise awareness of these issues and to explore their relationship with WEE initiatives.

Both governmental and non-governmental actors in the Philippines, including FSPs, have tremendous capacity to address child labor and working conditions in women's enterprises, and there is enormous potential for impact by bringing together the various stakeholders.

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.