III Global Conference on Child Labour

Panel presentation:
Urban child labour: family and non-family businesses

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Brazil, October 2013
Presentation outline

1. Urban child labour: the global picture

2. What is the nature of the work performed by children in cities and towns? Profile of urban child labour

3. What pushes urban child to work? Understanding the causes of urban child labour

4. Responding to urban child labour: discussion of policy options
1. **Urban child labour:**
   The global picture
Urbanization is marking the future

For the first time ever, the majority of the world's population lives in a city, and this proportion continues to grow.

By 2030, 6 out of every 10 people will live in a city, and by 2050, this proportion will increase to 7 out of 10 people.

Currently, around half of all urban dwellers live in cities with between 100,000 - 500,000 people, and fewer than 10% of urban dwellers live in megacities (defined by UN HABITAT as a city with a population of more than 10 million).

90 per cent of the persons living in slums are in developing countries.
Urban child labour: the global picture

- Incidence of child labour in urban areas remains very high in many countries

Figure. Percentage of urban children in child labour, selected countries, most recent year (5-14)
Urban child labour: the global picture

- The **relative importance of urban child labour** is generally greater in middle income countries where agriculture plays a lesser role.

*Figure.* Urban child labour (as a share of total child labour,) and GDP per capita, most recent year (5-14)
2. What is the nature of the work performed by children in cities and towns?

Profile of urban child labour
Profile of urban child labour: sectoral composition

- The services sector accounts for the largest share of urban child labourers; this is especially the case in LAC region.
Profile of urban child labour: services sector

Within the services sector, child labour is concentrated in commerce, hotels and restaurants and domestic service.

**Figure. Composition of child labour in services sector, selected countries**
Profile of urban child labour: manufacturing sector

- Most children’s manufacturing work is undertaken in low technology industry clusters

**Figure.** Share of children’s manufacturing work undertaken in low technology sectors, selected countries, most recent year
Profile of urban child labour: status in employment

- Urban child labourers outside LAC are concentrated in non-wage employment whereas in LAC wage employment plays a larger role.
Profile of urban child labour: family and non-family

- Non-family work plays a relatively more important role in LAC region, whereas the opposite appears true elsewhere.

*Figure. Composition of urban child labour by family/non-family status, selected countries, most recent year*
Urban child labourers are concentrated overwhelmingly in the non formal especially at younger ages

*Figure.* Children in Informal employment as share of total employment, urban area, by age

Note: *age group 5-15, 16-17 years; ** age group 7-14, 15-17 years

*Informal employment* is defined according to the “international standards on statistics of employment in the informal sector” contained in the resolution concerning statistics of employment in the informal sector adopted by the 15th ICLS (January 1993)
3.

What pushes urban child to work?
Understanding the causes of urban child labour
Causes of urban child labour: the role of poverty

- Urban child labour is much more common in poor households
- Child labour in urban areas, however, is by no means limited to poor households in most countries

Figure. Percentage of children in employment, by income quintile, selected countries
Causes of urban child labour: the role of shocks

- Child labour is more likely in households exposed to shocks, suggesting that urban households use child labour to mitigate social risk.

Figure. Incidence of urban child labour by exposure to shock, selected countries
Causes of urban child labour: the role of labour market demand

- **Labour market demand** increases the participation of children in economic activities, especially for older children.
- In Brazil, greater labour market demand decreases child labour among younger children while for older children the opposite pattern prevails.

*Figure. Effect on urban child labour of a 10 percentage point increase in adult employment, by age, BRAZIL*
Causes of urban child labour: the role of labour market expectations

- In situations where there are few opportunities for productive and decent work in early adulthood, parents might have less incentive to invest in children’s schooling earlier in the lifecycle.

- Observed graduate youth unemployment might in other words act as a deterrent for poorly educated children to acquire further education and increase the incentives for early school dropout and early labour market entry.

- Expected wages are an important determinant of children’s decisions to stay in school (in one case those given accurate information concerning returns to education were 12 percent more likely to remain in school).
Causes of urban child labour: underutilization of skills

- Only a small minority of educated youth think that their qualifications match the job that they hold

**Figure.** Educational mismatch, employed youth aged 15-24 years, by youth education level, LAOS

<table>
<thead>
<tr>
<th>Actual education level</th>
<th>Overqualified for job</th>
<th>Underqualified for job</th>
<th>Qualification matches job</th>
</tr>
</thead>
<tbody>
<tr>
<td>No schooling/Less than primary</td>
<td>81.7%</td>
<td>18.34%</td>
<td>0%</td>
</tr>
<tr>
<td>Complete primary</td>
<td>70.1%</td>
<td>21.1%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Lower secondary</td>
<td>84.5%</td>
<td>4.8%</td>
<td>10.7%</td>
</tr>
<tr>
<td>Upper secondary or higher</td>
<td>57.7%</td>
<td>29.8%</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

Source: UCW calculations based on Lao PDR Step Skills Measurement Survey (Step 2), 2012
4.

Responding to urban child labour:
Discussion of policy options
Responding to urban child labour: social protection

• Social protection should be seen as an integrated system of instruments and not just as made up of single programs, especially in urban areas where sources of vulnerability are very diverse.

• Instruments like cash transfers have proved effective in addressing child labour, although there appears to be room for improvement.

• The use of cash transfers in urban areas might require careful design in terms of (i) targeting (ii) amount of transfer and (iii) conditionality.

• Especially vulnerable groups like migrants, slum dwellers etc. might have problem of access to services that would need to be addressed.

• Unemployment and (health) insurance are also important instruments. The large non formal sector of the urban economy poses problem to the design of such interventions.
Responding to urban child labour: education

Combating urban child labour requires investing in education as its logical alternative

- Strengthening of school quality and relevance is necessary to make it worthwhile for households to invest in children’s education rather than sending them to work prematurely
  - Teacher training
  - Curriculum reforms
  - Greater parental involvement
  - Strengthened links with the labour market
  - Performance-based competition across schools (possible especially in urban contexts) (vouchers, performance-based funding)?

- Ensuring student mobility across schools and school districts to help break link between household/community background and access to quality education

- Early systems for remedial support to reduce drop-outs and avoid more costly «second chance» interventions later in childhood and early adulthood
Providing peri-urban households with **land titlement** can reduce the likelihood of child labour in some circumstances.

**Why?**

- Without a title deed, households may fear eviction by the government and property theft by other residents. This insecurity forces households to spend significant resources and time protecting their property.

- Formal property rights can mitigate these security concerns. As a result, they can increase adult labour supply and thus improve the economic condition of the household.

- Moreover children may substitute for adults in the labour market when tenure security is low.
Combating urban child labour requires a focus on labour market options for adolescents and youth

- **Raising awareness** of returns to and value of education
- **Matching skills to jobs**
- **Facilitating access to “good” jobs** through better school to work transition institutions (counselling, employment agencies, internships, etc.)
- **Protecting adolescents from hazardous occupations**
Responding to urban child labour: “formalising” informal economic activities

The informal economy absorbs by far the largest share of urban child labourers. Bringing enterprises into the formal sector can help to address the workplace arrangements and conditions conducive to child labour.

- **provision of information and training** to informal entities in order to raise awareness about regulations, rights and obligations.
- **opening up formal institutions** to informal economy participants (e.g., providing access to training facilities, enterprise support services and credit institutions)
- increasing workers’ organizations’ capacities and presence in the informal economy
- creating legal, economic, labour and social **protection guarantees** for informal sector workers.
- **registering** informal enterprises
- extending **labour inspections** to informal enterprises
Responding to urban child labour: avoiding potential policy pitfalls

Programs aimed at supporting development of household business or that, more in general, modify household returns to work might have unintended effects on child labour.

These programs can open up new opportunities for children to work in the household enterprise or result in children substituting for work activities otherwise carried out by adults in the household.

- Evidence suggests that micro-credit can actually increase child labour in some circumstances (Bosnia; Thailand; Bangladesh)
- Evidence and theory also suggests that public employment programmes can also involve a risk that children substitute participating parents in their prior jobs or in performing household chores.
- Transfers (if partly used for investment) and business promotion programs can have similar unintended effects on child labour.

The design of interventions in these policy areas therefore must take into account possible unforeseen effects on child labour.
Responding to urban child labour: special measures for children in worst forms other than hazardous

**Special measures** are needed to remove and rehabilitate urban children in worst forms other than hazardous (i.e., child commercial sexual exploitation, child involvement in other illicit activities, children on the street, etc.)

- mobilising and capacitating the local State and non-governmental actors that operate closest to where these frequently-hidden forms of child labour occur (e.g., social workers, police officers, local health officers, grassroots NGOs, etc.)

- strengthening recovery and reintegration capacity (e.g., emergency shelter, needs assessment and referral, medical care, psycho-social counselling, legal support, family tracing and assessment, post reintegration follow-up, etc.)

- establishing regulatory frameworks to define minimum standards of care for former child labourers and other vulnerable children, and to specify the respective roles of the various State and private actors in meeting these care needs.

- extending and enforcing legal protections (e.g., ratifying the optional protocols to the CRC on the sale of children, child prostitution and child pornography and on the involvement of children in armed conflict)