



Social Protection Discussion Paper Series

Child Labor, Education, and Children's Rights

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July 2004

Social Protection Unit

Human Development Network

The World Bank

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Abstract

Child labor is widespread and bad for development, both that of the individual child and of the society and economy in which she or he lives. If allowed to persist to the current extent, child labor will prevent the achievement of the Millennium Development Goals of halving poverty and achieving Education for All. Nearly all of the world's governments have ratified international human rights conventions which call for the elimination of child labor and the provision of universal primary education. Fulfilling these commitments is of critical importance for development.

This paper reviews the international legal framework relating to child labor and access to education and provides a statistical portrait of child labor and education participation. It looks at why children work from the perspective of household decision-making. Various policy options are considered, including those which improve the incentives to education relative to labor, remove constraints to schooling, and increase education participation through legislation. Conclusions are drawn in the final section.

Child Labor, Education, and Children's Rights

Gordon Betcherman, Jean Fares, Amy Luinstra, and Robert Prouty¹

“Nonetheless, if the fundamental rights behind our cause are not sufficient to move people to act, then let it be the economic and social rationale behind it. Either way, we are going to challenge people to act.”

Nelson Mandela and Graca Machel, in calling for a global partnership for children in May 2000.

1. Introduction

Over 200 million children between 5 and 14 years of age are working world-wide. This figure represents one-fifth of the total population of girls and boys in this age group. About 111 million children are in what has been termed as “hazardous work” which refers to forms of labor which are likely to have adverse effects on the child's safety, health, and moral development. Nearly 10 million of these children are engaged in some form of slave labor, armed conflict, prostitution or pornography, or other illicit activities. Some observers believe that these figures understate the real magnitude of child labor.

The implications of this situation are significant, complex, and multidimensional. The hazardous and worst forms of child labor are of universal concern, given the obvious harm that they inflict on the lives of these children and their possibilities for a hopeful future. Child labor also has important economic implications. Most notable are the substantial future income losses that working children will incur because of the negative consequences working will have on their human capital, including their health and education. Since children are more likely to work and not go to school if their parents worked as children, the economic losses associated with child labor and their implications for poverty are often transmitted across generations.

Studies have concluded that eliminating child labor and putting these children into education would have huge aggregate developmental benefits. Gains would primarily be

¹ Paper prepared for the conference on “Human Rights and Development: Towards Mutual Reinforcement,” 1 March 2004, New York University School of Law. The authors are in the Human Development Network of the World Bank. This paper has been prepared under the direction of Jean-Louis Sarbib, Senior Vice President, Human Development at the World Bank. All opinions expressed in this paper are those of the authors and do not represent the views of the World Bank, its member countries, or its Board of Executive Directors

through the added productive capacity of future generations that had the benefit of education, as opposed to having worked as children. Very recently, the ILO (2004) has published estimates that the discounted present value of this economic gain would be in the order of US\$5 trillion over the 2000-2020 period. While such a calculation is inherently imprecise, any plausible set of assumptions would yield a very large benefit, far in excess of the costs that would be incurred. Of course, in addition to the economic argument, there are compelling, if difficult-to-quantify, moral concerns with the worst forms of child labor, as noted above.

As the international community rallies around the Millenium Development Goals (MDGs) as a comprehensive vision for development, child labor, stands as a serious obstacle to achieving a number of the goals including poverty reduction. Most directly, child labor has obvious implications for meeting the goal of universal primary education. In April 2000, the international community committed to Education For All (EFA), a partnership to achieve education for every citizen in every society. This initiative will not meet its objectives by focusing only on the education system itself. Because of its implications for schooling, child labor must be addressed if the rights to education at the heart of EFA are implemented meaningfully.

Child labor, of course, has already received considerable attention. Most countries have long had prescriptive legislation as well as compulsory education laws. At the international level, child labor has been the focus of various conventions and recommendations. Most significant have been the UN Convention on the Rights of the Child (1989) and two ILO conventions, the Minimum Age Convention (No. 138, 1973) and the Worst Forms of Child Labor Convention (No. 182, 1999). In promoting children's rights, each of these instruments – in very different ways -- has been motivated by an interest in protecting children from exploitation through their labor and providing for education as a preferable alternative.

As Myers (2001) has argued, the content of these conventions reflects an evolution in thinking within the international community about how children's rights should be applied to child labor and education. Starting from a Euro/American-centric view of the meaning of childhood which dominated the international debate for much of the 20th century, the

Convention on the Rights of the Child and, even more so, the Worst Forms of Child Labor Convention reflect a recognition that child labor is a complex phenomenon, with various forms, diverse underlying causes, and different meanings in different cultural contexts. Understanding these realities sharpens the discussion on child labor and builds consensus on appropriate responses. It would be difficult for any concerned individual or organization to not support the goal of Convention 182 to eliminate children working in the unconditional worst forms (slavery, prostitution, armed conflict, drug trafficking, etc.) or in work that is unsafe, unhealthy, or hazardous to mental, emotional, and physical development.

However, while consensus may have been established against the very visible forms of child labor targeted by Convention 182, these do not describe the work life for tens of millions of working children. The reality is quite complicated. The vast majority of child workers are involved in agricultural work, typically in family-run farms. In Africa, where the incidence of child labor is highest, rural children are at least twice as likely to be working as urban children. A significant proportion of working children are enrolled in school as well, although there is a lot of evidence confirming the adverse impact of child labor on educational achievement.

Reflecting this complex reality, addressing child labor and, thus, achieving universal education goals requires complex approaches. Effective policy responses depend “upon recognizing that most children work with or for their parents in economies where markets are underdeveloped and the legal and political infrastructure is thin” (Bhalotra and Tzannatos, 2003: 54). Understanding household decision-making and the incentives and constraints facing families is essential, then, to comprehend why child labor exists and to consider interventions that can effectively address the underlying causes.

It is true that the incidence of child labor is associated with poverty, so policies that alleviate poverty are likely to have beneficial outcomes. However, empirical research in recent years has shown that the relationship between poverty and child labor is weaker than is often believed. Other forces clearly come into play. For example, children may work because the economic returns to working may be greater than returns they would be able to accrue in low-quality, inaccessible schools. Or families in vulnerable situations may put children to work because they need the immediate benefits of their labor due to lack of access

to credit instruments or social safety nets. These situations require multi-sectoral approaches that can involve, at a minimum, education, social protection, and health interventions, as well as enforcing compulsory education and child labor regulations. This comprehensive approach reinforces children's rights and solidifies the efforts to achieve a broad range of goals set by the Convention on the Rights of the Child.

In the next section, we review the international legal framework relating to child labor and access to education. In Section 3, we present a statistical portrait of child labor and educational participation. Section 4 looks at why children work from the perspective of household decision-making. In Section 5, we consider policy options, discussing how interventions can improve the incentives to education relative to labor, remove constraints to schooling, and increase education participation through legislation. Conclusions are drawn in the final section.

2. Human Rights Instruments

As noted above, the principal international legal instruments for addressing child labor include the UN Convention on the Rights of the Child (1989) which covers both child labor and the right to education and two ILO conventions, the Minimum Age Convention (No. 138, 1973) and the Worst Forms of Child Labor Convention (No. 182, 1999). The UN Universal Declaration on Human Rights (1948) and the International Covenant on Economic, Social and Cultural Rights also address the right to education but the above-listed instruments provide more detail and are commonly seen as the key international instruments for addressing children's rights. These instruments are summarized in Table 1.

The Convention on the Rights of the Child (CRC) and the ILO child labor conventions have received widespread international support, the former being ratified by 192 countries – all U.N. members, in fact, save the United States and Somalia. ILO Convention 182, prioritizing action against the worst forms of child labor, was the first convention adopted unanimously and has been the most rapidly ratified convention in the organization's 85-year history.

Table 1: International Human Rights Instruments Related to Education and Child Labor

Title	Date	Ratified	Provisions (Articles)
Universal Declaration on Human Rights	1948	N/A	Right to Education (26)
International Covenant on Economic, Social and Cultural Rights (CESCR)	1966	148	Compulsory and free primary education (13)
ILO Convention 138: Minimum Age	1973	131	Minimum Age of 15; exceptions for LDCs and “light work.” Consolidated and replaced earlier CL conventions.
Convention on the Rights of the Child (CRC)	1989	192	Freedom of association (15); primary education; (28) rest and leisure (31); no hazardous child labor (32); protection from sexual exploitation (34) and trafficking (35)
ILO Convention 182: Worst Forms of Child Labor	1999	147	Ban slavery, use in armed conflict, prostitution, drug trade; Work harmful to health safety, morals.

Source: United Nations High Commissioner for Human Rights (<http://www.un.org/rights/>) and International Labour Organization (www.ilo.org)

* As of February, 2004.

While widely supported, international human rights laws related to children do have limitations. Negotiated by governments (and, in the case of the ILO, social partners), they are the result of political consensus. They reflect what governments and interest groups could agree on, not necessarily what experts believe should be done. Once adopted by the international bodies, individual countries voluntarily decide to ratify and apply the convention in their national laws. While the international system provides mechanisms for oversight and monitoring, there are no international enforcement provisions; ratifying countries are responsible for enforcing their own laws. Some bilateral trade agreements, however, do refer to ILO conventions and provide options for sanctions. Despite these limitations, international conventions provide important standards or points of reference for developing national policy as well as benchmarks against which national policies and interventions can be monitored and assessed.

Standards for child labor and education policy are established with varying degree of specificity in the three key instruments under discussion. ILO Convention 138 is the most

specific international instrument pertaining to child labor. When adopted in 1973, it replaced ten previous ILO conventions referring to minimum working age in various industries. Unlike the CRC, this convention does not refer to children as having rights; the purpose is simply to establish a minimum age at which they ought to be allowed to work. That age is set to 15 or not less than the end of compulsory schooling, with an exception for developing countries of 14. There are also exceptions for light work, defined as work which is not harmful to a child's health and development and which does not prejudice school attendance or participation in vocational training nor the capacity to benefit from the instruction received. Light work is allowed for ages 13-15, or 12-14 in developing countries. Hazardous work is to be generally banned for children under 18 but conditionally allowed at 16 if adequate protection and training is provided.

Convention 138 has been criticized for promoting a Euro-American view of children and childhood (Myers, 2001). Critics note that it promotes a concept of an "ideal childhood" as one free of responsibilities, including work, and dominated by education and leisure within the family context. Ethnographers in various cultural contexts point to different models and realities of childhood (Baker and Hinton, 2001). A developed-country bias is also evident in the assumptions made about the institutional framework for implementation: a well-functioning labor inspectorate operating in primarily industrial settings; an adequate legal system; and compulsory, accessible, and quality education

The 1989 Convention on the Rights of the Child was an ambitious attempt to safeguard the rights of children. In contrast to the ILO Minimum Age Convention, the CRC articulates principles and objectives, giving broad scope to states to choose policy interventions that best fit their situation (Myers, 2001). The CRC establishes a right to education, acknowledging that fulfilling this right must be achieved progressively. It calls on states to make primary education compulsory and free and encourages the development of secondary education, including vocational training. Under the CRC, governments ought to take measures to ensure regular attendance and the reduction of drop-outs. International cooperation to support developing countries in meeting these obligations is encouraged.

The CRC also includes provisions related to child labor, including much of the language later adopted in the ILO Convention on the Worst Forms of Child Labor. The CRC

focuses on protecting children from work that may harm “their physical, mental, spiritual, moral, or social development.” There is no blanket provision against children working, thereby acknowledging the reality of families in poor countries who may rely on their children’s work, particularly in agriculture. The CRC also breaks new ground in establishing the principle of acting in the best interests of the child (Article 3) and, importantly, giving the child who is capable of forming views, the right to express them in all matters affecting the child (Article 12).

In 1999, the ILO adopted the Worst Forms of Child Labour Convention, calling on all governments to take “immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour as a matter of urgency.” The worst forms identified by the Convention include slavery, trafficking, prostitution, and work likely to harm the health, safety, or morals of the children. An accompanying Recommendation (190) offers guidelines on what types of work may be considered hazardous, although the responsibility for defining such rests with national governments. The Convention also calls for special attention to the situation of girls.

Convention 182 has received acclaim for achieving consensus between developed and developing countries, as well as among practitioners, advocates, and academics. It is largely viewed as having avoided Euro-American bias, incorporating relativist principles even as it established monitorable responsibilities for signatories. A strong consensus on C182 has fueled mobilization of significant resources aimed at eliminating the worst forms of child labor.

The promotion of children’s participation and empowerment in the CRC and C182 reflects a key contribution of the rights-based approach to development more broadly. This approach, which has been adopted by a number of bilateral and multilateral development organizations, emphasizes the participation of poor people in development; social inclusion and equal access for all; and supporting governments in meeting their obligations under international law (Department for International Development, 2000). Rights-based approaches expand development objectives beyond physical assets and income growth, thereby promoting a wider range of possible policy interventions. By placing the interests of the child first and seeking ways to involve children and families in solutions, the CRC and

C182 allow for complexity in understanding the phenomenon of child labor as it varies by location, cultural context, and sector.

3. Basic Statistics and Stylized Facts

In reviewing the incidence and severity of child labor, this section addresses three important questions: What is child labor? How prominent is it around the world? And what is the current state of knowledge regarding its key determinants?

While it seems straightforward, the definition of child labor is not simple and can be controversial. At the basis of this debate is the fact that child labor (unlike adult labor) is not only defined by the activity but also by its consequences. The age definition, subject to a lesser controversy, is guided by the UN CRC and covers all children less than 18 years old. However, this definition does not reflect culture-specific experiences relating to when children start to make their own decisions and/or when they are no longer part of their parents' household.

The definition of "labor" is subject to considerable debate. The broadest definition includes all children involved in any form of economic activity (for at least one hour during the reference week), encompassing most productive activities by children.² Because some of these activities fall within acceptable social and cultural norms, a distinction is made among various types of work. ILO Convention 138 (Art. 7), for example, stipulates that "light work" should (a) not be harmful to a child's health and development and (b) should not prejudice attendance at school and participation in vocational training, nor the capacity to benefit from the instruction received. As we have already seen, the ILO also identifies activities that are hazardous, and unconditional worst forms of child labor. In several instances, disagreement about these definitions has postponed the ratification of ILO conventions.

According to the child labor statistics published by ILO's International Program on the Elimination of Child Labor (IPEC), in 2000 an estimated 211 million children aged 5-14 years, and 140 million children aged 15-17 years old were engaged in some form of

² As defined by the UN System of National Accounts (1993 Rev. 3), this includes unpaid and illegal work, work in the informal sector, and production of goods for own use. This definition does not include household chores, which are considered non-economic activities and therefore outside the "production boundary", according to the System of National Accounts.

economic activity (Table 2). Of this total number of children involved in economic activity, there are around 245 million in child labor, according to the ILO definition, including 170.5 million children engaged in hazardous work.³ In addition to the number of children in hazardous work, it is estimated that about 8.4 million children are involved in unconditional worst forms of child labor as defined by the ILO Convention 182. These children, including the sexually exploited and child soldiers (Box 1), are the most vulnerable and need special and urgent attention.

Table 2: Children in Economic Activities, 2000

	Levels (Millions)	% of Total	% in Total Child Population
5—14 Years Old	211		17.6
Industrialized economies	2.5	1	2
Transition economies	2.4	1	4
Asia and the Pacific	127.3	60	19
Latin America & Caribbean	17.4	8	16
Sub Saharan Africa	48	23	29
Middle East /North Africa	13.4	6	15
15—17 Years Old	140		42.4
Industrialized economies	11.5	8.1	31.3
Transition economies	6.0	4.2	29.1
Asia and the Pacific	86.9	61.7	48.4
Latin America & Caribbean	10.3	7.3	25.0
Sub Saharan Africa	18.1	12.8	44.8
Middle East /North Africa	7.5	5.3	31.8
Total	351		23.0

Source: ILO (2002)

The distribution of working children aged 5-14 years old varies significantly across regions. As shown in Table 2, Asia-Pacific has the largest number (127 million), while Sub Saharan Africa has the highest incidence (29% of children are in child labor). For children

³The ILO estimates of child labor refer to all economically active children less than 12 years old; children between 12 and 14 who are performing non-light work; children between 15 and 17 working in hazardous occupations (e.g. mines, sporting goods and garments, glass bangles, matches and fireworks, carpet looms, tanning leather, breaking stones in quarries, street vendors and porters, polishing surgical instruments, making bricks, working on garbage dumps); and unconditional forms of child labor (e.g. trafficking, sexual exploitation, child soldiers, all such activities with direct harm to health, safety and moral of children.)

aged 15—17 years old, Asia and the Pacific has the largest number of working children and the highest incidence of child labor.

Box 1: Child Soldiers

More than 300,000 children under 18 are fighting in armed conflicts in over 30 countries worldwide. Of that total, approximately 120,000 are in Sub-Saharan Africa. While the majority of child soldiers are between the ages of 15 and 18, children as young as 7 or 8 years old are known to participate in armed conflicts.

The "forced or compulsory recruitment of children for use in armed conflict" is recognized as one of the worst forms of child labor under ILO Convention 182. The UN Optional Protocol on the Use of Children in Armed Conflict raises the minimum compulsory recruitment age to 18 for service in State Party armed forces. It also calls on ratifying governments to work to ensure that members of their armed forces who are under 18 do not take direct part in hostilities, and it promotes international cooperation in the rehabilitation and social integration of victims of acts contrary to the protocol. The immediate challenges to address this problem are:

- **PREVENTION:** Any action to prevent the recruitment and use of children in armed groups must be based on a sound understanding of the children's situation in the specific context in which recruitment is taking place;
- **DEMOBILIZATION:** Prior to demobilization, child soldiers must be *disarmed*, which entails assembling combatants and collecting the weapons used within the conflict zone. Demobilization refers to the process by which parties in a conflict begin to disband their military structure, and combatants begin their reintegration into civilian life;
- **REINTEGRATION:** Children are inevitably returning to an environment profoundly affected by war. Families may have changed; communities may be hostile to the former combatants; schools may be closed or destroyed; and families may have limited access to income-generating opportunities.

Sources: U.S. Department of Labor, Bureau of International Labor Affairs, International Child Labor Program

In general, child labor takes two forms: unpaid work in the household or in the family farm/enterprise, and paid work in the labor market. The vast majority of working children are in agriculture work, typically on family-run farms. For example, in Africa, the incidence of child labor is at least twice as high in rural areas. (See Table 4 below.)

In recent years, there has been a growing literature describing the patterns of child labor and its causes and consequences. To illustrate some key dimensions of child labor, we briefly summarize the empirical findings on gender; income, and education.

- *Boys are more likely to be engaged in economic activity than girls, with the gender gap frequently substantial. However, this varies across regions and depending on the definition used. Table 3 shows how boys' involvement in child labor as well as hazardous work exceeds that of girls.*

Table 3: Gender Distribution of Child Labor, Children Aged 5—14 Years Old, 2000

	Levels (Millions)	% of Total	% in Total Child Population
Child Labor	186.3		15.5
Boys	97.8	52.5	15.9
Girls	88.5	47.5	15.2
Hazardous Work	111.3		9.3
Boys	61.3	55	9.9
Girls	50.0	45	8.5
Total	211	100	17.6

Source: ILO (2002)

These global estimates are supported by regional evidence. For example, in 11 of 15 countries included in a Latin American study, boys' economic activity rate was at least double that of girls, and in five, boys' economic activity rate was three times as great. These estimates, however, do not, consider household chores, which are technically non-economic activities and therefore outside the "production boundary", according the UN System of National Accounts (1993 Rev. 3).

Indeed, since responsibility for household chores typically falls disproportionately on girls in most countries, estimates of involvement in work based solely on economic activity are likely to understate girls' participation in work relative to that of boys. Table 4 shows that in Africa, the incidence of girls involved in household chores is 50% higher than boys. In fact, once we include household chores in the child work definition, the gender gap in children's work disappears.

Table 4: Distribution of children in Africa, by Category of Activity

	Work only (%)	Work and School (%)	School, no Work (%)	Only HH Chores (%)	Idle (%)
Age					
5-9 years	13.7	8.9	28.1	18.1	31.2
10-14 years	20.5	32.8	33.7	9.3	3.7
Gender					
Male	16.1	21.0	31.0	11.5	20.4
Female	17.6	19.3	30.5	16.6	16.0
Sector					
Urban	9.5	14.7	46.5	12.2	17.0
Rural	19.8	21.8	24.9	14.6	19.0
Income quintile					
Poorest	23.2	19.3	21.0	16.3	20.3
Richest	7.4	16.1	50.6	10.8	15.1
Mother's Education					
Formal	11.3	20.5	36.0	13.4	18.7
No Formal	20.9	19.7	23.8	15.9	19.8
Total	16.9	20.1	30.7	14.1	18.2

Sources: UNICEF. MICS, DHS. Sample includes 18 countries.

Notes: (a) The UNICEF definition of child work applies (economic activity or 4 or more hours of household chores per day); (b) - The category "only HH chores" is for children spending less than 4 hours on household chores per day

- *Cross-country evidence displays a negative relationship between the incidence of child labor and income; on the other hand, evidence from household data shows a weak correlation between child labor and household income.* Figure 1 displays a clear drop in the incidence of child labor as GDP per capita increases for low-income countries. However, the evidence also indicates a non-linear relationship, with child labor incidence elasticity decreasing as the level of per capita income rises.

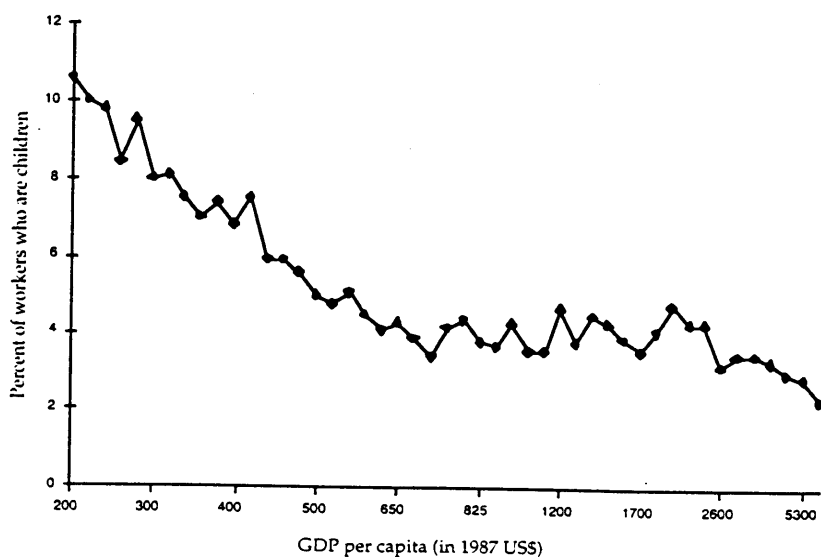


Figure 1: Child Labor Incidence and GDP per Capita

This pattern is evident in Africa, where Table 4 (above) shows the incidence of child labor significantly higher among the poorest households. However, more recently, micro data on the household level have been used to disentangle the income effect from other associated factors, including the development of legal and political infrastructure. The evidence shows a surprisingly weak correlation between child labor and household income once these other factors are taken into account (Edmonds, 2003; Bhalotra and Heady, 2000; Rogers and Swinnerton, 2001).

- *There is a lot of evidence confirming the adverse impact of child labor on educational attainment.* A significant proportion of children are simultaneously working and enrolled in school. While the evidence on the effect of child labor on school enrolment is not very strong, there is evidence of a strong negative effect on school attendance, test scores, and grade completion (Orazem and Gunnarsson, 2003). This has important ramifications for achieving Education for All (see Box 2). On the other hand, as we will emphasize below, household decisions regarding children’s activities are also affected by the relative returns to education, compared to returns from child labor activities (Ravaillon and Wodon, 2000; Ilahi, 2001). A closely related issue is mothers’ education as an important determinants of children’s activities (See Table 4 on Africa).

Box 2: The Challenge of Education for All

An estimated 104 million children are currently without any access to primary schooling, of whom 56% are girls. South Asia and East Asia account for almost half of these children though, if current trends prevail, by 2015 more than half of out-of-school children will be African. An estimated 130 million children worldwide do not attend school regularly. Many of these children do not attend school because they are working.

Worldwide access to primary schooling has increased modestly in recent years. Both gross and net primary enrollment rates increased by 2 percentage points worldwide between 1990 and 2000, and by the same amount in developing countries. In Sub-Saharan Africa, gross enrollment rates increased by 7 percentage points while net enrollment increased by 3 percentage points. Some countries achieved dramatic progress in expanding enrollments, improving schooling retention and completion rates, and reducing gender disparities. Enrollments in Uganda, Malawi, and Mauritania doubled between 1995 and 2000. These are positive trends, but unevenly distributed, and the scale of the EFA challenge remains huge. One child in four drops out without completing 5 years of basic education. Some 600 million women and 300 million men remain illiterate, and their children, as a group, are far less likely to be schooled than others. Enrollment rates in many countries are stagnant. At present trends, as many as 86 countries will fail to meet the Millennium Development Goal of universal primary completion by 2015.

Girls' enrollment trends have generally been positive. The annual EFA Global Monitoring Report for 2003-04 shows a consistent narrowing of the gender gap. The gender parity index (GPI) worldwide in 1991, for instance, was 0.89. By 2000, it had increased to 0.93. Most of this gain was in developing countries, where the GPI increased from 0.87 in 1991 to 0.92 in 2000. Nevertheless, the gains are slow, and about 14 million more girls than boys were out of primary school in 2000.

4. Understanding Child Labor

While recognizing that child labor is influenced by various social and cultural factors, in this brief section we present an *economic* framework for understanding child labor. This allows us to shed light on important aspects of child labor, and offers a useful guide to policy in this arena. We use household decision-making as the unit of analysis. Following Bhalotra (2000) and Bhalotra and Tzannatos (2003), we describe a framework where children work instead of going to school because of some combination of the following: (i) *incentives* favor work, (ii) *constraints* compel children to work, and/or (iii) decisions are not made in the child's best interest (*agency* problem).

The incentives problem arises when the economic benefits of a child working will be greater than expected benefits of schooling. In these cases, then, parents can be making

economically rational decisions in sending their children to work. This situation – in effect, where the ratio of the net returns to education relative to work is negative -- will typically arise where education is too costly or offers little benefit. High costs can refer to either direct or opportunity costs of education. Direct costs may be high because of access issues: for example, fees may be expensive or transportation may be costly because schools are far away. Opportunity costs may be high when children are needed for non-school activities that are critical for household welfare (e.g., helping with the harvest, fetching water). On the other side of the cost-benefit equation, the returns to education may be low because of quality issues such as a lack of teaching materials, poor curricula, or inadequately trained teachers.

Even when expected returns to education are favorable, and parents have an economic incentive to send their children to school, they might not be able to afford the current costs of schooling (including opportunity costs stemming from the income losses for children not working). Parents may be constrained from sending their children to school because of poverty or insurmountable short-term economic concerns. The direct costs of schooling may simply be unaffordable for chronically poor families or for families that are in a situation of transitory poverty because of a shock (e.g., job loss of a parent, drought, etc.). In a world of perfect markets, parents could borrow against the future income gains from the higher human capital of their children to finance current education expenditures. However, such instruments are normally not available, especially for poor or otherwise vulnerable families lacking collateral. In fact, for some households, child labor constitutes the only mechanism for intertemporal allocation of resources (i.e., using child labor to borrow from the future for present consumption). Imperfect labor markets may also pose constraints for households. Monitoring costs (and incomplete contracts) can make the employment of non-family members costly and lead households to use the labor of their own children as an alternative.⁴

The agency problem arises when children go to work instead of school because parents or others making decisions for them do not act in their interests. In some cases, the

⁴ In fact, one of the puzzles of the literature has been the finding that child labor *increases* with land ownership. This “wealth effect” is not what one would expect when child labor is seen as driven primarily by poverty.

problem may be informational – i.e., parents are unaware of the economic benefits of education. In other cases, parents may simply not act altruistically relative to their children. Finally, a growing number of children have been orphaned or separated from their families because of HIV/AIDS and/or conflict. As a result, these children do not have parents or anyone else to act on their behalf.

5. Policy Options

Understanding why children work is essential for designing appropriate interventions that reduce child labor and increase educational attendance. As discussed in the preceding section, parents face a variety of incentives and constraints in making choices on behalf of their children. In some cases, children do not have parents or other altruistic agents to make appropriate decisions for them nor are they given the right to participate in an decisions. Child labor may also result from market failures that can be addressed through public policy. Each of these problems has different policy implications so it is important to understand the relevance of each in any real situation in considering policy responses.

An additional aspect of public policy in the area of child labor concerns providing protection and services to children who are working. This is a controversial issue, since this line of discussion might be interpreted as explicitly accepting child labor. However, as we have seen, child labor remains essential for some families and, at any rate, will not be eliminated immediately. Thus, policy-makers need to be concerned with enforcing workplace health and safety and other labor standards, making educational and health services accessible to child workers, and offering vocational training and rehabilitation services. In addition to these interventions, all efforts should be made to remove children from hazardous and other worst forms of child labor.

Table 5 summarizes the policy options associated with the incentive, constraint, and agency issues. In the following sub-sections, we consider these in greater detail.

Table 5: Examples of Policy Approaches to Address Child Labor and School Attendance

Improving incentives for children to go to school	Removing constraints stopping children from going to school	Using legislation to encourage schooling and discourage labor
<ul style="list-style-type: none"> - Make school attendance more accessible (more schools, flexible scheduling) - Reduce or eliminate school fees - Eliminate discrimination against girls in school - Improve education quality (teaching, materials, etc.) - Improve basic services (e.g., access to clean water) - Eliminate wage discrimination against children (thereby reducing demand for child labor) 	<ul style="list-style-type: none"> - Poverty-reduction strategies - Social safety nets - Conditional cash or food transfers (linked to participation in education or health services) - Financial instruments that allow access to credit, collateralize assets - Better labor market functioning 	<ul style="list-style-type: none"> - Enforce compulsory education laws - Introduce and enforce appropriate child labor laws - Enforce labor laws to eliminate wage discrimination, etc.
<p>Providing protection and rehabilitation services for working children</p>		
<ul style="list-style-type: none"> - Remove children from hazardous and worst forms of child labor - Enforce health and safety and other employment standards - Provide access to education and health services - Offer vocational training and other rehabilitation services 		

5.1 Improving Incentives for Schooling

In developing countries, one in five children aged 6-11 is not in school -- more than 100 million children in total. In many areas, rural primary school enrollments are below half of enrollment rates in urban areas. The out-of-school rates for children with disabilities are up to ten times higher than for the population as a whole. For every four children who are in school, one will drop out before completing primary education. The children who do drop out of school, in part because of poor teaching and learning conditions, are predominantly poor, generally rural, and disproportionately female. Box 3 shows a wide range across countries in terms of persistence in schooling and overall primary completion.

Box 3: High Enrollments may not Produce High Completion Rates

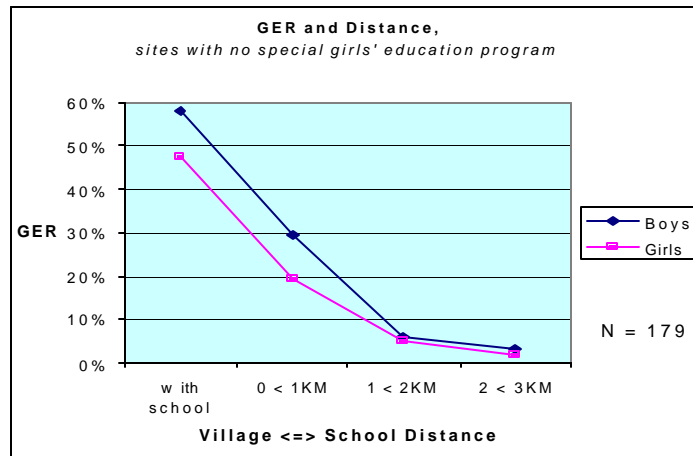
In many countries, school enrollment rate provides a very different picture from one given by the completion rate. In Madagascar, for example, 80 percent of the students do not manage to complete the primary school education despite the country's high enrollment rate.

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Educational policies that reduce the costs of education or increase the expected returns will shift household incentives away from sending children to work and towards sending them to school. Making schools accessible, improving their quality, and reducing direct schooling costs can all serve to improve incentives.

Education may be costly because of inaccessibility. Some children are living in remote, underserved areas and do not have reasonable access to school. Only 32% of children in rural Senegal, for example, live within walking distance of a school offering the full six-grade cycle. Available education services may be inaccessible for children with learning or other disabilities. A range of cultural and safety issues may also limit children's ability to seek out schooling opportunities. Lehman and Buys (2002), working in Chad, found that contrary to initial hypotheses, enrollment drops off precipitously for children in satellite villages located less than 1 km from a school (Figure 2). This suggests that it is not just physical distance that is the problem, but also cultural distance can affect enrollment. The idea of sending one's child to a "foreign" village may be one of the primary constraints.

Figure 2: Distance and School Attendance



Costs of education can also be high because of fees that are unaffordable for poor families. One option is that school be free. Another possibility is that schools serve food supplements which, in effect, can create a situation of “negative fees” for the most disadvantaged children. As we will see in the next sub-section, various social protection interventions can reduce the opportunity costs families can face in sending their children to school.

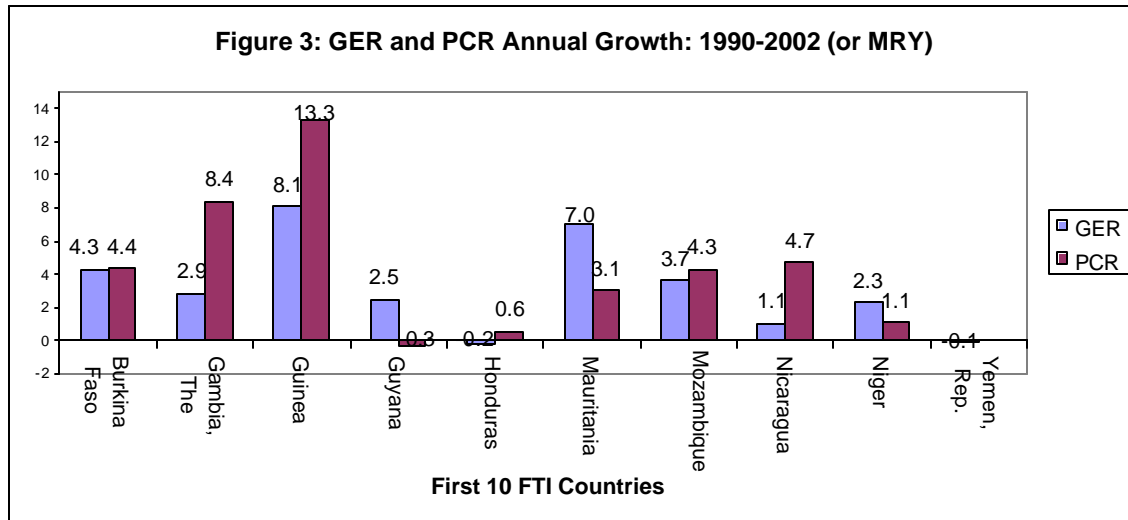
Poor quality can be a major issue that reduces the expected benefits of education and, thus, can be a disincentive to schooling. Schools in many developing regions suffer from problems such as overcrowding, inadequate sanitation, and under-skilled or apathetic teachers. As a result, parents may see little use in sending their children to school when they could be home learning a skill (for example, agriculture) and supplementing family income. Enhancing quality through better teachers, curricula and materials, or other reforms can increase the expected returns to education and thus increase the incentives for sending children to school. Because of the control parents have over the decision-making process, their perception of the value of school is a main determinant of child attendance. Parents who are educated understand the importance of schooling from personal experience.

In 2002, the Fast Track Initiative (FTI) was launched in an effort to accelerate progress toward universal primary education. The FTI built on specific commitments expressed by the international community at the Monterrey conference in 2002. This involved committing to a boost in development aid in support of the MDGs within a

framework of mutual responsibility and accountability in which donors would provide additional support to countries implementing sound policies and willing to be held accountable for results. This includes a set of key education policy and financing parameters which constitute an indicative framework against which countries' plans may be evaluated and monitored (Box 4). These parameters are explicitly designed to ensure that children are able to complete a full program of primary schooling.

Box 4: Policy Benchmarks for Universal Primary Education by 2015*	
Service Delivery	
Avg. annual teacher salary	3.5x per capita GNP
Pupil-teacher ratio	40:1
Non Salary spending	33% of recurrent education spending
Average repetition rate	10% or lower
Annual hours of instruction	850 or more
System Expansion	
Unit construction cost	\$10,000 or less
System Financing	
Government revenues	% of GDP 14 percent - 18 percent (depending on p/c GDP)
Education spending	20% (as share of Government revenues)
Primary education spending	50% (as share of total education recurrent spending)
* <i>Benchmarks to be applied flexibly on the basis of country circumstances</i>	

The FTI countries, as a group, have been moving in a more positive direction over the past decade than the developing countries as a whole (Figure 3). For the first ten FTI countries, gross enrolment rates (GER) averaged an increase of 33 percentage points, while primary completion rates (PCR) averaged 14 percentage point gains.



* Note: For Gambia and Honduras, PCR start year is 1991; for Nicaragua, 1988. For Honduras, 1991; for Yemen, 1993. For purposes of comparability, Mauritania figures reflect Gr.5 completion (primary cycle changed from 5 to 7 years in 2000).

**Note: For Guyana, PCR MRY is 1999; for Mauritania, Honduras, and Guinea, 2001; for the Gambia and Yemen, 2000. For Burkina Faso, GER MRY is 2003; for Gambia, Guinea, Honduras, Mauritania, Mozambique, Nicaragua, Niger and Yemen, 2000; and for Guyana, 1999.

Source: World Bank, February 2004

These positive outcomes suggest that, with sufficient political support both in country and from the donor community, the goal of universal primary completion is attainable for most countries within the time frames suggested. This will also represent an important step in moving towards eradication of child labor.

5.2 Removing Constraints through Better Social Protection

As we have noted, children sometimes go to work, not because there is no incentive to send them to school but because of constraints families face in doing so. These constraints can stem from chronic poverty or from shocks of a more transitory nature – in either case, families sometimes are compelled to make decisions that may be necessary for the short run but are sub-optimal in terms of their long-run welfare. Instruments that can effectively support families in managing risks related to poverty and other forms of vulnerability can reduce or eliminate these obstacles and give families choices beyond resorting to sending their children to work. This management of social risk is the task for social protection.

Social risk management includes market-based and informal arrangements (such as access to financial assets and insurance, and extended families), as well as public measures

(World Bank 2001). Table 6 identifies some examples in each of these categories that can help families manage risks that might otherwise lead to child labor. These can involve *ex-ante* (risk reduction or risk mitigation) strategies or *ex-post* (coping) strategies. Faced with a shock – for example, job loss or disability of a breadwinner or a bad harvest - families may have to consider putting a child to work. However, there may be other household strategies, such as having the insurance of other adult earners or relying on savings or transfers from extended family to make up for the lost income. Studies from countries as different as Russia, the Philippines, and Kyrgyzstan have found that private transfers and savings are very important for families to cope with shocks. Some forms of social protection can be provided by financial markets in the form of private insurance (e.g., crop insurance, disability insurance) or in the form of credit instruments that allow families to cope with temporary income loss.

Table 6: Managing the Risks that can Lead to Child Labor

	Informal, household	Market	Public
Risk reduction			Good economic policies Good labor market policies (including labor standards)
Risk mitigation	Multiple (adult) earners Crop diversification	Asset/social/other types of insurance	Social insurance plans
Risk coping	Personal savings Assistance from extended families Selling assets	Borrowing instruments	Social safety nets Good financial market policies

While such informal and market-based arrangements can provide social protection to families, they are, by themselves, insufficient. So public measures are a critical source of social protection in terms of helping families to deal with obstacles that might prevent them from sending their children to school. These include good economic and labor market policies that encourage growth, reduce poverty, and thus reduce the likelihood that families will be vulnerable to risks that might force them to put their children to work. In addition to a role in reducing risk, public policies and interventions can provide families with instruments that help them insure themselves against shocks such as job loss, disability, or crop failure.

This can happen either through providing an effective and efficient framework for regulating privately-provided insurance or through directly providing the insurance, as in the case of unemployment insurance. In some cases, for example, pensions and disability insurance, governments may play both roles.

In situations where risks that may lead to child labor cannot be prevented or insured against, families wind up coping through various means (including child labor). Public safety nets are important here and, when effective, can offer families alternatives beyond sending children to work. Virtually all countries have some safety net programs in place, although the extent, sophistication, and effectiveness varies considerably. In many countries, these programs are in need of reform if they are going to offer the necessary support.⁵

However, there are many successful programs around the world, and different options for useful interventions. Public works, or workfare, programs have probably been the most widely used type of safety-net intervention in low-income countries. When designed well, these programs offer needed income (or food, in some cases) to poor households and can help them smooth consumption, without having to rely on strategies such as child labor.⁶ Public works can also build needed badly-needed infrastructure in underdeveloped areas, such as roads, schools, and health clinics, that will directly increase access to education. Social funds in many countries have played a similar role.

Conditional transfers represent a type of safety net program with particular relevance to reducing child labor and increasing school attendance. These programs tie cash or, in some cases, food transfers to poor families that meet specific conditions such as sending children to school. They have been used most widely in Latin America.⁷ One of that region's best known conditional cash transfer programs is Mexico's Progresa, which links cash grants and nutritional supplements to school and clinic attendance (Box 5). Evaluations have shown that this program has reduced child labor and increased education levels among the poor.

⁵ Problems vary. In some cases, spending is too low to make much of a difference. In others, timing is the main problem – i.e., where countries cannot or do not increase spending in periods when need increases (e.g., crisis, recession). Sometimes implementation is the problem. For example, programs are poorly targeted, efforts are too fragmented among many programs, and interventions are not sufficiently evaluated in terms of their effectiveness.

⁶ For a review of the experience with public works, see Subbarao (2003).

⁷ There may be other conditions – e.g., attendance at health clinics. For a review of conditional cash/food transfers in Latin America, see Rawlings and Rubio (2003).

Bangladesh has had an innovative Food for Education program, which provided a free monthly ration of rice or wheat to poor families if their children attend primary school. Turkey has recently introduced a conditional cash transfer as part of a comprehensive initiative to increase school attendance and to improve health care utilization of children.

Box 5: Mexico's *Progres*a Program

*Progres*a is a major program in Mexico aimed at developing the human capital of poor households. The program provides monetary transfers to families that are contingent upon their children's regular attendance at school. The benefit levels are intended to offset the opportunity costs of not sending children to school and increase with the grade level in school—recognizing that the opportunity cost of children's time increases as they grow older. In order to ensure the gender lags in secondary enrollment are reversed, it offers higher transfers for girls than for boys attending secondary school. Evaluation of the program indicates that it has significantly increased the enrollment of boys and girls, particularly of girls, and particularly, at the secondary level. The results imply that the children will have an average of 0.7 years of extra schooling because of *Progres*a, although this effect may increase if children are more likely to go on to senior high school as a result of the program.

In many developing countries, especially low-income ones, resources available for conditional transfer programs and other types of safety nets are limited. As a result, targeting is very important if public policy is going to be successful. Effective safety nets targeted on the poor and most vulnerable is absolutely essential if these families are going to have choices to invest in their children.⁸

5.3 Addressing Agency Problems and Market Failure

Thus far, we have argued that the supply of child labor is a decision made at the household level based on incentives and constraints. Here, the government can only indirectly influence the decision-making process through provision of better, more accessible schools or social protection interventions such as conditional cash transfers. In this section we discuss the use of legal instruments, namely, setting a minimum age for employment, banning child labor or certain forms of child labor, and/or establishing mandatory education.

⁸ Disability provides a good example. With about 10 % of the world's people disabled and only 5 % of disabled children receiving formal education world-wide, the education for all goal is out of reach unless special support to this vulnerable group is given

There is considerable debate about the effectiveness of legislative interventions in the fight against child labor. In the worst case, sudden dismissal of children from work in relatively safe, well-remunerated jobs can lead poor children into considerably more dangerous and hidden worst forms of child labor. In the best case, legal bans on child labor can reduce the supply of and demand for child labor, raising wages for adults and increasing household income, making child labor unnecessary. There are no guarantees, however, that bans on child labor will have significant impact on reducing the incidence of child labor. Before exploring the conditions in which legal mechanisms are likely to have the most effect, it is important to emphasize that the worst forms of child labor should be banned in every circumstance. State authorities ought to do all in their power to enforce laws protecting children from the exploitative circumstances identified in ILO Convention 182.

The first child labor law was passed in Britain in 1802. The 200-year history of attempts to eliminate child labor by legislative fiat since then shows mixed results. Basu (quoted in Srivastava and Raj, 2000) reviews the literature and finds examples where bans on child labor played an important role in its elimination, such as in the cotton mills of Manchester. In other cases, however, dramatic reductions in child labor were achieved with no legislative intervention (e.g. Belgium in the 19th century). The decline in the incidence of child labor between 1880–1920 in industrialized countries is thought to be due to both economic and legal reasons, with the former predominating.

Governments almost universally have laws establishing a minimum age for employment, banning certain types of child labor, and requiring attendance at school. The international human rights instruments discussed in Section 2 offer important guidance for these laws. Nonetheless, a recent comparative review of child labor legislation by the OECD found many examples of child labor laws that were unclear, fragmented, or inconsistent with compulsory education laws (OECD, 2003).

Furthermore, given the incentives and constraints influencing household behavior discussed in previous sections, we know that such laws are not always sufficient for preventing child labor. There are various scenarios, however, in which legal interventions can be expected to play a critical role in reducing child labor. Three such cases are discussed below.

The first concerns the problem of children's agency. Much of the economic analysis on child labor assumes that (a) parents are making the decision about whether to send a child to work and (b) that parents act altruistically, that is, in the best interest of the child. There are circumstances in which neither may be the case. When adults are exploiting children, legal bans on child labor or mandatory schooling policies can raise child welfare. This also applies in situations where the parents may not have full information about the long term returns to education versus work. Laws related to child labor are also particularly important in areas affected by conflict or HIV/AIDS, when children find themselves as heads of households or in the care of non-parent adults or institutions who may not act in their best interest.

In the other two scenarios, banning child labor and requiring school attendance are important interventions to correct for market failure.⁹ In the first case, individual households decide to send their children to work instead of school in order to earn a certain subsistence level of household income. Assuming that children and adults are perfectly substitutable in the labor market, the aggregate effect – on wages as well as human capital development – of individual households sending children to work instead of school is socially sub-optimal. Government intervention in the form of child labor laws can correct for this externality. A ban on child labor which effectively reduces the demand for and supply of child labor could raise adult wages sufficiently to increase household income above subsistence levels. In this case, the “bad equilibrium” characterized by low wages and high incidence of child labor is replaced by a “good equilibrium” characterized by high wages and low incidence of child labor (Basu, 1999).

Likewise, a ban on child labor can correct the market failure that arises when employers prefer to hire children instead of adults because they can do so at a lower price. The gap in wages between children and adults due to differences in productivity will not provide enough motivation for employers to hire children instead of adults. However, in

⁹ Basu (1999) identifies an additional justification for banning child labor on the basis of fundamental preferences. He defines a household choice as “fundamental” if it can be agreed that no one should have to pay a price for having such a preference. He then notes that households that choose not to send children to work may pay a price vis a vis those who do in the form of reduced adult wages due to the additional supply of (child) labor in the market. Because households ought not pay a price for having a fundamental preference, a legal ban on child labor may be justified.

some cases, employment of children is driven by employer desire to exploit, that is, pay wages lower than the marginal productivity of child workers, who have less power to negotiate wages, individually or collectively. Here, laws against child labor can be an important policy tool.

Even in these cases where legal intervention can be expected to reduce the incidence of child labor, implementation may be problematic. Child labor laws are very difficult to enforce for a number of reasons: labor inspectorates are under-resourced; most child laborers work in rural areas far from inspectors; many children are in inaccessible workplaces such as domestic homes and unregistered establishments. Compulsory education is often seen as a more effective legislative avenue for addressing child labor as it is easier to ensure the presence of children in schools than to enforce their absence from work (Srivastava and Raj, 2000).

In some circumstances, legal efforts to ban child labor, potentially even those derived from ILO Convention 138 which establishes minimum ages for employment, may actually reduce child welfare. When concerns about child labor in developing countries began to attract attention in North America and Europe, many consumer advocates and activists called for banning imports of products made with child labor or boycotting companies using child labor in their supply chains. Fearing sanctions from key trading partners, the Bangladesh garment industry conducted a sweep of factories and threw 50,000 children out of work. According to UNICEF, the children, mostly girls under age 14, ended up in more dangerous jobs with less pay.

While media, consumer, and activist attention has focused on child labor in export industries, well-meaning efforts at removing children from work in the domestic market can have unintended consequences as well. The Child Labor Deterrence Act in India established fines for employers, making the employment of children more costly. The wages of working children thus dropped causing either more children in the household to work or those already working to work more hours (Basu and Tzannatos, 2003).

ILO Convention 182 recognizes that efforts to end child labor work best when linked to comprehensive measures to combat poverty and promote education. Countries ratifying this convention are required to take immediate and effective measures to secure the

prohibition and elimination of the worst forms of child labor as a matter of urgency. The Time-Bound Programme (TBP) approach constitutes one of the means put in place by the ILO to assist countries in fulfilling their obligations under the convention. TBPs are designed as a comprehensive framework that governments can use to chart a course of action with well-defined targets. They comprise a set of integrated and coordinated policies and interventions with clear goals, specific targets and a defined time frame, aimed at preventing and eliminating a country's worst forms of child labor. They emphasize the need to address the root causes of child labor, linking action for the latter's elimination to national development policy, macro-economic trends and strategies, and demographic and labor market processes and outcomes, with particular emphasis on economic and social policies to combat poverty and to promote universal basic education and social mobilization. El Salvador, Nepal, and Tanzania are the first three countries to implement TBPs. Three other countries, the Dominican Republic, Costa Rica, and the Philippines, started implementation during 2002-03.

6. Conclusion

Child labor is a significant phenomenon, large in scope, and with very important social and economic implications. It takes a variety of forms, from children working on family farms or in family businesses to children engaged in sweatshop labor, prostitution, armed conflict, or other illicit activity. It also has serious implications on human capital accumulation and in perpetuating poverty and therefore is closely linked to progress against the MDGs, especially the goal of achieving universal primary education. Given the connections between child labor and schooling, the efforts of the Education For All partnership will not be fully successful without addressing child labor.

An economic framework, such as the one presented in this paper, based on household decision-making – specifically regarding the school/work choice for children – is an effective tool for understanding the phenomenon of child labor and targeting policies that can address it. Children work for different reasons. In some cases, families have a greater incentive to put children to work than to send them to school because the expected returns to education are less than the returns to work. In other cases, economic returns may favor school but families are unable to educate their children because of various obstacles or constraints.

These most often apply to poor or vulnerable families that cannot afford the direct costs of education or the opportunity costs of losing the labor of their children. Still other cases of child labor stem from the fact that children do not have parents or some other agent acting in their interest.

These different circumstances point to the need for multi-sectoral approaches to child labor and increasing school participation. Where incentives are the problem because expected returns are greater for work than school, educational reforms are the most important policy instrument. The goals of these reforms should focus on reducing the costs of education, increasing the quality and hence the returns to education, or both. Where the problem is that poor or vulnerable families face constraints in sending their children to school, social protection interventions that provide a safety net or overcome failures in financial or labor markets are the key. There is also room for child labor and compulsory school attendance legislation to play an important role. This approach is especially relevant where children face an “agency” problem or when labor market imperfections result in wage discrimination or a socially unfavorable substitution of child labor for adult labor.

The international human rights instruments we described relating to child labor and the right to education have effectively raised awareness about child labor and have helped mobilize significant resources and political will to address the issue. ILO Convention 182, in particular, reflects the lessons learned over the last three decades about the causes and effects of child labor. In appreciating the reality of low income countries and severe constraints faced by poor households, the Convention prioritizes urgent action against the worst forms of child labor and promotes a pragmatic and multi-sectoral approach, with flexibility for developing countries to adapt policy interventions in line with country-level circumstances and priorities. Such an approach is fully consistent with the economic analysis presented in this paper.

Finally, the Oslo Agenda for Action, unanimously adopted at the 1997 International Conference on Child Labour, lays out the priorities for the international community to address child labor. The Agenda specifically identified the crucial need for better information on the child labor phenomenon, its extent and nature, its causes and consequences, and the effectiveness of policies and program to address it. The Oslo Conference also articulated the

need to strengthen cooperation and coordination among the international development agencies in the child labor field. There was a general recognition in Oslo that, despite a common policy framework (in the form of ILO Conventions No. 138 and No. 182, the United Nations Convention on the Rights of the Child, and the Millennium Development Goals), action on child labor was poorly coordinated across agencies. As a result, the many potential synergies in the agencies' work in the child labor field were unexploited. The World Bank has responded to these calls by forging partnerships with the ILO and UNICEF to address the challenge of child labor.

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