

CHILD LABOUR IN AS A RESPONSE TO SHOCKS: evidence from Cambodian villages¹

Objectives of the paper²

The paper looks at the effect of three different shocks on household decisions concerning children's involvement in work and school in rural Cambodia. It demonstrates that different shocks impact differently on household's response, on children's education, and on work as coping mechanisms. The findings can be used to argue for the targeting of risk management policies to the specific types of shocks most damaging to children.

Introduction

The effects of shocks on the supply of children's work are increasingly being researched. Idiosyncratic shocks, such as unemployment or death of a family member and natural disasters can lead households to use children as risk-coping mechanisms by having them enter the labour force directly without transitioning from school or by dropping out permanently or temporarily. Shocks experienced by household can take a variety of forms and their consequences may depend on their specific nature.

Shocks and children's work in other countries

Previous research demonstrated that households in developing countries adjust the school attendance and labour force participation of their children to absorb the impact of negative shocks. Some of the research findings were the following:

- In rural India parents facing unexpected decline in crop income withdraw their children from school³;
- Households in Guatemala adjust the activity status of children in response to idiosyncratic shocks and natural disasters and the effects of shocks on children's activities are often enduring, as children who are sent to work are subsequently less likely to return to school. Giving parents access to credit and to risk reduction schemes provide risk-coping instruments that drive households to invest in their children, preventing them from entering into the labour market.⁴
- In Brazil the loss of employment of the household head increases the probability that a child enters the labour force, drops out of school and fails to advance.⁵
- Data from urban Mexico demonstrates that shocks such as parents' unemployment and divorce have no impact on boys' schooling but reduce school attendance and school attainment among girls.⁶
- In 18 Latin American and Caribbean countries macroeconomic instability has played a crucial role in slowing down school attainment since the early 1980s.⁷

Understanding Children's Work (UCW) - As part of broader efforts towards durable solutions to child labour, ILO, UNICEF, and the World Bank initiated the interagency UCW program in December 2000. The program is guided by the Oslo Agenda for Action, which laid out the priorities for the international community in the fight against child labour. Through a variety of data collection, research, and assessment activities, the UCW program is broadly directed toward improving understanding of child labour, its causes and effects, how it can be measured, and effective policies for addressing it. For further information, see the project website at www.ucw-project.org.

- The East Asia crisis produced a drop in enrolment rates and a rise in the labour force participation rates for children aged to 10 to 14 years in the Philippines.⁸

The results above demonstrate that policies aimed at reducing household risk exposure have a substantial bearing on children's labour supply. However, policy formulation and targeting would require the identification of the shocks most damaging to children's welfare since the impact of the shock depends on its nature.

Children's work in Cambodia

The involvement of children in economic activity in Cambodia remains one of the highest in the region with a total of 49 percent of the children having declared to be involved in work activities. According to the 2003-2004 Cambodia Socio Economic Survey (CSES), 47 percent of children aged 10-14 are attending school full time, while about 42 percent combine work and school. Children's work is mainly a rural phenomenon. Twenty-four percent of children combining school and work reside in urban areas, while the percentage rises to 45 in rural areas. The percentage of work involvement increases with the age of the child, especially in rural areas: the percentage of working children is 40 percent in rural areas at the age of 10 (20 % in urban areas) and rise sharply to 65 percent at the age of 14 (30 % in urban areas).

Data analysis

Data gathered from the CSES on villages hit by drought, flood or crop failure in a reference period of five years demonstrated that children's work appears to be substantially higher in villages hit by a shock: at least 16 percentage points higher than in villages not experiencing any shock. While the variation across the different types of shocks is less well defined, the highest percentage of working children - about 56 percent - are in villages that experience a drought or crop failure. The impact of children's work appears to be lower in villages hit by flood.

Results using propensity score matching⁹

The analysis indicates that, of the three shocks considered, crop failure is the most damaging in terms of school attendance and child labour in Cambodia. Droughts appear far less relevant, while flooding does not seem to have any significant impact on children's work and school attendance.

Specifically:

- None of the shocks considered had an impact on children in economic activity only;
- A crop failure reduces that number of children attending school only with respect to villages not hit by any shock as well as with respect to villages hit by flood;
- School attendance is higher in villages hit by flood with respect to villages that experienced crop failure;
- The share of children working and studying increases in villages hit by crop failure, with respect to both villages that experienced no shocks and to villages hit by a drought;

- No significant impact of shocks on children neither in school nor working could be identified.

Results using double difference estimates¹⁰

The results obtained through the double difference estimates are not substantially different from those obtained through the propensity score matching, but they permit more clear identification of the effects of the shocks. The findings were the following:

- The occurrence of a crop failure increases both the number of children in economic activity only and of those combining economic activity and school, with the latter being by far the larger effect;
- The number of children attending school only decreases, but overall school attendance does not change significantly, as most of the children that begin to work as a consequence of crop failure continue to attend school;
- The number of children neither working nor attending school is reduced, likely contributing to the increase in the number of children in economic activity only;
- The effects of drought are much smaller and apparently limited to shift children to combining work with attending school.

Conclusions

Research and understanding of the role of shocks as a determinant to child labour offers support to intervention strategies that aim at reducing and preventing exposure to shock and at improving coping mechanisms. However shocks differ in their nature, intensity and in consequences.

The results obtained from the present data analysis from Cambodian villages indicated that crop failure is the most damaging event in terms of school attendance and children's work. Drought appears far less relevant, while flooding does not seem to have any significant impact on children's work and school attendance. Floods are more likely to have an impact on public and private infrastructure, and possibly also on the income generating potential of the household. Droughts and, specially, crop failure, on the other hand, have a more direct impact on the earning capacity of the household.

This indicates that in the case of Cambodia, natural shocks are relevant to household decisions mainly by reducing the income of the household rather than through their effects on infrastructure.

¹UCW, Child labour as a response to shocks: evidence from Cambodian villages, Rome, January, 2008
(available at website at www.ucw-project.org)

² This paper is part of the research carried out within Understanding Children's Work, a joint ILO, World Bank and UNICEF project. The views expressed here are those of the authors' and should not be attributed to the ILO, the World Bank, UNICEF or any of these agencies' member countries.

³ Jacoby and Skoufias, 1997.

⁴ Guarcello et al., 2003.

⁵ Durya et al., 2003.

⁶ Parker and Skoufias, 2006.

⁷ Behrman, Duryea, and Szekely, 1999.

⁸ Lim, 2000.

⁹ For methodology please refer to UCW paper at www.ucw-project.org.

¹⁰ *Ibid* above.