

A Concept Note

**The Role of a National Social Protection
Strategy in Augmenting Human Capital
through Promoting Education, Reducing Child
Labour and Eliminating its Worst Forms**

Draft

Revised

26 January 2010

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1. Social Protection for Human Capital Development

Coming on the heels of the food price crisis in 2008, the Royal Government of Cambodia and Development Partners realize that despite double-digit growth between 2004 and 2007, many Cambodians still face serious forms of vulnerabilities. In the rural areas, the almost 70 percent of landless and land-poor households and families relying on single crop subsistence agriculture were the worst hit. Spending around 70 percent of their incomes on food, chronically poor families could no longer afford rice, meat and vegetables at 30 to 100 percent above normal prices. With meagre income, these families also had little savings to fall back on during such difficult times. In effect, their coping strategies involved restricting food consumption, selling productive assets, incurring high-interest loans and withdrawing children from schools.¹ These anecdotal and empirical reports drew attention to the human development implications of these adverse shocks and how social protection measures may reduce these vulnerabilities.

Closely following the food price crisis, the global economic crisis further shed light on the far-reaching impacts of formal sector job losses. Although only one-fifth of all Cambodian households held jobs in the directly affected sectors, namely garment, construction and tourism, the income impact has been greatest amongst poor and rural households. In the garment sector, for instance, the majority of workers are young women from rural villages.² In good times, they may send \$30 to \$40 home each month to support their immediate and extended family members.³ The impacts of job and income losses may then trickle down to many poor rural families dependent on remittances to purchase sufficient food and pay for children's education. Similarly, in the construction and tourism sectors, the workers' new hardships may indirectly affect the health and education status of their dependents. These potential impacts have since stimulated deeper discussions to design a broad set of social protection instruments that may help individuals, households and communities to manage a number of risks:

- underemployment and unemployment,
- child and maternal malnutrition,
- low enrolment, attendance and survival rates in schools, and
- child labour, its worst forms and adverse impacts on children's physical, moral and intellectual development.

While the initial impacts of the global economic crisis appeared to have levelled off, there are only limited signs of recovery. In fact, in November 2009, the World Bank adjusted Cambodia's GDP growth forecast downward to contraction by two percent, a figure one percentage point

¹ "Impact of High Food Prices in Cambodia," Cambodia Development Resource Institute, October 2008, p. 40-47

² "East Asia and Pacific Update, Transforming the Rebound into Recovery" World Bank, November 2009, p. 37-39

³ "Cambodian Garment Industry: Challenges and Opportunities," Better Factories Cambodia, September 2009, p. 1

below estimates made in April. These statistics indicates that in the immediate term, measures must be taken to provide emergency income and employment support for struggling families. In the longer run, some safety net mechanisms should be in place to mitigate the impacts of future economic shocks, support human capital development and sustain economic growth. These priorities have reinforced the relevance of the recent broad-based consultations held to formulate a **National Social Protection Strategy**.

The first of a series of consultations to formulate this Strategy was the **National Forum on Food Security and Nutrition: Social Safety Nets in Cambodia**, held by the Council for Agricultural and Rural Development (CARD) in July 2009. Prime Minister Samdech Decho Hun Sen especially emphasized on the Royal Government's determination to "resolve various negative impacts originating from the global economic and financial crisis" and affirmed its commitment to build and strengthen social safety net support for vulnerable groups. Appointing CARD as the main coordinating body of the Strategy formulation process, the Prime Minister further encouraged close cooperation of relevant Ministries and Development Partners to prepare an overall "social safety net system strategy."⁴

In October 2009, CARD organized the **Technical Consultation on Safety Nets and Human Capital: The Role of Cash Transfers in Supporting the Poor while Addressing Maternal and Child Malnutrition**. The event brought together numerous stakeholders to learn about international experiences with cash transfers, evaluate the potential role of cash transfers in Cambodia and address implementation challenges of such nationwide schemes.

Following up with the National Forum and the Technical Consultation, there is growing understanding and perception that education and child labour should also be put into full focus within the proposed National Social Protection Strategy of the Royal Government of Cambodia. Given the weaknesses of Cambodia's education system and the hardships of the country's poorest households, the National Social Protection Strategy should not only address the needs of mothers, pregnant women and infants. Indeed, social protection should be broad-based, serving also to improve children's access to education, prevent them from joining the workforce and protect them especially from the worst forms of child labour.

2. Human Development, Education and Child Labour

Education and child labour are, among other factors, key determinants of human capital development. In particular, emerging from the Khmer Rouge and years of civil war, Cambodia

⁴ Direct quotes from the Closing Address of Prime Minister Samdech Decho Hun Sen during the National Forum on Food Security and Nutrition, July 2009.

suffered from depleted human resources, dysfunctional institutions and public services, lack of basic infrastructure and social problems, such as crimes and social unrests. In the past few years, Cambodia saw rapid growth. However, as the country continues to develop, an undereducated workforce will no longer be able to satisfy the skills needed for industrialization and democratic governance.

In Cambodia, a significant proportion of children split their time between work and school and this has continued to depress human capital formation. Specifically, according to the 2001 Cambodia Child Labour Survey, 52.4 percent of children aged 7-14 years and 82.8 percent of those aged 15-17 years are economically active.⁵ Although most working children also attend school, work can delay school entry, induce early school dropout and prevent entry into school altogether. Work hours also tend to compete with school hours. In the rural areas, where many children engage in home-based agriculture, children may skip school to work during the planting and harvesting seasons and lose valuable hours to develop their intellectual capacity. In other cases, working children may find themselves less able to learn as a result of exhaustion or insufficient time to complete their homework, which increases their chances of failing or repeating a grade or dropping out of school altogether.

Even worse, more than 310,000 Cambodian children now engaged in the worst forms of child labour. The hazardous work, may result in irreversible physical, moral and intellectual damage. Therefore, low education and child labour feed into a vicious poverty cycle and progressively depress human capital development (see Figure 1 below).

Children are the future pillar of the Cambodian society. With low literacy and limited life and technical skills, they will unlikely contribute meaningfully to their country. As well, they will have limited ability to bargain for higher wages, attain higher standards of living, participate fully in local governance and educate their own children. In sum, each school leaver and child labourer represents lost human capital and wasted potential for the Cambodian society. School dropout and child labour also contribute to a vicious cycle which constrains human capital development.

To achieve stable and sustainable growth, Cambodia requires a more educated workforce to address issues of competitiveness and productivity. The lessons of the global economic crisis especially highlighted workers with low-skilled manual skills are most vulnerable to economic shocks. In fact, individuals with the capacity to think abstractly, manage complex projects, adapt swiftly to changes and make shrewd decisions will be in increasing demand as the economy recovers. Entrepreneurship skills and innovative talents will also help to diversify economic activities and generate more work opportunities for youth and adults. The efficacy of any efforts to strengthen human capital and enhance expertise is especially evidence from the experiences

⁵ "Children's work in Cambodia: A Challenge for Growth and Poverty Reduction," Understanding Children's Work, April 2006, p. 14

of developed economies, such as Singapore, Japan and Korea, which devoted numerous resources to ensure that children attain high qualifications.

Furthermore, human resources are needed for continued social and political development. With an abundant supply of intelligent and dedicated individuals, national and sub-national government institutions will have stronger capacity to analyze development needs, formulate policies and monitor their effective implementation. The civil society can also be strengthened as more Cambodians obtain higher literacy and critical thinking skills and can participate fully in local governance.

Education and child labour are two sides of the same coin and their challenges must be addressed simultaneously. Increasing access to and quality of education and eliminating child labour will surely feed into a virtuous cycle of stronger economic growth and governance.

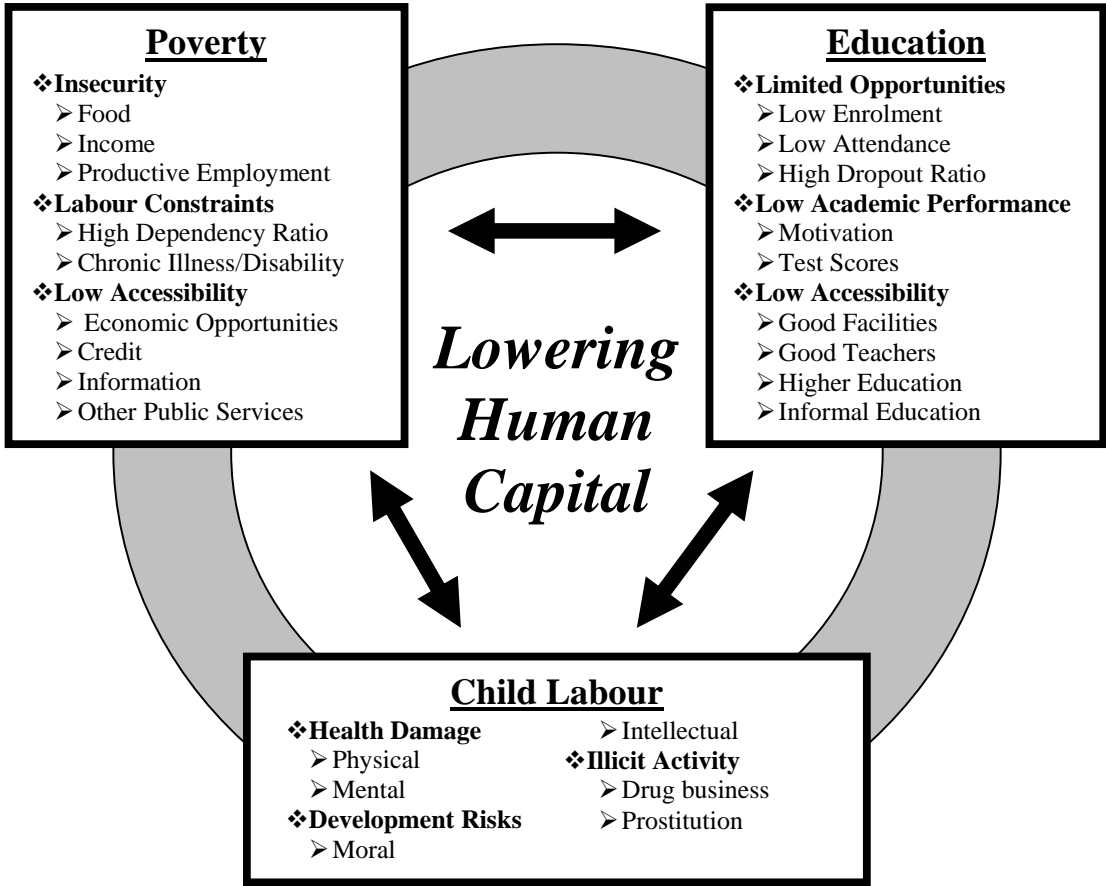


Figure 1: The Vicious Cycle: Mechanism of Lowering Human Capital

3. The Challenge of Educating Children in Cambodia and the Role of the National Social Protection Strategy

The net enrolment ratios (NER) of children in primary and secondary schools provide a straightforward indicator for assessing the challenges faced by Cambodia's education sector. In the 2008/2009 school year, primary NER moved up slightly to 94.4 percent. However, the lower secondary NER declined from 34.8 percent than in the previous year. The dropout rate of this level has also been on an upward trend and increased from 21 to 22.3 percent for 2008/2009. For the upper secondary level, NER has increased modestly to about 16 percent, but this ratio is still lower than the 18 percent target put forth in the Education Strategic Plan (2006-2010).⁶ Clearly, despite significant increase in primary school enrolment, the survival rate beyond Grade Six remains low. These figures raise questions about the factors contributing to dropouts. Further, as discussions on the National Social Protection Strategy ensue, Development Partners have begun to explore how social safety net measures may help to resolve these existing problems.

In Cambodia, poverty remains an important factor pushing students out of school. According to a 2005 study conducted by the Ministry of Education, Youth and Sports (MoEYS) and UNICEF, the poorest 20 percent of Cambodians spend 79 percent of their per capita non-food expenditure on education.⁷ In addition to direct costs of buying books and uniforms, indirect costs, such as transportation costs for travelling to remote schools and informal fees for teachers, may amount to significant sums. For parents struggling to make ends meet, the immediate need for cash and food may supersede the long-term benefits of their children's education. Particularly, for households which send their children to work to supplement family finances, the opportunity costs for sending children to school instead of to work may be too high. These challenges represent demand-side factors which discourage parents from sending their children to school.

For years, Development Partners have implemented various income generation and emergency relief programmes to mitigate the impact of poverty on education. A National Social Protection Strategy may further contribute to resolving these issues by offering minimum income security and social benefits to Cambodia's poorest households.

Low enrolment may also be a result of low quality of instruction, inadequate infrastructure and poor school management. Earning just \$30 to \$50 each month, many teachers are unmotivated and must find secondary jobs to supplement their incomes. Very often, teacher absenteeism is

⁶ "National Education Congress Summary Report on the Education, Youth and Sport Performance for the Academic Year 2007-08 and the Academic Year 2009-2009 Goals," Ministry of Education, Youth and Sport (MoEYS), March 2009. Educator Indicators, MoEYS, 2007/2008 and 2008/2009.

⁷ Diana Saw, "Challenges Crippling Cambodian Education," Phnom Penh Post, 14 October 2009

as serious as student absenteeism. In addition, statistics indicate that around 30 percent of primary schools do not offer the full six grades. Only 57 percent and 66 percent of these schools offer access to safe drinking water and appropriate toilet facilities.⁸ Far distance from secondary schools may also deter Grade Six graduates from furthering their education.

The Royal Government, UNICEF, Asian Development Bank (ADB) and other Development Partners have launched various initiatives to confront these supply-side factors. Since 2004, MoEYS, with support from UNICEF, have promoted Child Friendly Schools (CFS), a comprehensive programme for identifying excluded children, developing child-centred teaching methods, promoting safe and healthy behaviours, raising gender awareness, inviting community participation and strengthening school-based management. Whereas UNICEF focuses on primary education, ADB's Education Sector Development Project (ESDP) aims at expanding access to secondary education and vocational training as well as strengthening the management and planning capacity of sector partners. A National Social Protection Strategy which tackles these supply-side education challenges may serve to mobilize new resources into ongoing school-building and teacher-training activities. In particular, conditional schemes, such as conditional cash transfers, may especially compel the Royal Government and Development Partners to put in place basic infrastructure and facilities in target communities. Other social protection instruments, such as public works, may also contribute to improving education-related infrastructure.

4. The Challenge of Eliminating Child Labour and Its Worst Forms in Cambodia and the Role of the National Social Protection Strategy

The Cambodia Child Labour Survey (CCLS) of 2001 showed 1.5 million children, or one-third of all children, involved in some forms of economic activities. Subtracting numbers of children engaging in "light work" and acceptable forms of "normal work," the survey estimated around 750,000 children working as child labour and among them, 250,000 in the worst forms of child labour. The National Plan of Action on the Elimination of the Worst Forms of Child Labour (NPA-WFCL), approved by Prime Minister Hun Sen on 16 June 2008, identified 16 sectors of hazardous child labour for immediate elimination. These sectors include unconditional WFCL, namely commercial sexual exploitation, trafficking and illegal drug related work, as well as WFCL identified by the NPA-WFCL which include child-portering, domestic work, scavenging, fishing, children's work in rubber plantations, brick-making, salt production and begging. In a 2009 study commissioned by the ILO, UNICEF and World Bank, the latest estimate for children in these

⁸ Information taken from "Child Friendly Schools (CFS) in Cambodia" leaflet published by Ministry of Education, Youth and Sports.

sectors are 313,264, based on the 2004 census.⁹ Furthermore, the key locations of these child labourers are urban centres, trade areas near the borders and semi-urban provinces catering to urban centres in the provinces of Kampot, Kep, Banteay Meanchay, Siem Reap, Koh Kong, Battambang, Kampong Thom, and Kandal. This prevalence of child labour and the human development consequences of the worst forms of child labour have especially compelled the Royal Government to adopt the “twin goals” to reduce all forms of child labour to 8 percent by 2015 and eliminate the worst forms of child labour by 2016.

Poverty and other sources of vulnerability contribute to generating child labour in households. Poverty is the major reason for Cambodian families to send children to work. A survey identified that the primary reason of most households who sent their children to work was related to economic motives: household's poverty status and the need to supplement family finances.¹⁰ Moreover, households suffering from in 1999, it was estimated that 1.5% of the total population suffers a disability.¹¹ The high prevalence of HIV/AIDS infections amongst people aged 15 to 49 is also a serious concern. These households suffering from the disability or illness of their breadwinners may more likely rely on children's income for family finances. Female-headed, elderly headed and child-headed households and orphans are more examples of vulnerable groups with high probability of generating child labour.

Cambodian girls are especially disadvantaged when it comes to education and child labour. Many families, for instance, consider primary schooling to be more than sufficient for girls, whereas boys are encouraged to continue in secondary schools. As a result, Cambodia has one of the highest early-age female labour force participation rates in the region at 73.5 percent among those over the age of 15, and the lowest levels of gender equity in Asia as measured by the Gender Development Index (0.557) and the Gender Empowerment Index (0.364).¹² Due to low education, most rural women are in low-paid, unskilled positions and are vulnerable to physical and sexual exploitation. In the worst cases, women and children would be trafficked from rural areas to Cambodian cities and abroad and be deprived of decent and productive work opportunities.

The challenges to attain the twin goals in 2015 and 2016, as well as other education challenges elaborated in the previous section, highlight the urgency for putting in place a National Social Protection Strategy. This Strategy will likely serve to help Cambodia and its poorest households break away from the vicious poverty cycle (See Figure 2 below). More specifically, social safety

⁹ “Towards Eliminating the Worst Forms of Child Labour in Cambodia by 2016: An Assessment of Resource Requirements, “Understanding Children's Work (UCW), May 2009. Information derived from 2004 data.

¹⁰ UCW (2006), p. 41-44.

¹¹ “Child Domestic Worker Survey: Phnom Penh – 2003,” National Institute of Statistics and Ministry of Planning, March 2004. Report published in collaboration with ILO IPEC.

¹² “A Fair Share for Women: Cambodia Gender Assessment,” UNDP, 2003.

net measures, such as cash transfers, may incentivize poor parents to invest in their children’s education. By providing basic income support and subsidized access to public services, social protection instruments may potentially reduce the household’s compelling need for income from children’s work.

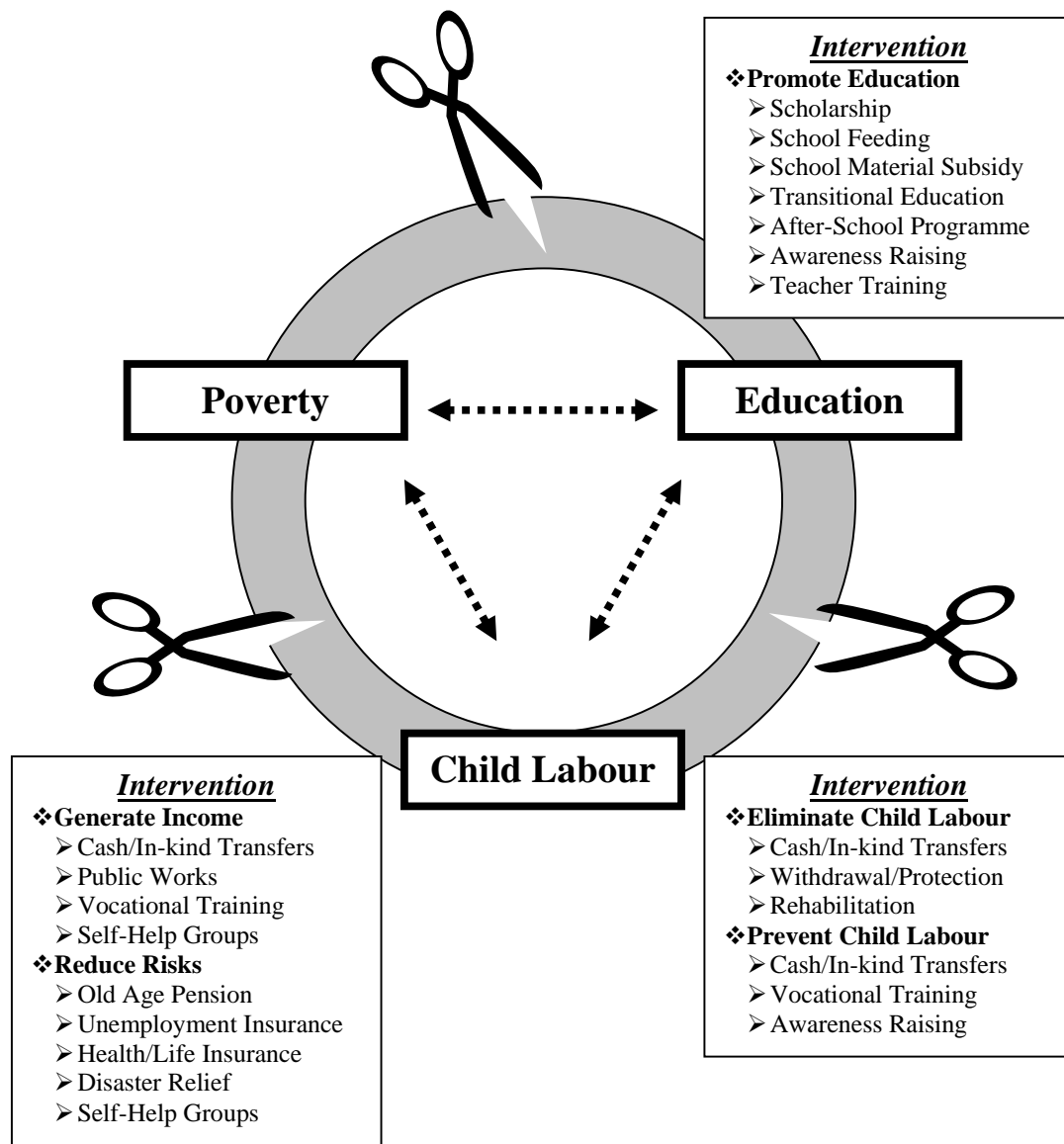


Figure 2: The Virtuous Cycle: Cutting the Chains -The Role of National Social Protection Strategy

5. Integrating Education and Child Labour Concerns into a National Social Protection Strategy

5.1. Why integrate these concerns into social protection?

The National Social Protection Strategy can play at least six key roles in promoting education and reducing child labour:

1. **Social protection, especially social safety nets, can assist households with managing risks, such as poor harvests, illness, injury and unemployment, and makes education more affordable.** With basic income security, poor households may keep their children in schools and break the vicious poverty cycle (See Figure 2). Dropping out from school and child labour may cease to be a coping mechanism to poverty and adverse economic shocks. Further, the educated younger generation may kick off the multiplier effect. In short, Cambodia will benefit from a skilled and employment-ready workforce which will likely inject more cash into the local economy and ensure sustainable growth.
2. **A nationwide social protection system specifically tackles insecurities in the informal economy, which hires more than 80 percent of the workforce.** Due to limited industrial development, many Cambodians earn unstable incomes in such informal activities as agriculture, domestic work, portering, informal businesses, etc. The informal sector also offers a *natural shelter* for hazardous work, such as the worst forms of child labour. Social protection mechanisms targeting these vulnerable households will be crucial for reaching the Education for All goal and eliminating the worst forms of child labour.
3. **By addressing education and child labour concerns, social protection can especially contribute to rural development and sustainable economic development.** Despite economic growth, rural productivity and human capital development have remained key challenges. In Cambodia, 90 percent of the poor live in the rural areas and most of these chronically poor households engage in subsistence agriculture.¹³ The incidence of child labour is therefore especially high in home-based agricultural activities, as parents demand their children's assistance in producing basic food supply for the family. For sustainable growth, Cambodia should not solely rely on the garment, construction and tourism industries. The economic potential of agriculture and the possible role of post-harvest technologies agri-businesses may be explored. To this end, a National Social Protection Strategy which consists of child-specific initiatives may serve to build up human resources to address these critical issues in rural development and contribute Cambodia's overall economic well-being.
4. **A social protection regime that addresses children's education and child labour can contribute to strengthening democratic institutions and a more capacitated civil society.** As more Cambodian children can afford to attend school instead of going to

¹³ "National Plan of Action," Ministry of Labour and Vocational Training, 2008, p.1. Census 2008.

work, the country's governance capacity will increase. This more educated and informed citizenry will also become more engaged in governance process and work constructively with the government. In effect, social protection, by promoting education and reducing child labour, will increase institutional accountability and enhance transparency of public finance and strengthen governance responsiveness. At the same time, government bodies will be equipped with broader intellectual and analytical capacity to formulate and implement policies based on participatory approaches.

5. **Social protection can create explicit incentives for parents to retain their children in school or keep them out of work.** In addition to providing minimum income support, some social protection instruments, such as conditional cash transfers, introduce “co-responsibility” for parents to withdraw their children from work in exchange for food and monetary benefits. Development Partners may further explore the potential of incorporating these concerns in the programme design and targeting of other schemes, such as unconditional cash transfers and workfare.

As the National Social Protection Strategy allows households to make wiser investments in human capital and contributes to addressing problems of rural poverty, low education and high incidence of child labour, more and more vulnerable households may be able to break away from inter-generational poverty. The positive impacts of human capital formation can be multiplied. In turn, Cambodia will enjoy more stable sustainable growth as well as stronger democratic governance (See Figure 3 below).

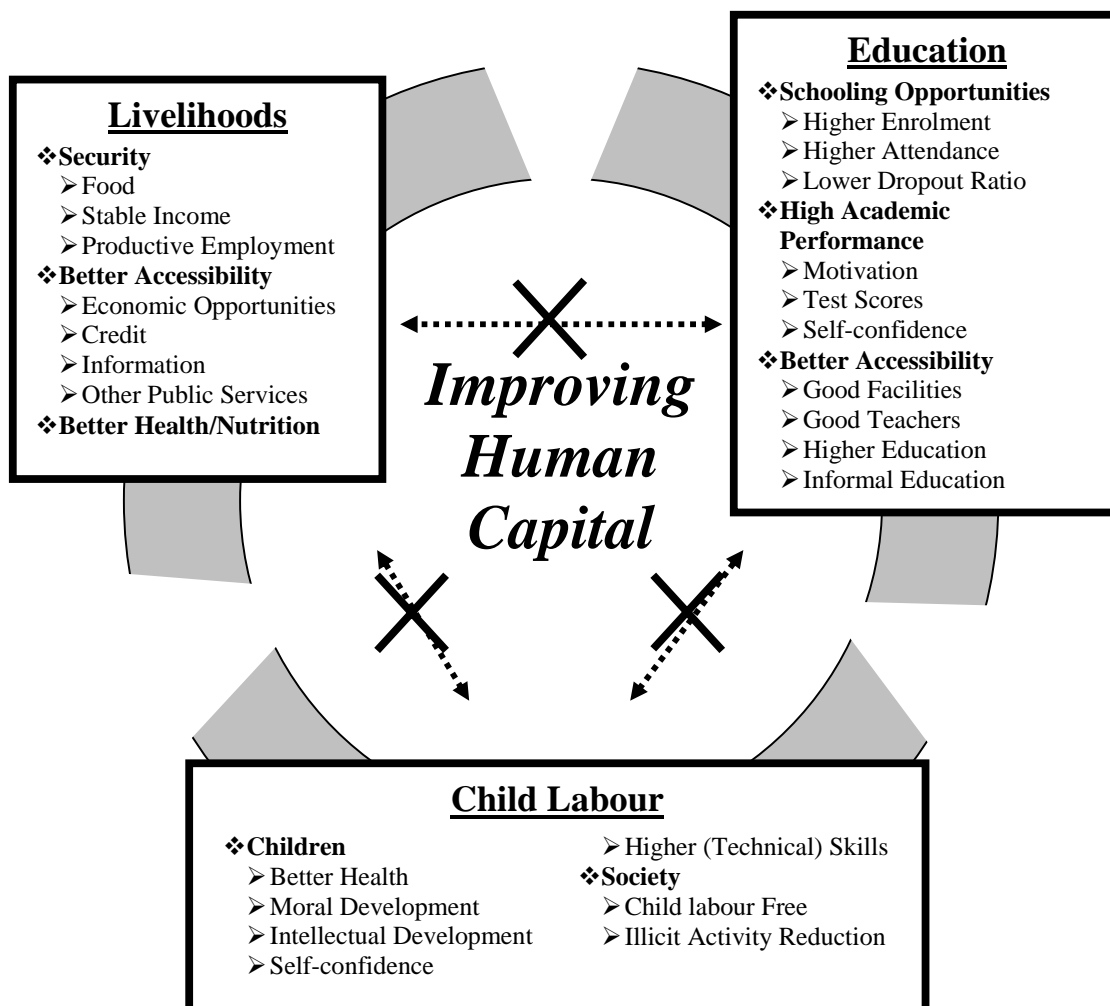


Figure 3: Expected Impact of National Social Protection Strategy that has integrated Education and Child Labour

5.2 How can education and child labour concerns be integrated into the National Social Protection Strategy?

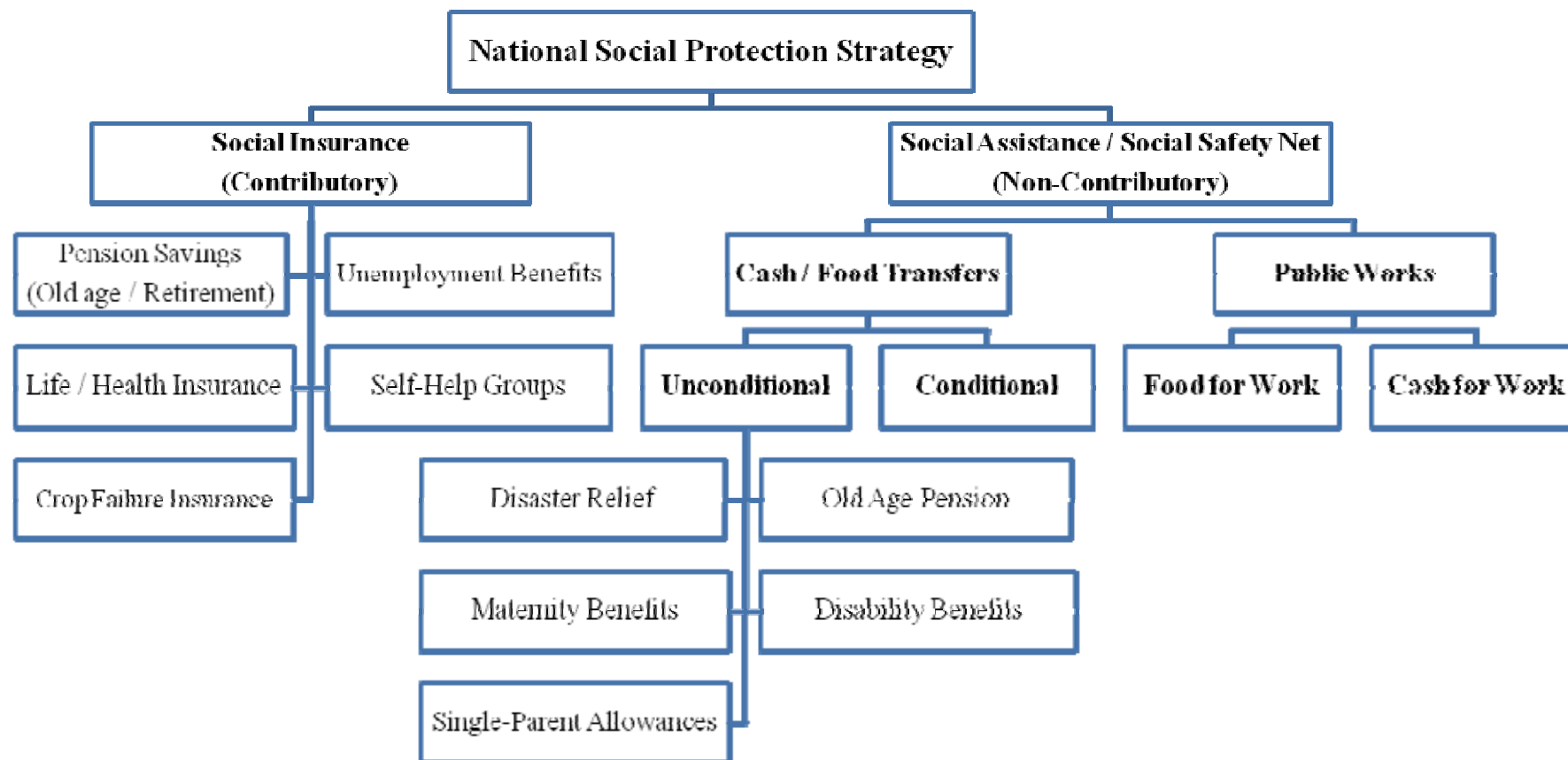
Given the complexity of education and child labour challenges, a variety of social protection instruments may be employed to reach out to more needy families. Within the paradigm of social protection, some instruments are categorized as social assistance (also called “social safety nets”) and are non-contributions-based. Conditional cash transfers, unconditional cash transfers and public works programmes are some examples. On the other hand, social insurance refers to contributions-based social protection schemes. Old-age pensions, unemployment benefits, workers’ injury compensation are some common examples (See Figure 4). In the Cambodian context, self-help groups, as a type of semi-formal social insurance, may easily

weave in education and child labour concerns. The success of the National Social Protection Strategy depends on numerous factors, among which an appropriate targeting mechanism is a top priority. In Cambodia, the Royal Government and Development Partners have increasingly recognized the Identification of Poor Households (ID Poor) system as the main targeting tool. Efforts have therefore been devoted to developing standardized questionnaires and procedures to identify the poor so that programmes to be delivered to the poor can target them effectively. The ID Poor system, which is soon likely to be implemented across the country, would be an ideal tool for selecting and targeting for various social safety nets programmes and to ensure that social welfare is accurately delivered to chronically poor people and households with children in (and at risk of) child labour and particularly in the worst forms of child labour or children out of school.

Given the urgency of promoting education and eliminating child labour, ID Poor may be reviewed to fully consider child labour and education concerns. Under the ID Poor system, a household questionnaire has been designed to classify households into different Poverty Levels. The scoring system which determines this Level consists of questions on a diverse set of issues, such as housing conditions, economic activities and household properties. Government ministries and Development Partners have piloted the questionnaire in more than 7,000 rural villages.¹⁴

This targeting mechanism may be fine tuned to better reflect the economic difficulties of poor households that lead them to send their children to work (and especially into the WFCL) or prompting them to keep their children out of school by taking into account the “main activities” (school or work) of children between 6 and 15 years old. Furthermore, score-bearing questions may be developed to account for households with children in child labour or the worst forms of child labour or early school drop-outs (See Annex I for detailed analysis and recommendations). These additional questions will strengthen the ID Poor’s efficacy in identifying poor families who have to send their children to work (esp. the WFCL) or to keep them out of schools. At the same time, poor families are discouraged from abusing the system, such as by sending their children to work in order to qualify for the programme, because the targeting system takes an all-rounded look at what defines poverty in the context of Cambodia.

¹⁴ “About ID Poor,” National Committee for Sub-National Democratic Development (NCDD).



*These programmes target particular vulnerable groups such as: poorest; widows; orphans; households with disable or chronically ill members; elderly; female-headed, child-headed or labour-constrained households, child labourers, children dropping out of school and so on. Some of these programmes also have potential to add targeting criteria and conditionality which prioritise or further benefit those vulnerable groups for promoting education and eliminating child labour. Moreover, such conditions can be utilised to place obligations on beneficiaries in order to achieve more significant impacts of programmes.

Figure 4: Possible Structure of a Comprehensive National Social Protection Strategy

Education, Child Labour and Conditional Cash Transfers Conditional cash transfers (CCT) refers to the delivery of cash benefits in exchange of pre-specified investments, such as in children’s education. A CCT Scheme therefore promotes “co-responsibility” of the Royal Government and poor parents and empowers poor households to make wiser choices about their children’s future.

In Cambodia, a number of conditional safety nets programmes have already been implemented. School-feeding and take-home rations are examples of conditional in-kind transfers which provide nutritional support only when children are retained in schools. Such programmes have been run nationwide by the Royal Government with assistance from the World Food Programme; similar projects of smaller scales have been replicated by various Development Partners in other rural and remote areas.

The World Bank’s Cambodia Education Sector Support Project (CESSP) has also piloted a Scholarship for the Poor Programme for households with lower secondary students vulnerable of dropping out from schools. Although the amounts granted are merely \$45 and \$60 (2 percent of consumption of the median recipient household), those benefited children have reportedly attained attendance rates around 25 percentage points higher than those who were not offered the scholarship.¹⁵ These experiences reflect the potential efficacy of child-specific cash transfers in promoting education and reducing child labour.

Given the complex causes of poverty in Cambodia, both in-kind and cash transfers programmes will have a role to play in promoting education and reducing child labour. However, in the long run, cash transfers may be a more cost-efficient social protection tool because in-kind transfers inevitably bear higher administrative costs. These costs often include administrative costs for procurement and transport costs for bulky items, such as food grains. School-feeding programmes additionally require preparation costs for meals. Also, whereas some in-kind items are restricted to certain beneficiaries groups and for certain purposes, such as medicines and supplements for pregnant women and children, the utility of cash is often more diverse and flexible. Therefore, cash transfers appear to be a more sustainable option for poverty alleviation.

Despite the weaknesses of in-kind transfers, cash transfers are not foolproof. Therefore, an effective CCT Scheme must also establish transparent channels to distribute cash benefits and build in fraud safeguards.

Given the cross-cutting nature of education and child labour issues, for any CCT Scheme including one which maybe focusing only on child malnutrition, maternal health and other development needs are addressed, education and child labour concerns can be integrated into the Scheme at two levels.

¹⁵ “Are There Diminishing Returns to Transfer Size in Conditional Cash Transfers?” World Bank, July 2009, p. 10

First, the targeting mechanism of any CCT Scheme may prioritize families with children below 15 years old who are either:

- a) out of school,**
- b) at school but at risk of dropping out,**
- c) in the worst forms of child labour, and**
- d) in other forms of child labour**

Second, the CCT Scheme may integrate education and child labour concerns as a component of the conditionality by:

- a) Specifying that any children below 15 must be enrolled in school and maintain satisfactory attendance, and**
- b) Ensuring that no child engages in the worst forms of child labour or any other forms of child labour.**

Furthermore, to increase programme effectiveness, the CCT Scheme may further consider additional conditionality or complementary programmes, such as:

- a) Including after-school programmes, such as sports activities and extra classes, to keep children in school for a longer time (see Box 1),
- b) Delivering graduation bonuses to enhance transition rates from primary to lower and upper secondary schools (see Box 2),
- c) Encouraging parents to rehabilitate their working children in transitional education facilities and community learning centres prior to re-enrolment in formal schools (see Box 3),
- d) Rewarding parents for sending their children between 15-18 years old who used to engage in the worst forms of child labour to access alternative income generation methods and vocational training.

Experiences of implementing CCT schemes in Latin America, as featured in the boxes below, a CCT Scheme which focuses either education or child labour would promote education and reduce child labour. Given the lower literacy rates and higher incidence of child labour in Cambodia, the National Social Protection Strategy may comprise a CCT Scheme which focuses on both education and child labour concerns.

BOX 1: Case Study of CCT in Practice: Brazil's PETI

Programa de Erradicação do Trabalho Infantil (PETI) was launched in 1996 in the rural states of Northeast Brazil and other targeted areas, as a rare CCT scheme aimed at the eradication of the worst forms of child labour whilst promoting education and reducing poverty. While selecting areas which have a high incidence of child labour, particularly in agriculture which accounted for 90 percent of rural working children, the scheme employed two different targeting criteria. Firstly, it targets families which have children aged 7-14 years working or having the potential to be involved in the worst forms of child labour. Secondly, the income levels of eligible households must be below one-half the minimum wage per capita (US\$ 65 per month). Beneficiary households were obliged to satisfy two conditions:

1. keeping children's school attendance at 80 percent
2. putting children in the after-school programme, *Jornada Ampliada*).

Each beneficiary household received US\$ 11-17 per child per month.

PETI contributed to significant reduction in the beneficiary children's likelihood of working from 17 to 10-13 percent and to 4 percent in the States of Pernambuco and Sergipe respectively. In Bahia, the state with the highest child labour force participation rate in the country, this figure decreased from 38 to 12. Furthermore, children spent twice as much time at school as they used to, showed improvements in academic coursework and reduced their participation especially in hazardous work.

Despite successes, researchers found some limitations of PETI. In particular, their impact assessment suggests that the scheme might be more effective for removing part-time child labourers from the labour force than more dedicated child labourers (working 10 hours or more per week) from their jobs.

Source: Tabatabai (2006); Yap et. al. (2002), World Bank (2001)

BOX 2: Case Study of CCT in Practice: Mexico's PROGRESA

Programa de Educación, Salud y Alimentación (Progresa) was initiated in 1997 and covered 18 percent of the whole population in 2005 with a budget of US\$ 3.2 billion (0.4 per cent of GDP). The direct objective of the programme was to improve the educational, health and nutritional status of poor households, especially children and their mothers. The scheme provided eligible families with \$8-17 per child per month and \$11 per annum for school materials when their children (aged 8-18 years old) were enrolled in primary school with minimal attendance of 85 percent (monthly and annually). Beneficiary families with children in secondary schools were given \$25-32 per month plus an additional \$20 per year. Counting compliance with other health-related conditions, the total amount of cash benefits would not exceed \$75 each month.

Regarding the impact on promoting education and reducing child labour, some researchers pointed out both positive outcomes and limitations. On the one hand, PROGRESA improved enrollment at the secondary level for girls by 7-9 percentage points and for boys by 3.5-5.8 percentage points. Beneficiary children also reported higher re-entry rates and lower drop-out rates and higher transition rates from primary to secondary education. The programme also reduced boy's labour participation rate by 15-25 percent, although there was no significant changes were recorded for boys between 16 and 17 years old. On the other hand, PROGRESA had little effect on improving student academic performance. Moreover, many beneficiary children continued to combine both work and school under the scheme. Therefore, some evaluators argue that the programme could successfully encourage children to go to school and prevent dropouts. But it appears to have limited contribution to increasing the time children would spend after school on assigned homework or extra study.

Source: IFPRI (2002); Tabatabai (2006)

BOX 3: Case Study of CCT in Practice: Indonesia's PKH

Program Keluarga Harapan (PKH) was piloted in 49 districts in 7 provinces and targeted 500,000 very poor households between 2007 and early 2009. PKH's main objectives were (i) poverty reduction through human development, (ii) improvement in socio economic conditions and child education level, (iii) enhancement of health and nutrition status of pregnant women and infants, and (iv) greater access to good quality of health and education facilities. This CCT Scheme also included child labour-specific elements and recognized child labour reduction as a key performance indicator.

PKH's beneficiary households must be very poor and comprise children aged 0-15 years old and/or pregnant women/lactating mothers. The direct cash-recipients must also be female members of targeted households. The conditionality of this scheme includes:

1. Children under 6 years old should be immunized in defined periods, attend regular medical check, and receive early childhood education if such facilities are accessible;
2. Female beneficiaries attend pre-natal and post-natal health checkups at required times;
3. Children aged 6 to 15 years old should enroll in primary and secondary school and keep their attendance rates above 85 percent per month and per year. Eligible households with children aged 15 to 18 years old who have not completed nine years of basic education may receive extra cash transfers by enrolling these children in nearby schools or sending them to equivalent education program.

Social workers recruited by the government would monitor school attendance of child beneficiaries. Further, the size of cash benefits may vary depending on the level of household consumption, while educational transfers are set at \$45 at primary school and \$90 at secondary school per child per year.

Moreover, with support from the ILO's International Programme for the Elimination of Child Labour (IPEC), PKH has incorporated educational and other complementary services for street children and children formerly in the worst forms of child labour, including:

- Additional services (uniforms, lunch, books, school materials, or other types of incentives that enable children to stay in education) to increase educational opportunities of very poor children;
- After-school centres to provide activities for limiting the available time of children for work, and additional non-formal learning;
- More structured transitional education to support returning children;
- Annual monitoring and counselling to children withdrawn from work and their parents
- Training for CCT staff and management on Child Labour Monitoring System;
- Training for tutors/teachers to deliver quality transitional education.

These conditionality and complementary child-specific services have potential for replication in Cambodia.

(Source: ILO IPEC Indonesia)

Education, Child Labour and Unconditional Cash Transfers By delivering limited assistance to a large pool of beneficiaries, unconditional cash transfers (UCT) help poor and vulnerable households to maintain basic consumption levels. Examples of this type of transfers include needs-based social assistance, family allowances, non-contributory pensions and disability transfers, etc.

A UCT Scheme may contribute to reducing child labour and promoting education by targeting households at risk of generating child labour. For example, households with labour-constraints (high dependency ratio), woman-headed or child-headed households and orphans are more likely exposed to such risks since children may likely become breadwinners for the family's or their own survival.

Although the Royal Government cannot control whether beneficiaries spend their benefits on promoting education and reducing child labour, unconditional cash transfers may nonetheless have indirect impacts on these concerns. For instance, many communities in Cambodia are already sensitized about the impact of child labour and place high value on their children's education. In these cases, monetary assistance directly absorbs the family's financial burden on education. As well, when families have more disposable income to spend on food, improvements in the child's health and nutrition may also enhance their concentration and performance at school.

Education, Child Labour and Public Works Despite economic growth, the number of new jobs available in Cambodia can only absorb less than half of the 300,000 new labour market entrants each year. This fact indicates that unemployment and underemployment are endemic risks, especially among the country's under-educated and low-skilled workers. Workfare therefore assists poor households through short term income difficulties, provides longer term employment where no other alternatives exist, and develops infrastructure assets of significant social and economic value. Since the early 1990s, the Royal Government Cambodia, supported by the International Labour Organization (ILO), the World Food Programme (WFP) and the Asian Development Bank (ADB), has had much experience with labour-intensive and labour-based methodologies.

A comprehensive programme of public works may include an education and child labour component. The Ministry of Education, Youth and Sport (MoEYS) may be involved in planning projects which increase accessibility to schools. In the past, Public Works Programmes (PWP) have focused on road construction and maintenance, water supply and irrigation. Nonetheless, the scope of public works projects may be expanded to address school accessibility. For instance, in communities where the absence of or distance to schools serves as the main hurdle for completing basic education, the construction of schools (as well as libraries and after-school facilities) and roads leading to schools may become priority projects.

Furthermore, PWP have potential to directly impact school enrolment and attendance. Noting that poverty correlates strongly with high drop-out rates and child labour, **households with school-age children and child labourers may be given priority for participation in PWP, on condition that they retain their children in school and withdraw their children from the worst forms of child labour.** Such conditionality would increase the affordability of putting children in

schools. In cases where their children have already left school and are working, food-for-work, cash-for-work and labour-based programmes may incentivize parents to provide further education for their working children through attendance in transitional education facilities and re-entry to formal education.

To enhance the income generation capacity of poor households, some experts have further suggested the inclusion of a training component in public works. **Young participants of PWP, especially school-leavers between 15 to 18 years old, may be targeted for vocational training.** Based on community demand, technical skills, such as welding, plumbing, electrical work and machine repair, may be taught to expand income generation opportunities. With more sources of income, poor households will more likely keep their children in schools and avoid relying on their children's work for supplemental income.

Education, Child Labour and Social Insurance In addition to the abovementioned safety net measures, a National Social Protection Strategy will likely comprise contributions-based social insurance. Since 2008, for instance, the National Social Security Fund (NSSF) has been established as an employer-based pension and insurance scheme. As of February 2009, the NSSF had enrolled roughly 400 firms in the Employment Injury Scheme, covering roughly 300,000 workers.¹⁶ Further, civil servants, veterans and their widows and orphans are also entitled to some benefits in the form of a pension and compensation. These schemes may help families maintain a decent standard of living, including supporting the costs of children's education, at terms of family difficulties, preventing children's entry into the workforce to supplement family income. Nonetheless, formal social insurance schemes are mostly limited to private sector and government employees, who are already relatively well-off. As the country continues to industrialize and more people earn stable incomes in the formal (and informal) sector, formal pensions and other contributions-based schemes should play a more important social protection role for Cambodian families.

In Cambodia's vast rural areas, Self-Helps Groups (SHGs) have weaved in child labour and education concerns while performing crucial social insurance functions, such as mitigating the impact of shocks, and promoting income generation of the poor (See Box 4). SHGs are semi-formal savings associations, formed based on trust among families in target communities. Members are normally close-knit relatives or neighbours, and regularly contribute small amount of money for the group's fund. Once any members need emergency expenditure due to a variety of shocks such as natural disaster, harvest failure, human diseases, injuries or death, and any other risky occasions for family finances, they can loan small amounts with interests for mitigating unpredictable shocks. Absent of formal social insurance schemes for the rural poor, these community-based saving groups may provide the best form of social security.

¹⁶ "Safety Nets in Cambodia: Concept Note and Inventory," CARD, June 30, 2009, p. 20

When Self Help Groups are integrated into the National Social Protection Strategy, the Royal Government and Development Partners will play crucial roles in replicating current successes. Lessons learned from this community-based practice especially highlighted that:

- a. intensive training on entrepreneurship skills, financial literacy and vocational skills would enable beneficiaries to increase their current incomes and reduce their likelihood of withdrawing children from school and putting them to work;
- b. beneficiary families must be sensitised about education and child labour issues so as to motivate their active participation in the SHG and activities for monitoring child labour incidence and school dropouts within their community;
- c. each SHG requires trustworthy leader and bookkeeper who would effectively communicate with Development Partners and local/district/commune officials;
- d. linkage to microfinance institutions would be necessary for serving larger community needs.

The up-scaling of Self Help Groups and the extension of capacity building services would complement other social protection programmes. In particular, establishing SHGs requires relatively lower costs than administrating cash and in-kind transfer schemes and entails few risks of inflating local commodity prices. Furthermore, SHGs are inclusive of more community members, regardless of their eligibility in other social safety net schemes. Therefore, where formal insurance schemes are not feasible, SHGs offer cost-effective alternatives for a greater number of beneficiaries.

BOX 4: Success Story of Self-Help Groups in Cambodia

From 2004 to 2008, two ILO projects – the International Programme for the Elimination of Child Labour (IPEC) and the Women’s Entrepreneurship Development and Gender Equality (WEDGE) Project – used self-help groups (SHG) as a means for promoting education and reducing child labour. Each SHG had 10 to 25 persons, normally close-knitted relatives or neighbours. These members would elect a group head and a bookkeeper. The leader ensured that all members contribute their dues on time and regularly consults with partner NGOs. The bookkeeper managed the accounts of the group and safeguarded the groups’ fund. On average, each member contributes \$1 (equivalent to 4,000 riel) to the group fund every month. When the fund is large enough, members avail of small loans from \$5 to \$20 for small businesses and for family emergencies. Interest rates on loans were from 2 to 3.5% per month. Shares, loan amounts, interest rates, and the payback period were discussed and agreed upon by all group members. After SHGs were established, partner NGOs provided financial management education, income generation strategies, and in selected cases, livelihood skills training, such as animal-raising and fish culture, to SHG members. With more entrepreneurship skills and capital, many trained members started small businesses or expanded existing ones.

Within four years, a total of 166 SHGs were established with membership reaching 3,216 in the seven provinces/municipalities. These numbers have directly translated into approximately the same number of children prevented or withdrawn from child labour in hazardous sectors. The group fund has grown to a level where it has become a constant and dependable source of small loans especially in times of family emergencies. All SHG members have also been trained on forming and managing SHGs, financial management including bookkeeping, and on income generation approaches and techniques. Combined with access to small loans and improved skills in running or expanding a business, SHGs have allowed participating families to generate supplemental incomes that would replace income that was lost when their children are withdrawn from work. In turn, at least a child from each beneficiary family were withdrawn or prevented from child labour and retained in formal or non-formal schools.

(Source: Good Practices and Lessons Learned from the ILO IPEC Time Bound Programme Support Project in Cambodia, International Labour Organization, 2008)

6. Critical Areas for Action

- 1. Given that most social protection instruments have potential to promote education, reduce child labour and augment human capital, education and child labour concerns must be mainstreamed into current dialogues and the National Social Protection Strategy.** For instance, the vulnerability profile of the Draft Strategy may clearly address key education and child labour challenges. The targeting mechanisms of various social protection schemes may prioritize households with children who are at risk of dropping out from school or entering the worst forms of child labour. In schemes where conditionality exists, much attention may be put in incentivizing parents to send their children to school. The Ministry of Education, Youth and Sports (MOEYS), the Ministry of Labour and Vocational Training (MOLVT) and the Ministry of Social Affairs, Veterans and Youth Rehabilitation (MOSAVY) may be invited to inject more inputs into these dialogues as the Draft Strategy takes shape.

- II. **The coordinating role of the Council for Agricultural and Rural Development (CARD) at the policy formulation process would be crucial for integrating education and child labour concerns seamlessly into the National Social Protection Strategy.** As an example, a CCT Scheme covering cross-cutting education, child labour and health concerns would involve the MOEYS, MOLVT, MOSAVY and the Ministry of Health. Workfare programmes may also bring together the Ministry of Rural Development, the Ministry of Public Works and Transportation, MOEYS and MOLVT. In effect, CARD, involved ministries and Development Partners must seek common ground in the forthcoming draft Strategy.
- III. **To operationalize all proposed social protection instruments, there should be involvement and commitment from various ministries at all stages of the current consultations.** This action is necessary because while CARD has the mandate to coordinate the drafting of the Strategy, the responsibility to implement falls on line Ministries. Therefore, from seeking consensus on key social protection concepts to detailing programme design and features, the expertise from all relevant ministries must be mobilized.
- IV. The implementation challenges of these abovementioned social protection instruments should be clearly understood. **Good targeting is essential to the success of the National Social Protection Strategy, especially for social safety net schemes.** The targeting mechanism, such as ID Poor, should record and identify poorest of the poor households and frequently re-assess households' circumstances. In particular, the food price crisis and the global economic crisis reminds us of the vulnerability of many poor and near-poor households. In effect, some degree of flexibility may be integrated into the targeting system to ensure that the "new poor" are captured by social safety nets. In the context of education and child labour, ID Poor may be improved by taking into account indicators reflecting children's vulnerability of dropping out from schools and becoming child labourers.
- V. **In social protection tools which conditionality exists, the conditions specified and the monitoring of compliance must be discussed in detail.** Given the vulnerabilities of the poorest households, the National Social Protection Strategy may build in some degree of flexibility on the enforcement of conditionality in order to accommodate for adverse economic shocks and family emergencies. Furthermore, for each additional condition in place, the Royal Government and donors would incur more administrative costs. Therefore, there should be a clear rationale justifying these extra costs. Some education-related conditions, such as enrolment and attendance information, are relatively easy to monitor and would entail marginal costs for conditional safety nets schemes. To prevent children from falling into the worst forms of child labour, some Development Partners, such as ILO IPEC, have also developed methodologies to mobilize provincial governments, communes

and communities to monitor and report on the incidence of child labour. Sharing of experiences and up-scaling of existing proven approaches may help the Royal Government and Development Partners to find cost-effective means to implement the National Social Protection Strategy.

- VI. **Whenever cash benefits are involved, an appropriate delivery mechanism as well as some fraud safeguards and appeals procedures should be in place.** For the benefits of social protection to reach the poor, an impartial system should be put in place and corruption and fraud should be strongly combated. A transparent benefit distribution system, an independent fraud investigation team and efficient follow-up for complaints would be crucial.
- VII. **The Royal Government and Development Partners must consider the financial sustainability of non-contributions-based social protection interventions.** In particular, in consultation with Development Partners, the Government may make medium and long term plans to procure the necessary funds externally and internally to support social safety nets and through facilitating gradual transition to contributions-based schemes. To this end, an effective National Social Protection Strategy should augment human capital, promote economic growth and support a self-sustained social protection mechanism.
- VIII. **Beneficiary households, especially parents, should be sensitized about the importance of education and the potential irreversible harm of child labour, especially its worst forms.** In the past years, Development Partners have kick-started community-based initiatives and national campaigns to highlight education and child labour concerns. Parallel with the rolling out of the National Social Protection Strategy, these activities may be up-scaled to encourage beneficiary parents to use their cash or in-kind benefits on the well-being of their children.

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