

Children Working in the Carpet Industry in India, Nepal and Pakistan: Summary Report of the Carpet Research Project

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INTRODUCTION

In 2007, the Bureau of International Labor Affairs, United States Department of Labor (ILAB-USDOL) funded a cooperative agreement with Macro International (ICF) entitled "Research on Children Working in the Carpet Industry of India, Nepal, and Pakistan" (Carpet Project). The overall objective was to develop reliable and accurate data and information on the prevalence, nature, and demand for children's work in the export-oriented handmade carpet industry in India, Nepal, and Pakistan (carpet industry). The project, which studied the supply chain leading to the production of carpets as well as the production of carpets, had three immediate objectives:

1. Increase the knowledge base on the prevalence and nature of child labor in the carpet industry. This objective was achieved by:
 - 1.1. The Prevalence and Conditions (PC) Study: a large-scale quantitative survey of children working in the factory and household-based carpet industry in all three countries. The PC Study produced nationally representative estimates of the prevalence of working children and child labor and descriptions of the children's living and working conditions for each country.
 - 1.2. The Sending Areas (SA) Study in Nepal: a qualitative rapid assessment of child trafficking and bonded labor focusing on rural children who migrated to work in the carpet factories in the Kathmandu valley.
2. Increase the knowledge base on the demand for child labor in the carpet industry. This objective was achieved by:
 - 2.1. The Labor Demand (LD) Study: a longitudinal panel study of carpet-producing establishments in all three countries to understand employers' demand for child workers in the carpet industry.
3. Develop and pilot-test good practices in the elimination of child labor in the carpet industry. This objective was achieved by:
 - 3.1. The Schooling Incentives Project Evaluation (SIPE): a randomized controlled trial to assess the impact of two educational interventions on children's attendance and success in school.
 - 3.2. The Programs and Practices Review: a review and analysis of programs and practices (or interventions) that targeted child labor in the carpet industry in one or more of the three countries.

This report presents an integrated summary of the results from those studies, starting with the results of the PC and SA Studies. Further background information, methodological details, and results may be found in the reports for each individual study (see References).

DISTRIBUTION OF THE CARPET INDUSTRY IN INDIA, NEPAL, AND PAKISTAN

The PC Study researched the carpet industry, which was defined to include a comprehensive list of wool/silk processing, carpet production and finishing activities (see Table 3 for a summary). Those activities were carried out in carpet factories and in households. The carpet industry in the three countries employed 429,350 workers. Four-fifths (81.0 percent) of the carpet workers were working in households (see Table 1).

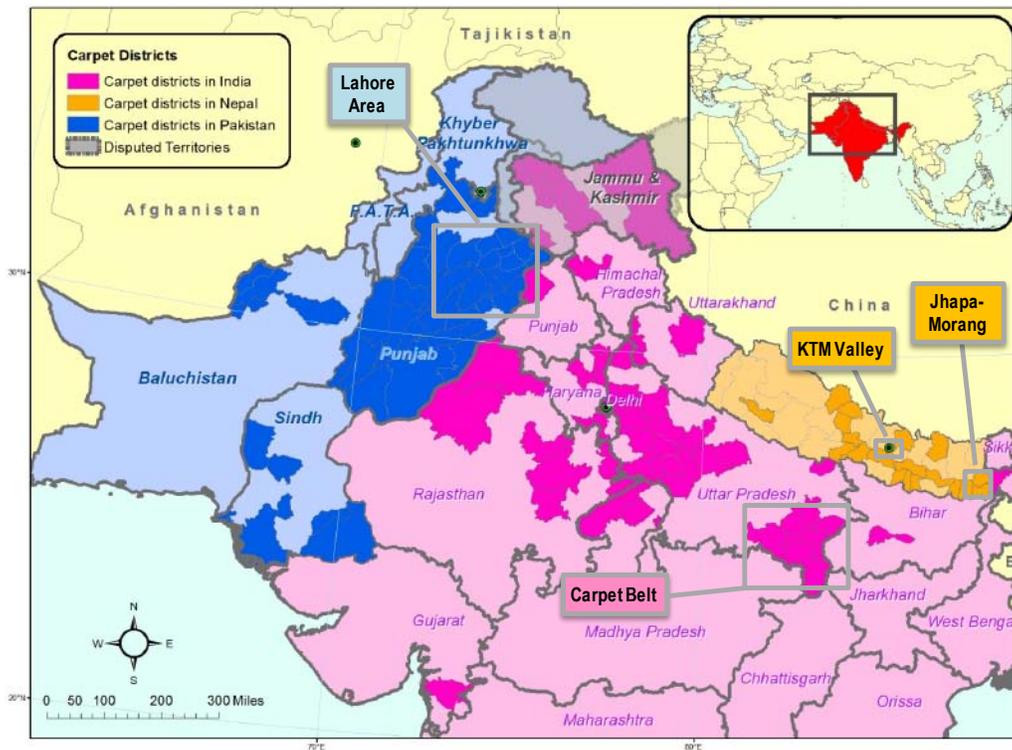
Table 1. Distribution of Carpet Workers by Type of Establishment

	Total	India	Nepal	Pakistan
Total	429,350	273,897	49,538	105,915
Households	81.0%	79.8%	65.0%	91.7%
Factories	19.0%	20.2%	35.0%	8.3%

Source: PC study in India, Nepal and Pakistan (Dec. 2008 - Nov. 2011).

The carpet industry was scattered over a wide area in the northern half of the subcontinent, but the major clusters of carpet activities were the Indian carpet belt in eastern Uttar Pradesh, the Nepalese Kathmandu Valley (for carpet production) and Jhapa and Morang districts (for wool processing), and the Pakistani province of Punjab, mainly around Lahore.

Figure 1. Geographic Distribution of Carpet Activities in India, Nepal and Pakistan



Source: Sampling frames of factory and household-based carpet activities developed for the PC study.

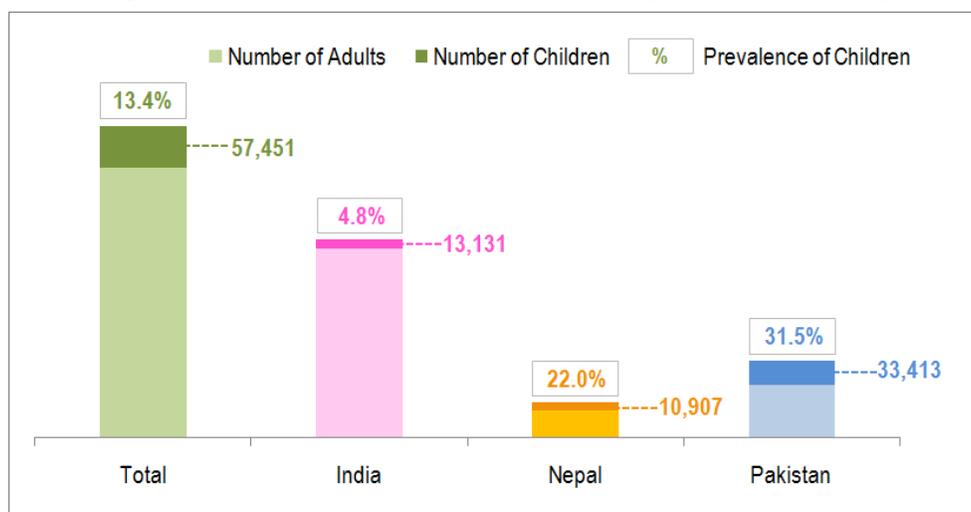
The above map did not reflect a position by ILAB or ICF on the legal status of any country or territory or the delimitation of any frontiers.

PREVALENCE AND CONDITIONS OF CHILD CARPET WORKERS

1.1. NUMBER AND PREVALENCE OF CHILD CARPET WORKERS

The Prevalence and Conditions (PC) Study estimated that 57,451 children (5-17 years old) worked in the carpet industry at some point during the previous 12 months. This represented a prevalence of 13.4 percent of the total carpet workforce. Most child carpet workers (92.8 percent) were in the household-based carpet industry. Although India was the country with the largest carpet workforce (see Figure 2), Pakistan was the country employing most child carpet workers (33,413 children), more than half (58.2 percent) of all the children working in the carpet industry in the three countries.

Figure 2. Number and Prevalence of Children Working in the Carpet Industry



Base: Children who worked in the carpet industry in the past 12 months.
Source: PC study in India, Nepal and Pakistan (Dec. 2008 - Nov. 2011).

1.2. CHARACTERISTICS OF CHILD CARPET WORKERS

Child carpet workers had a median age of 14 years, and most (58.9 percent) were girls, particularly in Nepal (81.3 percent). Slightly more than one-third (37.7 percent) were attending school. About one-fifth of child carpet workers were completely illiterate, and two-fifths could not do subtraction or addition. Child carpet workers had an average personal well-being score (PWI) of 66.0, which was within the average normative range for non-western populations.

Child carpet workers in Pakistan had the lowest school attendance rates and the lowest levels of literacy, numeracy and well-being. Children in Nepal showed the highest levels for each indicator, but there was a large educational divide in Nepal between factory-based child carpet workers (3.2 percent attending school, 21.4 percent illiterate, 17.0 percent innumerate) and

household-based child carpet workers (95.3 percent attending school, 0.9 percent illiterate, 1.3 percent innumerate, see References).

Table 2. Socio-Demographic Features of Children Working in the Carpet Industry

	Total	India	Nepal	Pakistan
Weighted N=	57,451	13,131	10,907	33,413
% Female	58.9%	53.7%	81.3%	53.6%
Median Age (completed years)	14.0	15.0	14.0	14.0
% Currently attending school	37.7%	32.1%	74.1%	28.0%
% Completely illiterate	20.9%	17.4% ¹	4.9%	27.5%
% Cannot do addition or subtraction	41.2%	19.0% ¹	4.4%	61.5%
Personal Well-Being Index (0-100)	66.0	66.3 ¹	76.9	62.4

Base: Children who worked in the carpet industry in the past 12 months.

Source: PC study in India, Nepal and Pakistan (Dec. 2008 - Nov. 2011).

¹ Only includes children in the household-based carpet industry

1.3. CHARACTERISTICS OF THE CHILDREN'S WORK

1.3.1. Children's Specific Work-Related Activities in the Carpet Industry

In Pakistan, almost all (95.2 percent) child carpet workers were hand-knotting carpets (see Table 3). In India, a similar proportion of children were processing wool (44.6 percent balling, joining, or plying thread) and hand-knotting carpets (44.4 percent). In Nepal, nearly three-fourths (71.4 percent) of the children were spinning wool to make thread, 36.8 percent were also involved in other wool processing activities, and only 22.4 percent were hand-knotting carpets.

Table 3. Carpet-Related Activities Performed in the Last 12 months

	Total	India	Nepal	Pakistan
Weighted N=	57,451	13,131	10,907	33,413
"Have you engaged in _____ in the past 12 months?"				
Spinning wool to make thread	15.4%	3.4%	71.4%	1.9%
Balling, joining, or plying thread	11.7%	44.6%	2.9%	1.7%
Other wool/silk processing activities	8.9%	4.5%	36.8%	1.5%
Hand-tufting carpets	3.9%	12.0%	0.0%	2.0%
Hand-loomed carpets	6.8%	10.3%	0.0%	7.7%
Hand-knotting carpets	69.8%	44.4%	22.4%	95.2%
Carpet finishing activities	4.3%	8.7%	3.3%	2.9%

Base: Children who worked in the carpet industry in the past 12 months.

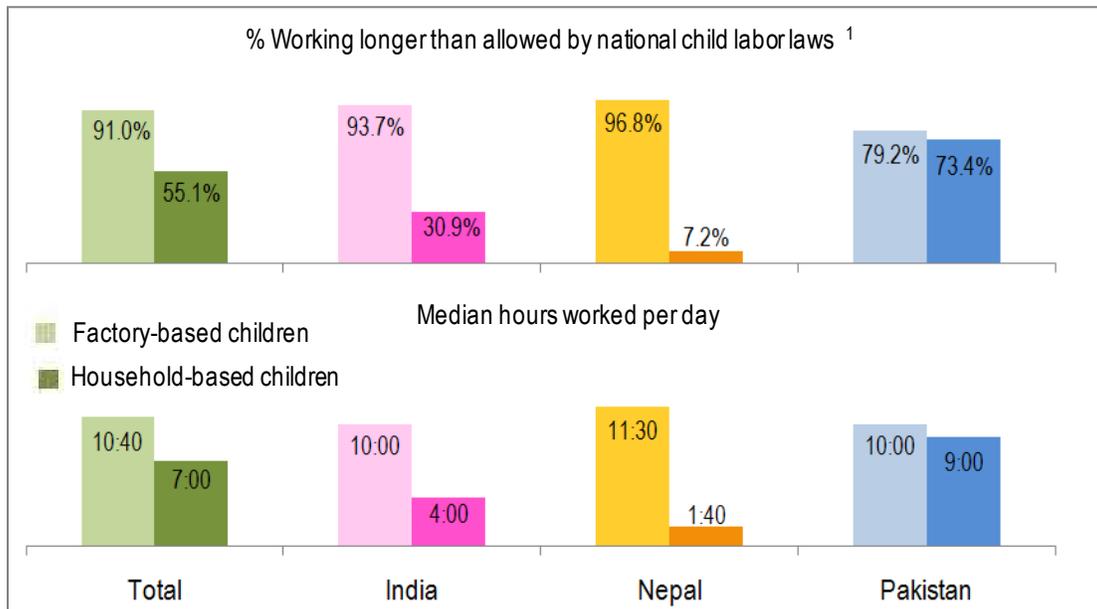
Source: PC study in India, Nepal and Pakistan (Dec. 2008 - Nov. 2011).

1.3.2. Hours of Work by Child Carpet Workers

Factory-based child carpet workers worked longer than the household-based, with a median of 10:40 hours per day, compared to 7:00 hours for the household-based, and 91.0 percent of the factory-based child carpet workers worked longer hours than allowed by their countries' child labor laws (see Figure 3).

Factory-based child carpet workers worked the longest hours in Nepal, with a median of 11 hours and 30 minutes, compared to only 1:40 hours per day among the household-based. Differences were pronounced in India as well. Factory-based and household-based children in Pakistan, on the other hand, worked a similar number of hours per day.

Figure 3. Hours Worked Per Day by Children Working in the Carpet Industry



Base: Children who worked in the last three days. Total work hours included carpet and non-carpet work because some child carpet workers, in addition to their carpet work, had also worked in other sectors, such as agriculture, retail or construction.

¹ Nepal and Pakistan defined the maximum working time for children as six hours per day, while India defined it as five hours per day.

Source: PC study in India, Nepal and Pakistan (Dec. 2008 - Nov. 2011).

Looking only at the children's carpet work, Table 4 analyzes weekly working hours among different age groups, including the proportion of children working relatively few hours (1-13 hours per week), a moderate number of hours (14-42 hours per week), and many hours (43 hours per week or more. See the country reports for the rationale for the breakdown of the hours of work into the three categories). Child carpet workers worked a median of 47 hours per week, with almost half working 43 hours or more. Even among the very young child carpet workers (5-11 years), two-fifths (43.9 percent) worked 43 hours or more. Child carpet workers in Pakistan and Nepal, respectively, worked the longest (56 hours) and shortest workweeks (9 hours).

Table 4. Weekly Working Hours in Carpet-related Activities by Child Carpet Workers by Age

	Total	India	Nepal	Pakistan
Children 5-11 years				
Weighted N=	8,002	X	X	6,574
1 -13 hours	25.9%	X	X	18.6%
14 - 42 hours	30.2%	X	X	28.7%
43 hours or more	43.9%	X	X	52.7%
Median	35:00 Hours	X	X	48:43 Hours
Children 12-13 years				
Weighted N=	8,812	X	1,569	5,404
1 -13 hours	28.5%	X	76.3%	15.8%
14 - 42 hours	26.8%	X	9.7%	21.0%
43 hours or more	44.7%	X	14.0%	63.2%
Median	35:00 Hours	X	4:00 Hours	56:00 Hours
Children 14-15 years				
Weighted N=	13,626	3,808	2,489	7,329
1 -13 hours	23.0%	16.5%	48.7%	17.6%
14 - 42 hours	29.0%	60.0%	15.0%	17.7%
43 hours or more	48.1%	23.5%	36.3%	64.8%
Median	42:00 Hours	28:00 Hours	17:30 Hours	63:00 Hours
Children 16-17 years				
Weighted N=	13,564	4,663	2,311	6,590
1 -13 hours	18.8%	13.9%	37.3%	15.8%
14 - 42 hours	29.5%	49.3%	21.1%	18.5%
43 hours or more	51.6%	36.8%	41.5%	65.7%
Median	46:09 Hours	31:45 Hours	25:40 Hours	60:00 Hours
Total				
Weighted N=	44,405	11,209	6,898	26,298
1 -13 hours	23.3%	18.9%	54.1%	17.1%
14 - 42 hours	28.9%	55.1%	14.9%	21.4%
43 hours or more	47.8%	26.0%	30.9%	61.5%
Median	47:00 Hours	28:00 Hours	9:00 Hours	56:00 Hours

Base: Children who had worked in carpet-related activities in the last seven days in factories and households.

Source: PC study in India, Nepal and Pakistan (Dec. 2008 - Nov. 2011).

Note: Age subcategories with insufficient sample bases (n<30) are omitted (shown as X). Those children are included in the Total (Children 5-17).

1.3.3. Children's Environmental Working Conditions in the Carpet Industry

Child carpet workers reported being exposed to multiple hazards at work (see Table 5). Main hazards included smoke, dust or flames (reported by 59.4 percent) and work with heavy loads (26.5 percent). One-fifth also reported working in extreme temperatures (20.1 percent, with most reports coming from Pakistan), in dark rooms (17.4 percent) or with loud noise (16.9 percent). In spite of those conditions, the children did not report many work-related injuries, with 0.9 percent complaining of eye injuries and a smaller proportion of other injuries, including injuries in hands, knees, legs and cuts/wounds. Finally, children were also at risk of being abused at work, with 13.4 percent reporting that they were reprimanded or punished, and up to 1.6 percent showing indications of sexual abuse, with most reports coming from Nepal.

Table 5. Reported Exposure to Workplace Hazards by Child Carpet Workers (Selected Hazards)

	Total	India ¹	Nepal ²	Pakistan ³
Weighted N=	47,850	11,642	10,901	25,307
Hazardous Agents				
Smoke/dust/flames	59.4%	35.3%	98.1%	53.9%
Loud noise (from machine/people)	16.9%	3.6%	32.1%	16.5%
Dangerous tools	9.6%	3.9%	9.3%	12.3%
Extreme temperatures	20.1%	6.8%	5.9%	32.3%
Insufficient ventilation	11.4%	0.6%	1.4%	20.6%
Dark/in rooms with inadequate lighting	17.4%	2.6%	0.8%	31.3%
Viral	6.9%	4.3%	3.9%	9.4%
Parasitical	6.0%	0.2%	20.6%	2.3%
Hazardous Processes				
Work with Heavy Loads (Sometimes or usually)	26.5%	34.1%	7.6%	31.1%
Reprimanded or punished at work	13.4%	4.7%	21.9%	13.7%
Punished to the extent of being physically injured	0.6%	0.0%	0.5%	0.9%
Touched inappropriately at work	1.6%	0.0%	4.5%	1.0%
Main work-related injuries in the last 12 months				
Eye injuries	0.9%	0.5%	0.0%	1.4%
Injuries or swelling in hands	0.4%	0.2%	0.5%	0.5%
Injury to knees or legs	0.7%	0.0%	0.9%	0.9%
Cuts/Wounds	0.4%	0.0%	0.5%	0.5%

Base: Children who worked in the carpet industry in the past 12 months.

Source: PC study in India, Nepal and Pakistan (Dec. 2008 - Nov. 2011).

¹ Information missing for 20 child carpet workers in India (Weighted N = 1,489).

² Information missing for one child carpet workers in Nepal (Weighted N = 6).

³ Information missing for 257 child carpet workers in Pakistan (Weighted N = 8,120).

1.4. COMPARATIVE PERSPECTIVE OF CHILD CARPET WORKERS

It is important to place child carpet workers in perspective. The PC Study compared the living and working conditions of household-based child carpet workers (who represented 92.8 percent of all child carpet workers) with those of other working children living in households in the same areas. A majority of the carpet producing areas were characterized by rural poverty, the majority of all households being landless and not owning any livestock. Carpet households were relatively poorer than other local households, and adults and children in carpet households were more likely to have worked during the past 12 months. Some child carpet workers lived in carpet households that appeared to have high debt levels and difficulties repaying those debts.

Children in carpet households were less likely to have attended school and more likely to have worked in the last 12 months than children in non-carpet households. Child carpet workers were more likely to be girls and of all age categories, while the working children in non-carpet households were mainly older boys. The majority of child carpet workers worked at home, while the children who worked in other industries mostly worked outside the home in construction, agriculture, retail trade and other informal occupations. Almost all working children from both sets of households reported that they worked to supplement their families' income. Both groups of children experienced similar working conditions and worked a similar amount of time.

1.5. INDICATIONS OF UNACCEPTABLE WORK (CHILD LABOR)

The PC Study developed a set of measures that indicated the existence of unacceptable forms of child work, including hazardous work and excessive work (see Table 6). ILO convention 182 specified that hazardous types of work "shall be determined by national laws or regulations" (Article 4), and all three countries listed the carpet industry as hazardous. Therefore, based on international standards, all children working in the carpet industry were in hazardous work. However, each country had its own standards defining the types of establishments regulated and the minimum age for hazardous work. Based on the standards of the three countries, 14.3 percent of child carpet workers were in hazardous work. The study also examined the presence of hazardous working conditions (see Table 5) as another measure of hazards. The study estimated that the children's reports of their working conditions showed indications that all child carpet workers were in hazardous working conditions.

The study also developed a measure of excessive work based on the total workloads (including market work and unpaid household services) that were appropriate for different age groups (see country reports for operational definitions). Based on this measure, the study estimated that 74.9 percent of child carpet workers showed indications of being in child labor due to excessive hours of work.

Table 6. Measuring Indications of Child Labor in the Carpet Industry

	Total	India	Nepal	Pakistan
Hazardous Work ¹				
Weighted N=	57,451	13,131	10,907	33,413
International standards	100.0%	100.0%	100.0%	100.0%
National standards	14.3%	0.0%	70.6%	1.6%
Reported working conditions	100.0%	100.0%	100.0%	100.0%
Excessive Work ²				
Weighted N=	44,405	11,209	6,898	26,298
Excessive Work	74.9%	74.5%	51.9%	81.1 %

¹ Base: Children who worked in the carpet industry in the past 12 months.

² Base: Children who worked in the carpet industry in the past 7 days.

Source: PC study in India, Nepal and Pakistan (Dec. 2008 - Nov. 2011).

The study analyzed indications of other forms of child labor, including child trafficking and forced or bonded labor. There was little potential for child trafficking in India and Pakistan, as most child carpet workers were local. In contrast, 94.7 percent of factory-based child carpet workers in the carpet factories in the Kathmandu Valley (Nepal) were migrants, and most had moved to Kathmandu for work-related purposes. One-third (30.0 percent) reported that a labor contractor was involved in the move. Based on those findings, a conservative estimate was that at least 7.8 percent of factory-based child carpet workers in Nepal (representing 1.5 percent of all child carpet workers in Nepal) showed indications of having been trafficked (see country report for operational definition). The Sending Areas Study report presents an in-depth assessment of the push and pull factors associated with the migration of children to carpet factories in the Kathmandu valley.

The project also developed measures to indicate the existence of forced or bonded labor. The measures examined three stages: when the child entered the workforce, when the child was working, and when the child left the workforce. In Nepal, there were clear indications of forced or bonded labor among unaccompanied migrant children (working away from their families) in carpet factories who could not leave their jobs because the employer would punish or harm them.

In India and Pakistan, the majority of household-based child carpet workers had been too young when they started working to have independently made that decision to start working, but all child carpet workers reported being able to leave their jobs if they wanted, which indicated voluntariness and lack of coercion. The indications were that forced and bonded labor among children working in the carpet industry in India and Pakistan were more likely to be found with children living and working with their families (that had difficulties in repaying outstanding family debts) rather than with migrant children unaccompanied by their families. Some cases clearly indicated that a child had worked to repay an outstanding family debt.

DRIVERS OF DEMAND FOR CHILD WORKERS IN THE CARPET INDUSTRY

The carpet research project also conducted a Labor Demand Study, a panel study that focused on employment decisions in carpet producing establishments. The purpose of this study was to document and analyze carpet employment over time to understand the underlying causes of variation in child employment in the carpet sector. The Labor Demand study contrasted the data against two competing hypotheses:

- The competitive markets hypothesis: carpet establishments were competitive, price-taking firms that minimized costs by using more of the cheaper factor. Hence, higher child wages reduced child employment. Higher adult wages raised child employment.
- The poverty hypothesis: carpet establishments did not operate as perfectly competitive price-taking firms. Establishments chose child labor because they needed more income, but decisions about employing children were made in the context of other considerations. When the establishment's adults received higher wages, that diminished the motive for having the children work. Thus, higher adult wages led to less child employment. Higher child wages, everything else being equal, led to more child employment to take advantage of its greater productivity.

The Labor Demand Study found that the aggregated (three countries) results and the Pakistani results were consistent with the competitive markets hypothesis. The aggregated findings were that:

- An additional dollar of child wages led to 0.03 fewer children employed, after controlling for adult wages, output, and other controls.
- An additional dollar of adult wages led to 0.04 more of the relatively cheaper child employment.
- The results for India and Nepal were more ambiguous.

The focus of the study was the wage – child employment relationship. There were other controls that were mentioned only briefly. Factories employed more child workers than non-factories. Electricity disruptions, the availability of water, and the absence of transport disruptions reduced the employment of children, but none of those relationships were causal.

The finding that the sector in the region may be characterized by a model of profit-maximizing establishments making hiring decisions in a competitive economic environment had substantive policy implications. It was possible to deter child labor in the carpet sector by making children relatively more costly to carpet employers. However, such efforts would not eliminate the child labor supply, and children would divert to other jobs where they were not so costly. Perfect

competition made it easy to move workers to different jobs without changing the prevalence of child labor in the economy (although the location of work changed). In addition, efforts to combat child labor through raising adult wages may increase child labor in the carpet sector as they made children relatively less expensive.

This study collected and analyzed its data using the market costs of factors. Thus, the cost of child labor for this study was the wage cost. In a broader context that took into consideration government regulations and possible fines for violating labor laws, the cost of child labor would be calculated differently.

BEST PRACTICES TO ELIMINATE CHILD LABOR IN THE CARPET INDUSTRY

Rigorous impact studies of educational initiatives are difficult to conduct, but the ideal way to estimate the impact of interventions is to use randomization to assign similar children to a treatment group receiving the educational support and to a control group that does not.

The project conducted a randomized evaluation of two educational interventions (scholarship and stipend) aimed at children who were vulnerable to child labor. The project identified 660 children vulnerable to child labor in 101 carpet-weaving establishments in the Kathmandu valley of Nepal. One-third (n=220) of the children were randomly selected to each receive a scholarship of 3,950 Nepalese rupees (\$55 USD) for one year to reimburse school related costs. Another 220 were randomly selected to receive the scholarship plus an additional monthly stipend of foodstuff worth 1,000 Nepalese rupees (\$14 USD) per child if the child attended school at least 80 percent of the school days in the previous month. The remaining 220 children acted as a control group. Information on school attendance and performance and work was collected on all 660 children before random assignment occurred, five months into the school year, and within a month after the end of the school year.

This study emphasized 11 outcomes as key findings (see Table 7 for yearend means of these 11 outcomes by treatment status.)

Table 7: Key Outcome Variables at Yearend by Treatment Status

	Control	Scholarship	Scholarship & Stipend
Child not living with parents (%)	7.7	4.5	3.7**
Total attendance rate (%)	81.1	84.9	91.0**^^
Child missed a calendar month of school (%)	20.9	14.2	7.8**^^
Child appeared in final exam (%)	87.3	89.4	95.9**^^
School test score (level)	49.7	53.0	54.2**
Failed current grade (%)	13.5	7.2*	7.2**
School enrollment in subsequent year (%)	97.3	94.1*	97.3
Total educational expenditures on child (Nepalese rupees)	6949	5395**	5769**
Total educational expenditures on child including scholarship (Nepalese rupees)	6949	9031**	9553**
Child involved in pre-weaving activities, last 7 days (%)	1.8	5.0**	2.8
Child involved in weaving carpets, last 7 days (%)	7.3	5.5	3.7

Source: The Schooling Incentives Project Evaluation (March 2010 - May 2011).

Note: Asterisks indicate significance of test that the regression adjusted mean for the indicated treatment category equals the regression adjusted mean for the control group using the regression approach described in equation (2) of the Technical Report. ** p<0.05, * p<0.1. Caret marks indicate significance of the test that the regression adjusted mean for the scholarship + stipend treatment equals the regression adjusted mean for the scholarship only treatment using the regression approach described in equation (2) of the Technical Report. ^^ p<0.05, ^ p<0.1 All regression work and hypothesis testing on expenditures use the log of expenditures as the dependent variable although the table reports levels.

The results of the study showed that the impact of the scholarship on attendance in the year of support was too small to be detected. The scholarship and stipend combination treatment increased school attendance and reduced work compared to the control group that did not receive support. Girls especially benefited. Female school attendance rates increased by 13 percent, and beneficiaries were 75 percent less likely to miss a month of school compared to the control group. Girls receiving the scholarship and stipend were 62 percent less likely to fail their current grade, 68 percent less likely to work in weaving in the month after financial support ended, and 63 percent less likely to live unaccompanied by a parent after the year of support compared to girls in the control group.

In summary, conditional economic assistance appeared to have had an impact, especially for girls. The fact that the impact of the stipend extended beyond the period of support highlights the importance of poverty motives for child disengagement from school and entry into weaving.

A VISUAL GLOSSARY

Wool Processing Activities



Wool spinning in Nepal



Wool dyeing in India



Balling wool in India

Carpet Production Activities



Tibetan hand-knotting in Nepal



Hand-tufting in India



Persian hand-knotting in Pakistan

Carpet Finishing Activities



Washing carpets in India



Repairing errors in Pakistan



Latexing hand-tufted carpets in India

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