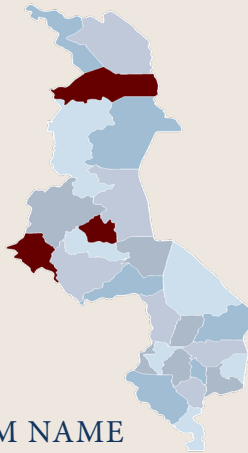


The Impact of Village Savings and Loan Associations on Child Labor in Malawi:

EVIDENCE FROM THE CLEAR II PROGRAM



PROGRAM NAME

Closing the Child Labor and Forced Labor Evidence Gaps: Impact Evaluations

Randomized Controlled Trial of the Child Labor Elimination Actions for Real Change II program

LOCATION

Mchinji, Ntchisi, and Rumphi districts, Malawi

STUDY SAMPLE

18 Communities

TIMELINE

August 2016 - March 2019

FUNDER

United States Department of Labor, Bureau of International Labor Affairs

IMPLEMENTING PARTNER

Total Land Care

INDEPENDENT EVALUATOR

IMPAQ International, LLC

BACKGROUND

According to the International Labour Organization, at least 152 million children ages 5–17 worldwide are child laborers, accounting for almost 11 percent of the global child population in 2016.¹ Almost half the children involved in child labor work in hazardous conditions that endangers their safety, health, and morals. Malawi has one of the highest rates of child labor and hazardous child labor in the world.²

Approximately 80 percent of Malawi's population lives in rural areas, with agriculture as the main source of income.³ Tobacco is by far the most profitable crop for Malawian farmers. In 2013, Malawi was the seventh largest producer of tobacco leaves in the world.⁴ Children in Malawi are engaged in tobacco production, which is considered hazardous work due to the presence of pesticides and nicotine.⁵

INTERVENTION

Within this tobacco cultivation context, the Eliminating Child Labour in Tobacco-Growing (ECLT) Foundation funded the Child Labour Elimination Actions for Real Change (CLEAR) program in Malawi between 2011-2015. The program aimed to reduce child labor prevalence by adopting a multi-pronged approach of:

- Identifying and removing children engaged in child labor
- Raising community awareness and advocating for policy changes at national and local levels
- Implementing a livelihood intervention for relaxing households' liquidity constraints

Specifically, the livelihood intervention consisted of supporting the formation and training of Village Savings and Lending Associations (VSLAs).

In 2016, ECLT funded the CLEAR II program. The intervention operates in the same three districts as the previous program, but focuses specifically on supporting the formation and training of VSLAs. The objectives of the program are to:

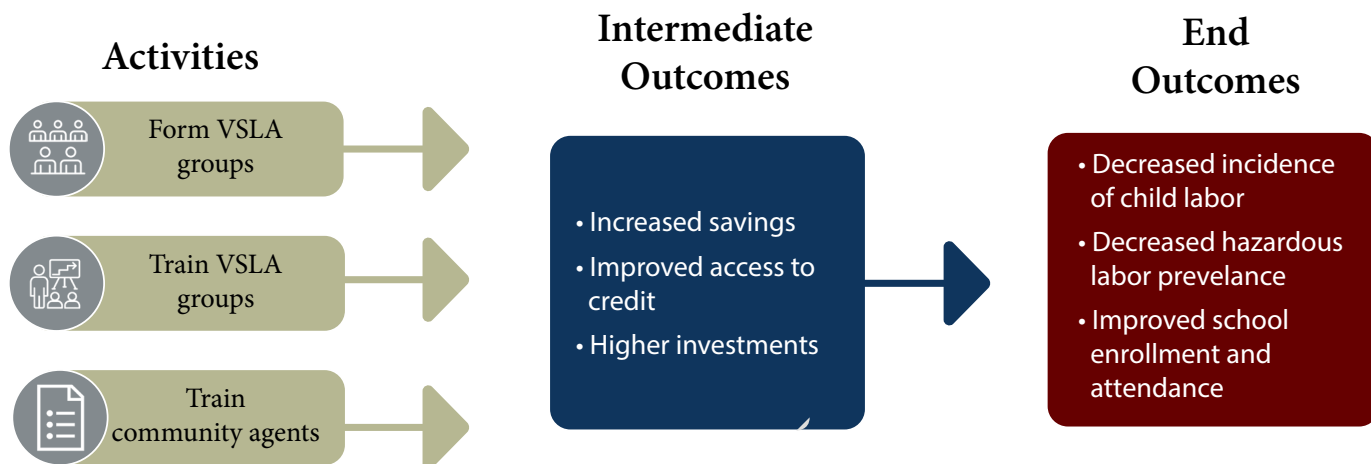
- Protect children ages 5-17 from child labor in tobacco cultivation
- Protect legally working children (ages 14-17) from hazardous child labor in tobacco cultivation

Once the VSLAs are formed, the CLEAR II intervention provides training in child labor prevention, financial literacy, and procedures for obtaining VSLA certification.

To examine the linkages between VSLAs and child labor, the United States Department of Labor's (USDOL) Bureau of International Labor Affairs (ILAB) funded IMPAQ International, LLC (IMPAQ) to design a randomized controlled trial evaluation of the CLEAR II program. The goal of the study was to contribute to building evidence on the link between increased access to credit and savings and child labor. This summary presents the program and the main evaluation findings.

Disclaimer: This material does not necessarily reflect the views or policies of the U.S. Department of Labor, nor does the mention of trade names, commercial products, or organizations imply endorsement by the U.S. Government; 100 percent of the total costs of the project across the five countries has been financed with federal funds, for a total of \$4,194,395.

PROGRAM THEORY OF CHANGE



RESEARCH QUESTIONS

The evaluation was designed to measure the impacts of CLEAR II on the following outcomes:

End Outcomes

- Child labor and hazardous child labor
- School enrollment and attendance

Intermediate Outcomes

- Household savings
- Credit access and investments

EVALUATION DESIGN

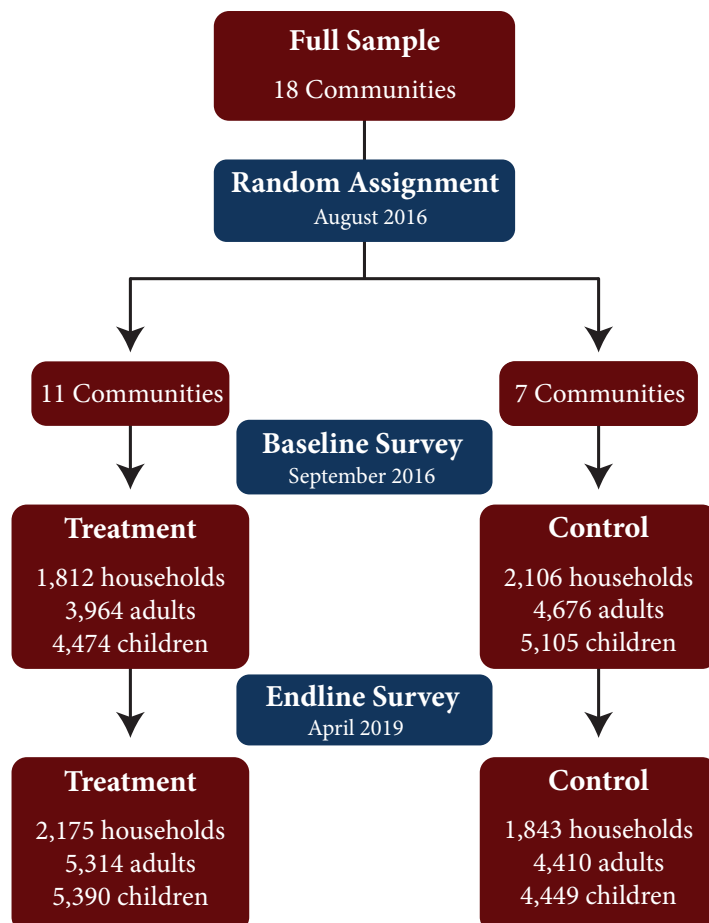
Before the launch of program activities, IMPAQ randomly assigned 18 communities in Mchinji, Ntchisi, and Rumphi to treatment and control groups. Data for the impact evaluation was collected at baseline in 2016 and at endline in 2019.

Using regression analysis, the impact of the program is measured by comparing the average outcome of the treatment group with the average outcome of the control group. We measure differences in both intermediate and end outcomes between the treatment and control groups. A qualitative study was also implemented to facilitate understanding of changes experienced by households through their participation in VSLAs.

DATA

IMPAQ designed a project-specific survey administered to households and children. The survey gathered information related to household composition, education, employment, tobacco cultivation, informal group membership, and savings and investments. Respondents were household members who were at least 18 years of age and had at least one child between the ages 5-17. The children's survey was administered to those aged 12-17.

IMPAQ conducted key informant interviews with program implementers and community leaders, and focus group discussions with VSLA members in treatment communities.



KEY FINDINGS

Quantitative Findings

VSLAs exist in both treatment and control communities:

- About 18 percent of the treatment household sample reported participating in VSLAs. In control communities, households also reported participating in VSLAs, which appear to have been formed and supported by other implementers/programs.

Inconclusive impact of CLEAR II in reducing child labor, improving school participation, and increasing access to savings and investments:

- The study could not conclusively support or reject the effect of VSLAs on access to credit, savings, and business investments.
- The study could not conclusively reject or accept that VSLA formation is linked to a lower prevalence of child labor, hazardous child labor, and improvement in children's school enrollment and attendance.

Caveat to Interpretation

Inconclusive effects of the CLEAR program on intermediate and end outcomes does not imply lack of impact. Due to formation of VSLAs in control communities, we cannot draw clear conclusions about the linkages between VSLAs, child labor, and school participation and enrollment.

Qualitative Findings

Households' VSLA savings were used to smooth consumption:

- Households used their VSLA savings to meet immediate consumption needs and offset shocks.

Households could not save enough to make farm or off-farm investments:

- Households could not meet their savings targets and did not save enough to make productive investments, such as purchasing fertilizer for their farms.

VSLAs had not operated for a sufficient duration for changes in savings and investments to be detectable:

- In two years, the VSLA groups had been formed and trained. Households had just begun saving on a regular basis. Program implementers reported that longer participation could potentially allow VSLA members to save more and make productive investments.

CONCLUSION FOR RESEARCH AND POLICY

- Formation of VSLAs may not be sufficient to reduce the likelihood of child labor, especially when VSLA participation does not translate into household investments.
- Conditional on credit access leading to productive investments through VSLAs or other interventions, research could focus on understanding the mechanisms that guide households' responses to reducing or increasing children's involvement in work.
- Future studies on VSLAs and child labor should carefully consider that VSLAs are formed as part of many international development interventions, which can potentially influence impact measurement if not explicitly included in the research design.

References:

- ¹International Labour Organization, International Programme on the Elimination of Child Labour. (2017). Marking Progress Against Child Labour: Global Estimates and Trends 2012–2016. Available from https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_575499.pdf.
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- ³Central Intelligence Agency. (2016). World Factbook. Available from: <https://www.cia.gov/library/publications/the-world-factbook/geos/mi.html>
- ⁴Food and Agriculture Organization of the United Nations, Statistics Division. (2016). Food and Agricultural Commodities Production Rankings.
- ⁵Findings on the Worst Forms of Child Labor—Malawi | U.S. Department of Labor. (n.d.). Available from <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/malawi>