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Abstract ID1067: Child labor screening - a pilot to reduce social risk in Ghana operations

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Background:

The World Bank's Environmental and Social Framework (ESF) came into force in 2018. It commits the organization to support decent working conditions and prevent child labor when financing investment projects. Child labor is caused by socio-economic vulnerability and poverty and has been shown to perpetuate poverty in the next generation (ILO, 2022a; Republic of Ghana, 2017; Rossanna, G., 2001). Preventing child labor is therefore important in the context of the World Bank's organizational goals of ending extreme poverty, promoting shared prosperity on a livable planet, and the Social Development Goals (SDGs).

Understanding the risk of child labor in Ghana:

The World Bank's Country Management Unit (CMU) Ghana is responsible for three countries in West Africa, namely Ghana, Liberia and Sierra Leone. These countries have some of the highest prevalence rates of child labor in the world and are above the African average of 24 percent. In Ghana, for example, the prevalence of child labor for children aged 5 to 17 is estimated at 28 percent, and this estimate includes domestic work. A large proportion of these children, namely 74 percent of all children involved in child labor and 21 percent of the total child population aged 5-17, are involved in hazardous child labor, which is one of the worst forms of child labor to be eliminated by 2030 as per SDG target 8.7 (Ghana Statistical Service, 2018). The situation is even worse in Liberia and Sierra Leone where child labor prevalence is 32 percent and 39 percent of the total child population respectively (Liberia Institute of Statistics and Geo-Information Service and UNICEF, 2018 and Statistics Sierra Leone and ICF, 2020). The World Bank also invests in some of the highest risk sectors, including agriculture and mining, and many operations include construction, renovation and infrastructure development, sectors where children working are exposed to hazardous conditions and other conditions not conducive to their age and development.

Prohibition of child labor in World Bank operations

To ensure that World Bank financing contributes to sustainable development, operations are guided by 10 Environmental and Social Standards (ESS) that focus on sustainable practices. The World Bank's ESF provides for risk assessment at the project preparation stage and for proportionate design and risk mitigation measures during project development. The ESS2 on Labor and Working Conditions, specifically, positions the World Bank particularly in relation to international and national legal definitions of child labor. It sets the minimum age for working on a World Bank project at 14 years, unless national legislation sets a higher minimum age, and prohibits hazardous work for children under the age of 18 in accordance with international conventions on the subject.

The World Bank's project portfolio in the CMU Ghana

The World Bank's portfolio in Ghana's CMU includes investments in several sectors, some of which have high levels of child labor. Some operations include smaller or larger investments in infrastructure, e.g. to improve transportation corridors, roads, water and sanitation facilities, and to renovate and improve infrastructure for the transportation of raw materials and exports. Other operations invest in growth-enhancing economic sectors, such as the diversification of agricultural value chains such as cocoa, cashew nuts and rubber, sustainable food systems, landscape restoration and the formalization and sustainability of the mining sector. The investment portfolio also includes investments in human development and the social sector, e.g. in the areas of health, education, social protection, skills and jobs for youth employment and social cohesion. In addition, there are investments aimed at improving statistics, data availability and analytical tools for policy and project targeting. Overall, this comprehensive portfolio offers many opportunities for preventing child labor (Siddiqi and Patrinos, 1995), targeting strategic investments to child labor hotspots, and also requires risk management to ensure that there are no unintended negative impacts on child labor prevalence rates and that no child under the legal minimum age is employed as a worker or in conditions that are not conducive to their age and development.

Figure 1: Typology of projects in the Ghana CMU World Bank Portfolio

A framework and strategy to address risks and prevent child labor:

In light of this opportunity and risks, the World Bank CMU in Ghana conducted a portfolio risk assessment in 2020/2021 and a toolkit was developed in 2021/22 to provide step-by-step guidance to teams to ensure that risk management is systematically implemented throughout the project cycle, as envisioned in the ESF (Nordenmark Severinsson and Okereke, 2024). The toolkit provides a range of options and guidance for risk management of child labor in individual projects and across the portfolio. The toolkit includes five sections of guidance, tools and templates, of which the first three (3) steps are aimed at project design and preparation, namely how and what to do to (1) screen projects for child labor risk; (2) consider child labor mitigation options (3) select strategies to mitigate child labor; and two (2) steps aimed at project implementation, namely what to consider and how to implement (4) risk mitigation techniques; and (5) monitor and evaluate results.

Child labor risk screening: why and what?

As part of the work to strengthen child labor risk management in Ghana's CMU, a project child labor risk screening tool was developed for use in the early stages of project design. This tool has proven to be useful as the assessment of social risks such as child labor can be very complex. The concept of child labor is often misunderstood and confused with child work in general. However, child labor is a legal definition of work that is harmful to the physical and mental development of children and therefore deprives them of their childhood, potential and dignity. Although the legal term *child labor* refers to work that is prohibited for children, the term itself is often confused with any work performed by children. However, not all work performed by children is prohibited. Whether a child's work falls within the legal definition of child labor depends firstly on the age of the child, secondly on how many hours a child works per day, and thirdly on the conditions under which a child works, whether the work is hazardous or not and whether other conditions, such as breaks are adapted for the child's needs. ILO Convention 182 prohibits the worst forms of child labor, including hazardous work for children. ILO Convention 138 on minimum age states that *light work* may be permitted for children from the age of 13 (or 12, depending on national circumstances) if the work is for limited hours and not harming their health, safety or school attendance and performance. In addition, a general minimum age for full-time work of 15 years (or 14 years depending on national circumstances) has been set. However, under no circumstances may a child under the age of 18 be involved in hazardous work. If a child has not yet completed their compulsory education, the work must not interfere with their schooling (ILO, n.d.). The World Bank's ESS2 permits work for children aged 14 and over, unless national legislation stipulates a higher minimum age. In addition, hazardous work is prohibited for children under the age of 18. Whether or not an investment project involves risks related to child labor requires a careful analysis of both the context and environment in which the project will be implemented and the borrower's ability to manage the risk. The level of risk also depends on the nature of the investment and the activities that the project will finance. These factors are discussed in more detail below.

<u>The risk of child labor is influenced by the sensitivity of the receiving environment</u>

If child labor is known to be prevalent in a geographic area where the project is to be implemented, if poverty is widespread, and if household members have poor socio-economic outcomes, the risk that a project will encounter child labor- related issues inevitably increases (UNICEF, 2021). For example, there is a risk that children will be recruited as laborers for the project under conditions that are not appropriate for their age and development, which the World Bank prohibits under the ESS2. However, there is also a risk that an investment may exacerbate child labor in other sectors or in the geographic area where the project is implemented if the risk is not properly identified, characterized and managed. For example, labor-intensive public works (LIPW) have been found to sometimes unintentionally shift responsibility from adults to children in the household, as adults seek better-paying work opportunities and thereby increasing children's work on low paying or unremunerated work (ILO and UNICEF, 2022). Another example of the way in which an investment can face challenges related to child labor is investments that increase agricultural productivity. These can unintentionally increase the prevalence of child labor if they increase the demand for labor in contexts where adult labor is scarce or expensive and where social protection and access to schooling are limited, which is the case in Ghana's CMU countries (ILO and UNICEF, 2020). It is therefore important to fully understand the sensitivity of the environment in which the project is to be implemented. This can be assessed by determining the prevalence of child labor in the geographic areas of implementation, by determining poverty rates and living standards, both of which are the important causes of child labor (ILO and UNICEF, 2020). Other factors that may influence the contextual risk of child labor include whether there are many children in the area have moved away from their original families to be cared for by extended family or friends. In some contexts, such living arrangements have been associated with a greater risk of child exploitation. For example, in several countries it has been noted that child trafficking is sometimes facilitated by family members who promise poor relatives an education and a better life for their children. In West African countries, the traditional and cultural practice of kinship or foster care, where richer relatives raise the children of poorer ones, has now been identified as a cultural practice that in some cases leads to the exploitation of children (Okech et al. 2021).

<u>The risk of child labor is also influenced by the capacity of the borrower to manage the risk</u>

When countries have ratified key international conventions, such as ILO Convention 138 on the minimum age or ILO Convention 182 on the worst forms of child labor, this has often started a process in countries to raise awareness of what is and what is not child labor among key stakeholders who are part of the ILO tripartite structure, namely governments, employers and workers. Even before ratification, the accession process itself contributes to raising national awareness of child labor by promoting inclusive dialogue, legislative alignment and public commitment to defining and eliminating unacceptable forms of child work. The existence of a national plan or strategy addressing child labor also helps to channel investment into child labor prevention programs, which reduce risk related to child labor. Coordination among stakeholders involved in the elimination of child labor also strengthens the borrower's ability to manage the risk of child labor, as does the presence of a sufficiently large workforce that can monitor, identify and remediate child labor, such as labor inspectors and social workers.

<u>The characteristics of the project influence the risk of child labor</u>

The investment sector and the extent of child labor in that sector compared to other sectors in the country, whether the sector has been previously identified as a sector where child victims of trafficking and forced labor are exploited, and whether the sector is mainly informal and poorly regulated, whether the project requires a large workforce in a sector that does not pay very well and where it has been difficult to recruit adult workers in the past are all critical factors that influence the risk level of the project investment. Specific types of activities, such as for example resettlement activities, especially if these are poorly planned or inadequately compensated, can increase child labor by disrupting household livelihoods, limiting access to education, and causing economic shocks that force families to rely on child labor to restore their income (World Bank, 2023).

Child labor risk screening: when and how?

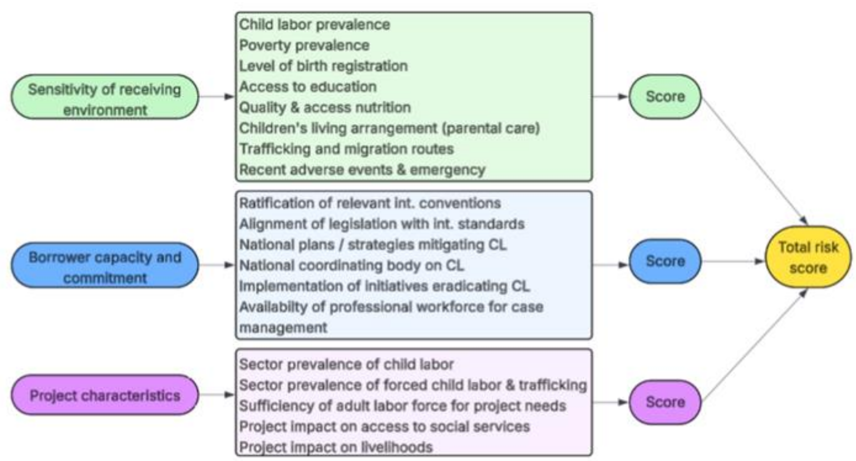
The above factors and assessment areas are all captured in the child labor risk screening tool developed by the World Bank's CMU in Ghana. In order not to overburden project preparation teams, but to make a strategic selection of investments and contexts where child labor risk screening is recommended, the CMU has developed two different criteria to help decide whether child labor risk screening is appropriate for the investment. Teams preparing projects are advised to screen for child labor risk early in the process if:

- Criterion 1: A broader social and environmental impact assessment identifies issues and risks related to child labor and/or child trafficking or broader labor-related risks (forced labor)
- Criterion 2: The project intervenes in agriculture, mining/industry and/or construction in countries with high rates of child labor

If a project meets one or both of these criteria, which can be assessed through a simple probe to Copilot or ChatGPT, it is recommended that a more thorough risk screening of the project is undertaken to determine the level of risk, identify the causes of the risk and determine risk management methods that are appropriate to the level of risk identified.

The risk screening tool comprises 19 questions (Figure 2) to assess (i) the sensitivity of the receiving environment (8 questions), (ii) borrower's capacity and commitment (6 questions) and (iii) the project characteristics (5 questions). After answering each question by selecting answers from a predetermined menu of options, the scores are automatically added and summarized by section of the screening tool. The total risk screening score helps determine whether the project has a low, moderate, substantial or high risk of child labor. The broader toolkit elaborates options for risk management that are more or less comprehensive, depending on the assessed level of risk of the project.

Figure 2: Child labor risk screening – structure and contents of the tool



Lessons learned

The following lessons were learned from the application of this tool and child labor risk screening in the World Bank's CMU in Ghana. Social risks, including risk identification and quantification, are often inadequately addressed and sometimes risks are ignored due to a lack of understanding of the issues and challenges at hand. Risk mitigation is sometimes approached as a 'tick box' exercise, although it needs to be comprehensive and adapted to a proper understanding of what drives the risk, as well as the level of risk. Both can lead to operational approaches that are less effective in contributing to social sustainability.

Conclusion

To draw attention to social risks that may have been underestimated in the past and that lead to "blind spots" in ex ante social impact assessments, the use of a tool such as the child labor risk screening tool can be helpful. This tool serves both as a guide for risk assessment and helps to quantify the level of risk, reducing subjectivity and bias that can be detrimental to risk management. It also helps teams to orient themselves and raise their awareness of what constitutes risk and whether it is mainly the sensitivity of the environment in which the project is being undertaken, the borrowers' capacity and commitment to manage the risk, or the project characteristics that drive the risk. For a project to receive a high-risk rating, all these different areas usually play a role at the same time. A further conclusion is that data-driven identification and quantification of social risks helps to justify investment in comprehensive risk mitigation. This can contribute to operational efficiency and support the development of national systems that advance social sustainability and improve respect for human rights in the investment sectors.

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