



**International  
Labour  
Organization**

- ▶ **Analyzing the risks of child labour within households using a microcredit through the 60 dB Microfinance Index**

Terms of reference to recruit an individual consultant

**ILO ACCEL Africa Project**

December 2022

## ▶ 1. Background

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### **ILO Social Finance & ACCEL Africa Project**

For the last 30 years, the [ILO Social Finance Programme](#) has been supporting the financial sector to contribute to achieve SDG 8 and hence promote a decent work for all, which includes the realization of the five fundamental principles and rights at work like the elimination of child labour.

One flagship endeavour is the [Microfinance for Decent Work Action Research](#) programme. This five-year programme tested the impact of financial and non-financial innovations in partnership with 16 microfinance institutions around the world and learned for example that extending health insurance to additional household member significantly reduced child labour. Based on this experience, [ILO ACCEL Africa Project](#) (Accelerating Action for the Elimination of Child Labour in Supply Chains) has been actively engaging with the financial sector to test innovative models aiming to reduce the incidence of child labour in five global supply chains in six countries in Africa. Through ACCEL, the **ILO seeks to mainstream child labour issues into existing national, sectoral policies, programmes and into supply chain sustainability initiatives and programmes**. Hence, ACCEL has been positioned to support awareness raising and capacity building of local stakeholders including the financial sector to address child labour in line with International Labour Standards, the UN Guiding Principles on Business and Human Rights, the ILO MNE Declaration, and the OECD Guidelines for Multinational Enterprises and national regulations as well as with voluntary initiatives (e.g. Equator Principles, Principles for Responsible Banking). For example, ACCEL identified some room for collaboration with Grameen Credit Agricole Foundation which supports 81 partners, mostly microfinance institutions and social enterprises, in 37 countries with more than €78 million in commitments as an investor, lender, technical assistance coordinator and funds advisor.

### **The Grameen Credit Agricole Foundation**

Created under the joint leadership of Crédit Agricole S.A. executives and Professor Yunus in 2008, the Grameen Crédit Agricole Foundation (GCAF) supports microfinance institutions and social enterprises in countries where poverty and financial exclusion are the most significant.

The Foundation's mission is to contribute to the fight against poverty and inequalities by promoting financial inclusion and social impact entrepreneurship. In 2019, the Foundation defined its impact model and objectives to contribute to the Sustainable Development Goals set by the United Nations, especially the SDGs 1, 2, 5, 6, 7, 8, 13 and 17. In order to improve its impact management and detect any risk of negative impact, including (but not limited to) child labour, the Foundation has since then conducted impact studies in the field, in collaboration with its partners and other investors, and participating in several initiatives, such as the **60-Decibels Microfinance Index**. As part of its mission, the Foundation aims to strengthen agricultural value chains in developing countries: as of September 2022, 44% of the Foundation's partners have more than 25% of their portfolio in the agricultural sector, identified as one of the riskier sectors regarding child labour.

For the coming years, the Foundation aims to enrich its action by improving the quality of its support for its partners in order to improve its impact on vulnerable people, including women and the youth especially in rural areas, as well as on refugees.

Engaging its partners on the subject of child labour risks therefore resonates with GCA impact mandate, social responsibility as an investor and ambitions.

### **The role of the financial sector in eliminating child labour**

The Durban Call to Action<sup>1</sup> in the elimination of child labour launched in May 2022 identifies for the first time the role of the financial sector in the fight against child labour at different levels, including in inclusive finance. Studies show that microcredit and cash transfer programs help reduce child labour by addressing household poverty, but in a few cases, they can also increase the incidence of children in child labour<sup>2</sup>. Other studies demonstrated the risks that weigh on children more particularly in some sectors of activity, such as agriculture. The sector accounts for the largest share of child labour worldwide (70% of children aged 5 to 17 years in child labour, 80% in Africa)<sup>3</sup>.

Impact studies have occasionally tackled the effect of microcredit on child education and child labour but there are still open questions. In particular, more research is needed on the types of financial products and their features that best allow parents to save, submit payments, or use loans in order to keep children in school.<sup>4</sup> The first edition of the **60-Decibels Microfinance Index**<sup>5</sup> was released in June 2022, in which almost 18,000 clients from 72 microfinance institutions in 41 countries were interviewed on 5 dimensions (access, business impact, household impact, financial management, resilience). The results indicated that microfinance sector may have a positive impact on children education: 47% of clients interviewed reported increasing spending on children's education thanks to their loan in a microfinance institution.

### **60 dB Microfinance Index<sup>6</sup>**

As for the 2021-2022 edition, 60 Decibels worked with 30 investors and microfinance networks and partnered with 72 microfinance institutions (MFIs). For each MFI, we randomly sampled approximately 250 of their clients, asking them all the same core set of 37 questions. The interviews were conducted over the phone in local languages by our 60 Decibels-trained, in-country Research Assistants. So, for example, our 60dB Indian Research Assistants spoke to a total of 2,022 clients from 8 MFIs in India and conducted the interviews in Hindi, Punjabi, and Gujarati (among other languages). The average survey duration was 15 minutes.

The Microfinance Index survey has a total of 37 questions, 34 of which were quantitative (closed-ended) and 3 of which are qualitative (open-ended). Excluding demographic questions, all questions in the survey attempt to capture the opinion or perspective of the respondents: How much do they feel their quality of life has improved? How much of a burden are loan repayments? Do they feel there are good alternatives to their MFI loan in the market? Like all survey data, these answers are necessarily subjective. Ultimately, it is the clients themselves who are the best judge of their own lives, experience, and well-being.

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<sup>1</sup> [wcms\\_845907.pdf \(ilo.org\)](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_845907.pdf)

<sup>2</sup> [https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---ipec/documents/publication/wcms\\_845168.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_845168.pdf)

<sup>3</sup> [https://www.ilo.org/ipec/ChildlabourstatisticsSIMPOC/WCMS\\_817701/lang--en/index.htm](https://www.ilo.org/ipec/ChildlabourstatisticsSIMPOC/WCMS_817701/lang--en/index.htm)

<sup>4</sup> [A research and learning agenda for the impact of financial inclusion, CGAP, Dec. 2020](#)

<sup>5</sup> [https://app.60decibels.com/mfi-index?utm\\_source=60dbweb&utm\\_medium=organic&utm\\_campaign=work](https://app.60decibels.com/mfi-index?utm_source=60dbweb&utm_medium=organic&utm_campaign=work)

<sup>6</sup> <https://60decibels.com/insights/microfinance-index/>

In close collaboration with ILO and GCAF, additional questions related to child labour (1 qualitative question and 1 quantitative question) were included in the Microfinance Index survey, which was only conducted among GCAF partners (6 MFIs globally representing the voices of 1,500 clients).

## ► 2. Objective of the study

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The objective is to analyse the data collected from the additional questions, included in the 60 dB Microfinance Index, on child labour among GCAF MFI's partners (1,500 clients). This analysis will serve as a basis to assess the impacts of Microfinance Institutions on the potential risk to increase child labour within clients' operations or improving clients' children education.

## ► 3. Scope of work

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From the Microfinance Index survey, two follow-up questions were included by ILO to two existing questions:

- **1 quantitative question**, asked to clients who respond to any of the three selected answer options (from a total of four answer options),
- **1 qualitative question**, asked to clients who respond to any of the two selected answer options (from a total of four answer options).

The individual consultant' scope of work will comprise the following tasks:

1. Prepare the data for analysis (cleaning and coding of the open-ended question)
2. Understand the links among survey questions and answers with child labour and child education outcomes
3. Analyse new data collected from follow-up questions introduced by ILO in the 60-Decibels Microfinance Index questionnaire including the recoding of the open-ended question (qualitative question)
4. Make a cross analysis between results from the added questions and results from other relevant questions from the survey to identify underlying factors
5. Make a report summarizing the findings of the analysis with supporting visualizations

## ► 4. Expected outputs

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The individual consultant is expected to deliver the following:

1. A first analysis of the data collected on child labour and child education. The analysis should be minimally desegregated by MFI and gender and include a cross tabulation of ILO questions with other relevant questions to child labour and child education outcomes
2. A final report, integrating the comments provided by the ILO and GCAF (maximum 10 pages)
3. A do file, cross tabulations from Qualtrics in an Excel file for verification of analysis.
4. A final, raw data file with the qualitative codes for the qualitative question

This initial analysis will serve as a basis to formulate recommendations on concrete actions to support MFIs to reduce the potential risk of child labour within their operations, if any. Recommendations will be formulated by the ILO, and not by the consultant.

## ► 5. Timeframe and management arrangements

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The expected duration of the assignment is **16 working days** at a daily rate to be defined on the basis of the level of experience of the selected candidate. The consultant will report to Edgar Aguilar, Social Finance Officer, and Gabriel Lawin, Research Officer. The assignment will be supervised by ACCEL Africa team based in Abidjan and GCAF team based in Paris. The total fee will be paid upon delivery of the final output to the satisfaction of the ILO.

## ► 6. Required profile

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The external collaborator should have the following characteristics:

- Masters in economics, statistics, or a related social science discipline
- At least 3 years of technical experience in socio-economics data analysis
- Experience with data management and econometrics. Advanced knowledge of **Qualtrics**, **Stata** or any statistical package is preferred;
- Having done similar studies with international organizations
- Being familiar with 60 dB Microfinance Index Survey
- Experience in financial inclusion
- Experience with presenting research findings at public forums, including to non-research focused audiences.
- Excellent English writing and communication skills

## ► 7. Applications

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Interested individuals are invited to send the following documents to [info-accelafrica@ilo.org](mailto:info-accelafrica@ilo.org) (copy to [aguilarpaucar@ilo.org](mailto:aguilarpaucar@ilo.org)) before **15<sup>th</sup> of January 2023**, midnight Abidjan time:

- Curriculum vitae of the expert who will conduct the study
- A technical proposal of 2 pages maximum, outlining the candidate's understanding of the assignment, proposed methodology, and calendar
- A financial proposal containing the required daily consultancy rate

The subject of the email should be formulated as follows: "Child labour in Microfinance Index Survey"