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Executive Summary.

Since the early 1980s, governments, international organisations and the public at large have shown increasing concern at the plight of young urban workers on the streets of the South. The legislative and regulatory framework developed in response predominantly strove to ‘rescue’ these children from the world of work and from life on the streets, to rehabilitate them and ‘return’ them to childhood. Recently, however, the failure of this approach to sufficiently guarantee the safety and the physical and social development of these children has prompted the search for alternative ways to bring about significant positive changes to their lives.

This paper discusses whether microfinance programs, which aim to enhance the livelihood strategies and increase the security of income sources of street-based working children, represent an important element of this new approach. It will introduce a number of schemes that are already looking more specifically into the issue of this group as income earners, provide insights into how effective these initiatives have been in helping the children within their everyday struggle to survive, and identify the persistent obstacles which will affect their future expansion. The paper will lastly discuss a number of emerging opportunities open to microfinance programs within this field, exploring in particular whether their real value lies in providing a viable avenue for the economic and social advancement of street-based working children.

Glossary.

CCC	The City Center For Children Business Club, Mongolia.
CCI	Centro de Capacitacion Informal (Informal Training Center), San Pedro Sula, Honduras.
CESAM	Vigilantes Mirins Programme of the Centro Salesiano do Menor, Brasil.
C138	ILO Minimum Age Convention (1973).
C182	ILO Worst Forms of Labour Convention (1999).
CGAP	Consultative Group to Assist the Poorest of the Poor (a World Bank Affiliate).
CRC	United Nations Convention on the Rights of Children (1990).
FUNPRONOP	Fundacion Olof Palme for the Protection of Children.
ILO	International Labour Office.
MANTHOC	Movement of Working Children and Adolescents from Christian Working Class Families.
MFI	Microfinance Institution.
NGO	Non-Governmental Organisation.
SCF	Save the Children Fund.
SKI	Street Kids International.
UN	United Nations.
UNICEF	United Nations Children's Fund.

Introduction.

Microfinance emerged as a development and poverty reduction tool in the 1980s, in response to the mounting need to confront the problems inherent in lending to the poor. It is now celebrated as having the ability to strengthen the economic capacities of vulnerable households in a sustainable and cost-effective manner. Whilst it cannot on its own eliminate poverty and transform social relations, like any other service or intervention, it is also claimed to play an important role in addressing the social and economic exclusion of disadvantaged people.

Children have been a priority of these development efforts since their inauguration. Indeed, providing microfinancial services to families without collateral is often justified on the basis that the benefits will be passed on to the young. Given this expressed concern to bring about significant positive changes to the lives of youth, it is surprising therefore that so little attention has been paid to the need to direct such opportunities to the children themselves. This neglect becomes even more remarkable when one recalls that many of these organisations are professing to reach the ‘poorest of the poor’. For who can claim to be poorer than young urban workers in the South¹, the greatest number of whom are without access to education and with few prospects for the future, simply working to keep themselves and their families alive?

These issues and more are tackled in this paper. I will explore the extent to which microfinance is currently being used to intervene in the lives of street-based working

children, and critically assess the successes and failures the approach has achieved thus far. I will subsequently examine the possibilities and potential of, as well as the challenges facing, future interventions. Since most academics and development practitioners have previously treated child streetism and microfinance entirely separately, however, there will necessarily be a gap between the theories and practices used to confront the two phenomena. The first section of this paper, which offers a brief but critical introduction of the key concepts involved, will be devoted to bridging this gap.

Chapter one explains the term ‘street-based working child’ and illustrates as concisely as possible the circumstances as they exist for these children. This requires not only examining in detail the various assumptions that determine how the group is understood, but also necessitates establishing some of the most common mistaken ideas about these children.² Since contradictions between different sources abound, the various political, social or cultural concerns that could have influenced a piece of work, albeit inadvertently, will have to be factored into this analysis.

Chapter two critically introduces some of the complex philosophies underlying past and new international thinking on child work, since deliberations crucially affect efforts to support street-based working children. The dominant position taken until recently was one of abolishing work via prohibitive and regulatory legislation. This position assumed near global credibility with the endorsement of various international agreements, most

¹ It is recognised that using this term is fraught with difficulties. However, it is convenient for analytical purposes.

² The situation of ‘working children’ has been far less thoroughly detailed than that of ‘street children’. Important exceptions are recent works by Ennew (1997), Marcus et al. (1999) and Tolfree (1998), notably all published in connection with Save the Children Alliance, and Moore (1999).

notably the ILO Minimum Age Convention and the more recent UN Convention on the Rights of the Child (UNCRC).³ It will be seen, however, that these instruments are underpinned by a very narrow understanding of childhood as a universal experience of fixed duration, and bear little relation to the experiences of many children outside the Western world.

The recognition that a plurality of childhoods exists at any one time has prompted a distinct movement away from the strictly abolitionist approach in recent years. As chapter two illustrates, this reorientation of public policy is based on an understanding that children are *not* a homogenous group with uniform needs; that popular conceptions of childhood are premised on powerful and volatile ambiguities. Within this new ideological discourse, the proposition that all kinds of work are detrimental to street-based working children is rejected. Rather, the emphasis is increasingly on supporting and enhancing the creativity and resilience of this group of disadvantaged urban workers.

It is within this framework of regarding children's work as a persistent and viable livelihood strategy that I examine in chapter three the role of microfinance. I will firstly highlight the various ways in which it has been used as an intervention tool to support street-based working children, introducing examples of what has been done in various settings and with different resources. Quantitative and qualitative aspects of a number of case studies will be explored, including an examination of the rationale behind the

³ Within this ideal, socialising rules, prohibitions and compulsory schooling all articulated the rights and duties associated with being a child. Street-based working children in particular, by sojourning demonstratively in the streets, testify to their being away from home and school, and are therefore considered 'out of childhood' (Niewenhuys, 1994, p.268).

intervention, how it impacts on children's lives, and how the children themselves perceive it.

In chapter four, I will synthesise the varied issues to emerge from these case studies, highlighting the ingredients of successful and less successful initiatives and assessing the contribution of microfinance towards effectively achieving social intermediation.⁴ The paper will then conclude with a discussion of substantive issues confronting the field and recommendations for future research. In doing so, however, it does not aim to be prescriptive, nor does it intend to offer a programmatic blueprint or an example of a model project. It simply wishes to develop knowledge that will be useful for future action concerning the economic lives of street-based working children around the world, a starting which can perhaps later be extended for the benefit of *all* working children.

⁴ This is essentially financial intermediation with a capacity-building component.

Chapter One: Street-Based Working Children.

1.1 Introducing the target group.

A clarification of what precisely the term ‘street-based working child’ signifies would seem to be an imperative at this stage. Unfortunately, no clear-cut definition exists. The majority of researchers and project planners within the field have tended to focus exclusively on either the ‘street child’ or the ‘working child’, yet even these categories are poorly conceptualised. The division is also inevitably artificial, with numerous contradictions and overlaps. Many warn not to group the two together at all. Tolfree, for example, suggests that the association of street and working children in practice may be largely unhelpful (Tolfree, 1998, p.77). He argues that their respective needs and priorities may be so different that the appropriate responses also need to be quite distinct.⁵

I am also mindful that using the term ‘street-based working child’ comes with the additional danger of categorizing children by certain activities, such as work, or living on the street. It is often a mistake, for instance, to label working children as ‘street-based’ simply because that is what they were doing at the time of research. Moreover, as Boyden warns, such labelling can result in a uni-dimensional account of their lives and can produce interventions that are ‘highly inappropriate and damaging’ (Boyden et al., 1998, p.15). In some instances, the result of this flawed understanding is that children working

on the streets and living with their families are separated from their homes and placed in government institutions on the assumption that they were abandoned.

What I intend to present here therefore is a profile of what street-based working children are really like and to describe in more detail the various types of economic activity in which they are involved. This will necessarily entail examining some of the most commonly mistaken ideas about the group. Bearing in mind that unclassified can often mean unrecognised, I will also try to provide a brief illustration of how street work is integrated into other walks of life, such as family and education. Finally, since the reasons why children work on the streets are as diverse as the individual characters of the children themselves, I aim to briefly examine the multiple interrelated processes which contribute to the distress of this group of disadvantaged urban workers.

'Street Children' as a subset of 'Street-Based Working Children'.

The term 'street child' is a generic category that refers to young people with a special relationship to the street, their families and the public at large (Van der Ploeg, 1997, p.4). Unfortunately, the phenomenon of street children as commonly perceived masks a number of divergent and heterogeneous subgroups - the concept is in reality no more than an umbrella term. This ambiguity is exacerbated by the fact that the group is highly mobile, often moving fluidly back and forth from street life to home life and continuously switching and drifting from place to place, or institution to institution. Estimates of the

⁵ The experience of a number of projects included in this paper, however, seems to suggest that street children can

numbers of street children who exist at any one time are therefore extremely difficult to ascertain.⁶

The existence of numerous classifications of street children exacerbates this situation of pervasive uncertainty. These typologies have emerged as a result of efforts by researchers to distinguish subtypes on the basis of empirical research. UNICEF's distinction between children *on* and *of* the street is very often cited. Here, children *in* the street are young people who spend a significant part of their time on the streets because this is where they work and socialise. Children *of* the street are so-called because they both work *and* reside there, having severed all contact with their families. However, this distinction is seldom without critique and reinterpretation, and the original formulations have been reworked many times.⁷

Finally, analytical complications arise as a result of false representations presented by many researchers of the nature of child streetism, erroneous images which have served to perpetuate stereotypes. One noteworthy exception is the work of Judith Ennew, who argues that the depiction of these children as abandoned, lacking in morality, dependant on drugs and prone to criminal activity are no more than popular preconceptions, '*some of which apply to some of the children some of the time*' (Ennew, 2000, p.13). Other especially good accounts detailing the various characteristics, interpersonal relations and

greatly benefit from associating with other working children from more conventional living situations.

⁶ National figures, for instance, are often based on extrapolations from those in community neighbourhoods, which are often deflated because of the fear of blame attached if their figures seem high. For a more detailed account of the difficulties involved in assessing the magnitude of the phenomenon, see Lusk, 1992, p.293.

⁷ Bar-On (1997) and Lusk (1992) both discuss the ambiguity of this distinction. Lusk, for instance, identifies four main groups: family-based street workers (most of whom attend school); independent street workers (whose links to their

daily life of street children have been written by Bar-on (1997), Connolly and Ennew (1996), Ortiz et al (1992), Lusk (1992), Apetekar (1991), and Szanton Blanc (1994). While it is unfortunately beyond the scope of this paper to summarise all the findings of these studies, the principal recurring similarities and differences between working children ‘in’ and ‘of’ the street are highlighted in appendix 1.

‘Street-Based Working Children’ as a Subset of ‘Working Children’.

Street children constitute only a very small minority of working children. The remainder, predominantly those labouring in rural areas throughout the South, have a much lower profile and have been the focus of far less notable research. Any data collection that does occur tends not to sufficiently reflect practical concerns and can often be inaccurate and misleading. All countries have their own ways of assembling and analysing data, for instance, and official child workforce participation data tend to refer primarily to the formal sector. Most NGO information, on the other hand, consists of case descriptions of small numbers of working children. While this may provide insights into important dynamics of the problem, it ‘lacks the quantitative perspectives necessary to draw broadly applicable inferences’ (Myers, 1989, p.322).

Boyden et al. (1997) assert that some vague orders of magnitude and a very general child worker distribution profile can be tentatively deduced from the more useful country data that are available. This classification, accepted with only minor variations by most

family have begun to break down); children of street families; and finally children of the streets (eighty percent of

researchers, includes “a large group of urban children working in what is vaguely known as the informal sector. Whilst children working within this sector may be involved in any number of activities, street-based workers are by far its most visible child members”.⁸

Unfortunately, a great deal of confusion exists about the informal sector. It encompasses such a diversity of situations and activities that it is ‘irreducible to any one specific definition’ (Portes et al., 1989, p.26). Types of informality, for example, reflect not only the character of the specific social and economic order in which they occur but also depend crucially upon the relationship between the state, capital and labour in each country. The sector can, however, be characterised by two central features: firstly, it is universal; secondly, it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated.⁹

Children working on the streets are involved in extremely diverse spheres of this informal sector. Indeed, it has been said that the variety of activities they engage in to earn a living is limited only by their imagination (Lusk, 1992, p.297). Largely unskilled, labour intensive and low-capital tasks, these vary from subsistence on the fringes of informality to the fulfillment of essential low-cost services to the public through portering, street vending, and even car-washing (Ortiz et al., 1992, p.406). Most are self-employed. This allows street-based child workers a degree of independence, is less exploitative than many forms of paid employment, and is flexible enough to allow them to participate in

whom are institutionalised).

⁸ Another sizeable category of child workers consists of full-time housekeepers and babysitters, labouring in their own homes or employed as domestic workers in the homes of others.

⁹ Governments tolerate its development largely because the loss of formal control by the state is compensated by the short-term potential for legitimisation and renewed economic growth that it offers (Szanton Blanc, 1994, p.353).

other activities such as education and domestic tasks. Children are also attracted to this type of activity because they need no prior qualifications, start-up capital or papers. Sadly, however, many have to hand over some of their earnings to someone who supplies the goods (like newspaper vendors) or controls the pitch (like car washers). Moreover, the under-capitalised enterprises in which they are usually involved operate in what are largely competitive and highly volatile or seasonal markets, require long hours, and offer very little opportunity for transfer to other, more remunerative, safer or interesting activities (Bequele and Boyden, 1988, p.6).¹⁰

1.2 The Causes of Child Streetism.

A number of theoretical notions have been put forward to explain why the phenomenon of child streetism has become steadily more prevalent in recent years (Lusk, 1992, Ortiz et al., 1992, Szanton Blanc, 1994). Unfortunately these theories, which range from economic deprivation and its social consequences to structural and cultural explanations, have largely treated the various causal factors involved as mutually exclusive. It is only relatively recently that the nature of child streetism has come to be regarded as intrinsically *multidimensional* (Raffaelli, 1997, Bar-On, 1997, Cerquiera et al., 2001). Via the use of multifactoral models, researchers increasingly now appreciate that the reasons why children work on the streets, and the conditions under which they work, differ greatly according to region, age, gender, parental values, level of family income, and the opportunities available to them according to the economic cycle.

¹⁰ Informal sector labour usually requires children to work early morning hours or night-time hours, hence part of the confusion between street children and working children (Ennew, 2000, p.29).

At the *macro* level, the rising numbers of children working on the streets is argued to largely reflect the inability of many families to meet the cost of the most basic commodities, and governments' inability (or ideological reluctance) to offer them adequate support (Brandon et al., 1980). Factors exacerbating this trend include high levels of public debt, unemployment, and low public expenditure in the social, housing and educational sectors. The effects of the recession of the 1980s, declining terms of trade, and protectionism in industrialised countries all combined to compound the problem.¹¹

The *micro* level comprises a combination of family and parental structures, material deprivation and neighbourhood networks, unequal distributions of income, as well as internal elements such as the confidence and perceived self-worth of the children themselves. Studies in Bogota (Aptekar, 1991), Colombia (Connolly, 1990) and Honduras (Wright et al., 1993), for instance, suggest that weak or disorganized family structures, in particular the diminishing role of the family as a protective and socializing force, lie at the core of the problem.¹² One must also consider the role played by the rapid, complex and ill-controlled process of urban change (Groves, 1997, and Halebsky, 1995). Increasingly, the needs of the growing urban population cannot be met by the prevailing economic system, development policies, or the resources and abilities of the state and local municipalities. It is the young, the new majority in many urban communities, who are particularly affected.

¹¹ In many cases, application to the International Monetary Fund for help resulted in pressure to reduce public spending, especially in social programmes, which further threatened the welfare of children and youth in the urban areas of developing countries (Szanton Blanc, 1994, p.1). In Latin America, excessive military spending was also a highly contributory factor.

1.3 Why target street-based working children?

This chapter has revealed that the term ‘child streetism’ is largely reserved to identify children in the South who regularly engage in economic activity on public terrain. It has presented the phenomenon as an exclusively urban construct, and street-based working children as members of a distinct subset of working children. Finally, it has acknowledged the extreme variability and complexity of factors involved, relating to the reasons why these children work and the types and legality of activities undertaken. In doing so, the chapter has aspired to expose the extent to which the realities surrounding the phenomenon of child streetism are complex, nuanced, and varying enormously between countries and situations.

What remains to be addressed is why street-based working children have been chosen as the target group of this paper. This is an important question, since there are children working in other economic sectors in far greater numbers and often in far more damaging circumstances.¹³ An over-concentration on children working on the streets could hide the problems facing these larger groups who are not so visible, nor so exciting, but whose problems are no less urgent (Ennew, 2000, p.28). Furthermore, there is a real danger that focusing on street-based working children may divert scarce resources and political pressure away from these other at-risk groups, or the place where they can be most effective.

¹² Recent research also indicates a connection between the different characteristics of family structure and dynamics, and the length of time children spend working on the street (Cerquiera et al., 2001).

¹³ The nutritional status of children working in agriculture, for example, has shown to be far worse than that of street children (Boyden et al, 1998, p.163).

How can I justify perpetuating the phenomenon that street-based working children continue to demand enormous attention and a disproportionate share of the resources devoted to improving children's lives in the developing world? Is it even possible to rationalize being part of a trend which gives relatively little protective assistance to children toiling in the very worst of conditions, while most world attention, legal and other protective action is focused on the small minority of children who work in the urban informal sector? (Myers et al., 1998, p.5)

I defend my choice of target group in a similar manner to Judith Ennew: street-based working children are difficult to ignore, and this can be the initial stimulus to begin projects with them, which may be developed later with their 'less conspicuous contemporaries' (Ennew, 2000, p.2). In other words, with so much more project experience in the area of child streetism to draw on, any lessons learned can then be extended to work with other children.

Chapter Two: Ideological and Methodological Approaches to Street-Based Working

Children.

There exists an enormous range of intervention strategies targeted at street-based working children. Where any particular program lies on this continuum depends upon the assumptions, ideologies and philosophies of its patron. These differences in turn seem to centre largely on different attitudes towards what the state of childhood is ought to be, on positions regarding child work, and on particular perceptions of children's capabilities as well as their vulnerabilities.

International legislators and development agencies have for the most part tended to work with a global model of childhood based on middle-class children in the North (and South), who go to school, play, live in increasingly private families and are assumed to be helpless. Within this ideal, work and education are seen as antithetical; the complete abolition of child work and the 'rescue' of children from life on the streets are the principal goals.

Recently, however, there has been a distinct movement away from strict abolitionism. The international community has begun to realise that street-based working are dislocated from the traditional confines of the 'child', a recognition which has coincided with a world-wide mobilisation for the extension and application of civil rights to children. Within this new ideological discourse, the many questionable and negative elements surrounding street work are to be assessed alongside its potential to enhance a child's 'autonomy, responsibility, social participation and commitment' (Green, 1998, p.52).

Consequently, governments are now being called upon to investigate the situation in their own countries and to adopt as far as possible ‘non-institutional’ approaches, based on the reality which children face, that of having to work to survive (Sawyer, 1988, p.177). The emphasis here is not on making the children leave the streets or stop work, but on increasing the range of choices available to them and bestowing upon them the same protection from dangerous and poor working conditions that is extended to adults.

This section aims to offer a brief examination of this bewildering array of ideologies and interventions. I will begin by considering the philosophy behind conventional approaches to street-based working children, discerning what they are trying to achieve, and assessing their successes and failures in addressing the phenomenon. Recent ideological and methodological developments will subsequently be highlighted, with a particular focus on those interventions which actively promote and support street-working children within the context of the working lives. If a particular approach is deemed in need of a complete restructuring, I will suggest ways in which it might be reshaped. I must warn, however, that this analysis does not aim to be, nor indeed could it be, comprehensive - not only are different circumstances unique to different countries, but in most cases a project will be combine elements of more than one approach.

2.1 The Abolitionist Perspective: A Critical Introduction.

Until recently, the very existence of working children seemed sufficient to send most people clambering towards the moral high ground. Work was seen an ordeal for these children, a source of suffering and exploitation, and a pathway to educational deprivation, social disadvantage, and poor physical development. The consequent desire to abolish child work directly led to the introduction of minimum age laws, public sector inspection of work places and practices, and compulsory school attendance up to a stipulated age.

The ILO, for instance, has been trying to limit child work since 1919, with C5 setting the minimum age for working in the industrial sector at 14. Subsequent conventions have built upon this standard, a process that culminated in the 1973 *Minimum Age Convention* (C138) and the setting of the legal minimum age for starting work at 15 years.¹⁴ A series of UN Declarations on the Rights of the Child since the aftermath of the First World War have also taken into account the specific issue of the working child. Indeed, the convention adopted by the General Assembly in 1989 (CRC) was one of the most widely and rapidly ratified conventions in UN history. Like ILO 138, the main action called for under Article 32 of CRC constitutes the implementation of minimum age standards.¹⁵ Other legislation pertaining to child work is highlighted in appendix two.

¹⁴ However, fewer than 50 countries have committed themselves to making it part of their national laws (Ennew, 2000). p.34).

¹⁵ The Convention is widely celebrated for establishing for the first time a universally agreed set of rights for children and stimulating debate within the developed world about a meaningful interpretation and implementation of those rights (Lestor, quoted in Franklin, 1995, p.10). However, this opinion crucially ignores the fact that many countries showed little interest in the drafting of the Convention; many of its assumptions were even encoded despite strong objections from locally knowledgeable child welfare agencies.

The Social Construction of Childhood.

The emergence of this body of international agreements was largely based on a desire to prevent work from adversely affecting children, by damaging their moral and emotional well-being, their health, safety, educational performance or family life (MacLennan, 1986, p.123). The international community essentially wanted to sacralise childhood as a privileged phase of life properly dedicated only to play and schooling, as a time in which children have the right to protection and education but not to autonomy or participation (Boyden et al, 1998, p.195). Within this ideal, the family and school were regarded as the appropriate settings for the nurture, protection and socialisation of children.¹⁶

If children were seen to be working, it was regarded as an outrage, a social problem premised on their vulnerability and need for protection. Instead of being viewed as capable human beings, they were pitied because they did not have a 'childhood'. The consequent drive to abolish child work coincided with efforts to keep children off the streets. No longer the locus of social life, streets were seen, particularly in North America and Northern Europe, as morally dangerous for children (Ennew, 1995, p.202). It has long been the explicit goal of the West to crystallize such ideas in the fashioning of a universal system of rights for the child (Boyden, 1990, p.185).¹⁷

¹⁶ Education in particular was considered to create the space of and for childhood, the status of 'child' attributed to those falling subject to its regimes of control.

¹⁷ A blueprint for this universal ideal was provided in the endorsement of the Declaration of the Rights of the Child in the aftermath of the First World War. Numerous pieces of legislation have since continued to deny any variation in the form which childhood might take.

What is being increasingly realised, however, is that these qualities of the ‘correct childhood’, upon which many welfare practices are also based, derive from norms and values that are culturally and historically bound to the West. Furthermore, the exportation and globalisation of such a singular view of childhood can have a serious impact on the lives of children in developing countries. It casts both doubt and comparative judgment, for instance, on societies with very varied and contrasting social, economic, political and cultural conditions (upon which any notion of childhood is constructed). It also takes no account of the conditions of existence of poor children in poor communities, where such concepts may be totally inappropriate and whose experiences can radically subvert this very Western understanding of childhood.¹⁸ This recognition that a plurality of childhoods exists at any one time and in any one place has considerable implications for the circumstances in which comparisons between children’s experiences can, and indeed should, be made.

Limitations of the abolitionist approach.

The previous sections have shown how the international community has conventionally treated the issue of child work with outrage. They have also implied that there are inconsistencies and hypocrisies within this political discourse. One is compelled to question, for example, exactly whose ideas regarding the issues surrounding child work are ultimately incorporated into national and international policies. More often than not, it is those articulated by educated elites, often with special affinities for ideas from the

¹⁸ Specifically, whilst comparisons between different cultural traditions indicate that certain functions and distinctions are near-universal, precise conceptions of childhood vary in fundamental ways. This is because what it is to be a ‘child’

North, whose ideas about the nature, causes and effects of children's work are frequently divorced from the practical realities faced by poor families and their children (Boyden et al, 1998, p.18).¹⁹

Furthermore, many governments often find it convenient to legislate national or international laws in order to signal their concern and good faith, or sometimes just to express hope for an eventual solution.²⁰ Legislation also has no impact at all until it is enforced. This is a difficult task in countries without an effective labour inspectorate, a central problem that derives from the complexity of the rules and the absence of any authority with both overall responsibility and adequate powers (MacLennan, 1986, p.140, Ennew, 2000, p.10). Over and above these concerns, however, is the reality that legislation takes children out of formal labour markets (with their associated services and benefits) and pushes them into unregulated sectors of the economy which have no legal protection.

A number of associated interventions adopted with the aim of removing children from the workplace and from the street are also problematic. According to the principles of the abolitionist approach, for example, one of the 'solutions' to the 'problem' of street-based working children is seen to lie in taking them off the streets and placing them in a residential setting (an orphanage, reformatory, or intern school). Institutions such as these elicit a high level of 'donor-appeal', offering a highly visible and tangible product of

varies from place to place in relation to structural variables such as life expectancy, kinship patterns, ideologies of care, and philosophies of need and dependency (Jenks, 1996, p.121).

¹⁹ This division between rhetoric and reality is particularly visible in the recent CRC, which urges states to act 'in the best interests of the child', yet fails to explain how a determination of what is in a child's best interests to be made.

giving.²¹ Many child welfare agencies and organisations are still dedicated to ‘rescuing’ children from the street in the belief that institutional care can offer them both protection from the dangers of street-life and better opportunities for the future. It also continues to be the automatic and exclusive response by governments towards street-based working children who are deemed unable to live with their parents.

Many are recently questioning, however, whether there is really a need for large-scale substitute care, and whether residential institutions are the most appropriate means of providing it. We certainly need to investigate who benefits from placing children in institutions and whose needs dictate the seeking of admission. Institutionalisation may produce impressive and tangible results for donors ‘hooked on the idea of rescue’, but it is being increasingly realised that this solution is far from ideal. Crucially, projects that attempt to rescue children from work and the street largely do so without thinking of the consequences for the children and their families.²² By neglecting to address the factors which forced the children onto the streets in the first place, they are in danger of failing to provide a comprehensive coverage of the various psychosocial problems involved.

²⁰ In this case, the law is not intended so much to be literally enforced as it is to express a social aspiration; it becomes a symbol for what is desirable (Boyden et al, 1998, p.183).

²¹ It must be noted here that whilst the term ‘institution’ tends to have a negative connotation in Western societies, it is used more widely and less negatively outside Western societies (Tolfree, 1998, p.136).

²² If they need the income, even more harm may be done. Institutionalisation also comes with the danger of developing attitudes of passivity amongst street-based working children which, as well as undermining their dignity, can lead to problems of beggary (James and Prout, 1990, p.221).

2.2 Recent Developments Within the International Policy Environment

Recognition that conventional approaches to child work are not producing the expected benefits has led to a distinct movement away from the abolitionist perspective in recent years. Specifically, the international community is appreciating that despite the existence of increasingly stringent regulations, and notwithstanding decades of on-going pressure for universal and compulsory education, *children are continuing to work* (Moore, 1999, p.14). One of the most crucial aspects of this development has been the realisation that street-based working children are dislocated from the traditional confines of the 'child'; that is, that governments should adopt as far as possible 'non-institutional' approaches which relate to the specific socio-cultural environment in which these children live.

Some of the most interesting work here is taking place where projects abandon the whole idea of 'saving' the children. In other words, instead of making them leave the streets or stop work, practitioners take advantage of the children's self-reliance, autonomy, and skills to increase the range of choices available to them and to find ways of helping them within their everyday struggle to survive. Within this discourse, it is often argued that the very existence of child work can in certain circumstances be in the child's best interests. At the very least, it enables him or her to earn some money, often essential for immediate and long-term survival. Indeed, the sacrifices children make in order to work are often

scarcely worth it when it comes to opening doors to better opportunities in the future (Bar-On, 1997, p.63).²³

Over and beyond reasons of economic necessity, however, research and children's own testimony also suggests that work can offer some important psychological and emotional advantages (Boyden, 1990, p.75). Where it facilitates their socialisation into the social and leadership roles valued in society, for instance, it can contribute to their sense of responsibility, autonomy and belonging within the household or the community.²⁴ As such, many argue that it is in the abuse of children at work that is objectionable, and not merely their involvement (White, 1999, Marcus et al., 1997, Rosemberg et al., 1999, Vittachi, 1989, Bequele and Myers, 1995). This recognition of street work as a persistent and even viable livelihood strategy has gained ground in policy circles, most notably with the adoption of ILO Convention 182 on the *Worst Forms of Child Labour* in June 1999.²⁵ The UN Children's Fund, UNICEF, also advocates total bans only for work that can harm children's development.

²³It can fund their own education and that of their siblings; socialise them in practical survival skills and knowledge; initiate them into adult roles and responsibilities; enable them to gain an understanding of the work ethic; and finally it can foster their independence as they become adept at asserting and defending themselves. Boyden et al, 1998, p.75.

²⁴ Indeed, many street-based working children report that their relations with their family improved after taking to the streets and that they are less frequently punished than their non-working siblings (Moore, 2000, p.540).

²⁵ This was based on the recent conceptualisation of children's work on a continuum ranging from completely unacceptable activity at one end, to beneficial work at the other (White, 1999, p.134). Where work lies on the continuum is assessed on criteria of exploitation, hazard, risk of damage to children's development and opportunities foregone, rather than whether work is paid or unpaid.

Participatory Approaches

Along side this shift towards recognising their competencies as well as their special needs, organisations and researchers are increasingly declaring a commitment to children's participation in the development process. The right of children to participate in decisions which affect them, for example, has been set out in Article 12 of the UN CRC. While a highly contested and problematic concept, participatory development can be broadly defined as people's involvement in development processes that concern their lives and their community (Moore, 2000, p.532). Within this discourse, children are seen as competent social actors, capable and deserving of expressing opinions and acting autonomously. They are also regarded as human beings who form the *centre* of development, not merely the passive recipients.

Participatory approaches to street-based working children are premised on the principle that if these children have inherent human rights, they must have the voice to claim those rights. The focus is therefore on promoting their social and personal empowerment with the aim of helping them to make their own decisions. This crucially involves listening to their perspectives, and recognising that their development (in terms of skills, social networks, self-esteem and identity) is embedded within their working lives.²⁶ Indeed, given the very low self-esteem street-based working children suffer from and the disparaging attitude with which they are often regarded, their involvement in determining or influencing the shape and content of programmes will not only improve quality and

²⁶ Few of these children, for example, see exclusion from the workforce as a solution to their problems. Instead, they seek support and regulation of their current situation, to help them survive and be healthy, grow, learn and gain self-respect (West, 1999, p.151).

delivery, but will also contribute to the development of self-confidence among them (Bequele and Boyden, 1989, p.183).

There are problems within this discourse, however, and it would be foolish to uncritically accept the idea of child participation as a universal panacea. There is a real danger that the concept is merely becoming the latest ‘development buzzword’. It could be the case, for instance, that organisations ‘bolt’ participation onto existing approaches in a tokenistic response to donor pressure (Tolfree, 1998, p.51). Indeed, whilst the right to participation is widely touted at national and international level, action to put that right into place in the formulation of laws and standards is still incipient at best (Boyden et al, 1998, p.183).²⁷ Crucially, working towards participation by children in decision-making will require considerable change in attitudes, a change in culture and a change in many aspects of practice and procedures (Schofield et al., 1996, p.5).

Rights-Based Interventions.

The recent ideological developments outlined above have coincided with a world-wide mobilisation for the extension and application of civil rights to street-based working children. The result has been the emergence of a proliferation of non-institutional and rights-based initiatives aimed at supporting the livelihood strategies of street-based working children.²⁸ The main characteristics of these interventions is that stopping

²⁷ For example, whilst the emphasis in the CRC seems to be on participation, it is in terms of having a voice rather than in terms of self-determination; the right to be heard and to have views taken into account but not the right to decide.

²⁸ The term ‘non-institutional’ is technically incorrect, since many of the projects eventually take children off the streets and into a residential setting (Ennew, 2000, p.109).

children working is not the primary goal and attempts to pull them out of work or off the street are not made (Moore, 2000, p.533). Rather a child-centred approach is adopted, whereby understanding the role of work in children's lives and their experience of it is paramount (Ennew, 1997, Myers et al., 1998). Appendix three gives some idea of the countless schemes emerging in this area, all of which vary greatly in terms of the objectives or types of activities they undertake.

Some interventions, for instance, provide a range of welfare services to alleviate the hardships of work, such as providing a space where the work can take place, where children will not be obliged to pay premiums to adult exploiters (Tolfree, 1998, p.112). Others aim to develop the skills, advocacy and organisational capacity of street-based working children, such as Manthoc's 'welcome houses', which offer children basic training and supervision in the production of greeting cards and silk bracelets. A further number endeavour to obtain recognition for this group as workers, introducing registration schemes and awareness campaigns so that the public knows about the goods or services offered and that the profits are for the children's benefit. Finally, a few organisations locate the source of vulnerability of street-based working children within their weak position in the legal system and thus attempt to influence the legal and enforcement systems that determine the limits of the *de jure* and *de facto* rights of these children (Moore, 1999, p.33).

Given the broad range of programme and policy options, it is concerning that so little has been done to assess their relative merits and disadvantages. Only a few researchers have

attempted to document the restraints affecting implementation and the types of support required. On the positive side, outreach programmes are reported to be able to work with a larger number of children, and cost far less to run, than institutions (Rizzini, 1996). One major problem, however, is that many schemes remain fundamentally localised and focused on service provision, as opposed to being systemic and focused on policy (Tolfree, 1998). This temporary approach tends to address the immediate needs of street children, but fails to attack the problem at its root causes.

Often projects see vocational training as a key means of getting children off the street, typically teaching them tailoring, silk-screening, baking, or other manual training. Critics, however, contend that many projects fail to research the jobs market before deciding what to teach and ignore the skills that street-based working children already possess, which are those of experienced hustlers and traders, rather than artisans (Green, 1998, p.85). Many schemes providing sheltered work opportunities will also almost inevitably contravene child labour laws and thus only be suitable for older children who are above the minimum age for employment (Ennew, 2000, p.140). Furthermore, identifying street children in a protected work program may be stigmatising and may damage their self-image (Marcus et al., 1997, p.43).

2.3 Substantive issues facing the field.

This chapter has suggested that legislation affecting street-based working children is likely to remain superficial and ineffectual until such time as its relates directly to, and where possible is promoted through, local cultural, religious and other traditional communities (Alston, 1994, p.2). As such, it has implied that it is perhaps idle to pretend that deliberations at international conferences will have any immediate impact on the lives of these children - if they are to be effectively protected, it is essential that laws do not stand in isolation, but rather work harmoniously with other lines of action in a national policy and crucially fit the reality of their social context.

On a more encouraging note, new approaches to street-based working children are beginning to meet this challenge. Crucially, in realising that child work need not be destructive nor equated with lessened developmental opportunity, they are recognising that there is nothing intrinsically harmful about many forms of street existence (Vittachi, 1989, p.94). Williams (1993), for instance, urges interventions to be directed at changing the *capabilities* of those for whom street use is, to some degree, a positive aspect of their existence. This centralises on giving street-based working children an ‘assumed adult’ status and addressing their subsequent demands for the right to adult self-determination, freedom and control.²⁹

²⁹In other words, banning children from work is not what is required, but according them the same protection from dangerous and poor working conditions that is extended to adults (Bar-On, 1997, p.69).

In sum, we are compelled to find effective, sustainable interventions which transcend traditional approaches, and which support the skills and ideas of street-based working children rather than patronise their expressed needs. The overall objective is to provide this group with the opportunities and experiences which will enable them to become economically productive and eventually self-supporting, to facilitate their survival in the world of work and independent living (Tolfree, 1998, p.76). This involves alleviating their present suffering whilst concurrently looking for longer-term approaches to reducing the social and economic causes that make these children so vulnerable. Above all, we need to move 'beyond conventions, towards empowerment' (Boyden et al, 1998, p.187).

Chapter Three: Microfinance and Street-Based Working Children.

3.1 Definitions and recent trends.

'Microfinance' is an umbrella term that describes a bewildering variety of philosophical approaches, types of institutions, delivery procedures and borrowers. It is usually used to refer to a range of services, such as credit, savings and insurance, offered to those isolated from formal financial systems. Yet its potential is claimed to go beyond addressing solely financial exclusion. By tackling income aspects of poverty and transforming social relations, it is celebrated as a way of helping disadvantaged people reduce their dependence and marginalisation, to equip to them challenge broader processes of exclusion (Marcus et al., 1999, p.13). It is largely due to this potential for promoting economic and social development that microfinance has been so vigorously promoted in recent years.

An important element of the microfinance movement has been the targeting of interventions towards adults *for the benefit of children*. Indeed, one of the reasons behind the astonishing amount of attention that has been paid to directing credit to women in the last ten years has been the hope that it will have a greater impact on children than that directed at men. Although the positive effects may not always outweigh the negative, targeting credit at women can in some instances improve children's access to education, enhance their nutritional and health status, reduce their need to work, and often prevent

them from having to turn to the streets to survive.³⁰ Thomas, for example, suggests that the effect on child survival probabilities in urban Brazil is almost twenty times greater when unearned income accrues to women rather than men (Thomas, quoted in Hopkins, p.1219).

Given that children have long been a priority of microfinance interventions, with their health and schooling largely defining a region's level of development, it is surprising to discover that children are not being *directly* targeted. The stark reality is that the majority of practitioners working in the microfinance field tend not to work with urban child workers; moreover, the sector is only beginning to recognise the extent to which microfinance interventions inadvertently affect children's work by influencing the relative domestic workload within households. Similarly, few of those who work with street-based working children consider this group to be economic agents in their own right, thereby failing to see their own need to be conversant with the world of microfinance (Moore, 2000, p.544).

What needs to be investigated therefore is how and why efforts to work directly with street-based working children still represent a relatively new form of work within the microfinance field. For no one can deny that this group is amongst the 'poorest of the poor', at whom such services are predominantly focussed - they too are excluded from the formal financial sector and face the consequent practical obstacles to saving or

³⁰ Many researchers, however, have noted that women's access to credit does not have an unequivocally positive effect on children's welfare. Children's workloads may increase with parent's participation in the programme; they may be asked to help with income-generating activities, or take on domestic duties whilst their parents are busy generating income (Wydick, 1999, p.853).

making long-term plans. Moreover, even if street-based working children know how to open an account, banks chase them away, a result of the disdain attached to this group in most societies. Consequently, even when their income is improved, these children lack safe places in which to keep their money.³¹

With such issues in mind, this chapter aims to present an overview of the present contribution of a microfinance approach to the problems facing street-based working children. By highlighting initiatives and interventions currently in place, it is hoped that this will pave the way for a more in-depth discussion into how development practitioners and academics can ensure that its *potential* contribution is maximised. For example, if these programs do work, is it possible that they could break the cycle of economic exploitation faced by urban child workers and reduce their dependence on social-service supports?

3.2 Examples of programs that target street-based working children.

Whilst it is true that a number of street-based working children have recently been given the opportunity to benefit from microfinancial services, programs targeting this group are few and far between. A major consequence of this shortfall in precedents is that the field remains conceptually unclear and as a result is developing in a very ad hoc and haphazard manner. It largely consists of isolated, one-off projects supported by non-governmental agencies. These range in scale from local community initiatives, run by volunteers with

³¹In many urban areas, children sleep on the street with their money in their mouths. Others, however, have developed various ways of keeping it safe. Children who work in markets, for example, often develop a relationship with an adult stall-holder who acts as a banker (Ennew, 2000, p.137).

minimal resources, to programs with large budgets and paid staff, such as those supported by Save the Children Fund.³²

The challenge to present a comprehensive and accurate picture of the framework currently in place involved firstly identifying and contacting key informants of organisations working in the field. Since economic, social, legal and institutional differences between countries produce important variations in approach, these case studies were necessarily selected from all over the world – from Peru and Honduras in Latin America, to India and Mongolia on the Asian sub-continent. Information was further gleaned from a variety of secondary sources, including published and unpublished literature, academic journals, the multi-media, and any available program reports and evaluations.³³

An edited version of the results of this search is presented below, in hopefully what is a concise but comprehensive description of each individual program. Although space confines only permit a succinct summary of the data obtained, it is hoped that these experiences at the programme level will illustrate examples of what has worked and how, and what could be adopted in new settings.³⁴ This knowledge will be combined in chapter four with more general observations drawn from other microfinance interventions, a synthesis which will aim to provide insights into optimal design principles and delivery channels, discuss restraints affecting implementation, highlight substantive issues

³² No government-operated schemes were discovered during the course of the research.

³³ Unfortunately, the scope of the study is limited the lack of impact studies and systematic impact evaluations; without these, moreover, it is difficult to see how approaches and methods of work can develop optimally and for the benefit of future generations of street-based working children.

confronting the field, and consider recommendations for future research on this important topic. In particular, it will reflect upon the types of support required to stimulate the spread of successful initiatives in the field. However, since the approach is still in an exceedingly experimental phase, any conclusions reached will only be tentative.

(A) Padakhep.

The Padakhep Manabik Unnayan Kendra program is based in Dhaka, Bangladesh.³⁵ Padakhep started working with street children in 1998 following a study conducted to establish their vulnerability to sexually transmitted diseases, particularly HIV and AIDS. The findings of this study suggested that in order to improve the quality of life for these children, an environment needed to be created that looked upon them with a more positive attitude. Over the past two years, Padakhep has endeavored to create this environment. Via group meetings, the staff aimed to develop a tie with the children, earning their trust, assessing their needs and increasing their discipline. At first, they were very much focused on sexual health issues, but gradually other components were introduced to give the program a more holistic stance. These included education, skills training, psychological counselling, recreational facilities, and job placement.

A central part of Padakhep's strategy has also been the introduction of a microfinance program, with the expressed purpose of income generation. Within this scheme, savings facilities are open to all group members, who can make or withdraw deposits at any time,

³⁴ It is unfortunately impossible to convey the wealth of information and ideas that emerged. In particular, the experiences of SKI alluded to in the next section cannot be outlined in detail here.

³⁵ The experiences of Padakhep are included here thanks to the valuable help and comments of

and a total of 500 street-based working children are currently depositing savings regularly.³⁶ The provision of credit, however, is only made to those children who have attended and completed the compulsory 40-week group sessions. The loans are for production purposes only and are closely monitored by trained staff. Needs-based training is also provided, and suitable income-generating activities are discussed with each child. The program has in fact been so successful that Padakhep won a prestigious CGAP pro-poor innovation award last year.

No evaluation of the program has as yet been undertaken, partly because of its age. However, the director sees Padakhep as playing a vital role in the empowerment of these children within society, thus enhancing their quality of life. He feels that if the children are offered necessary guidance, they can manage their business as successfully as any adult can. Crucially, and despite having only been in operation for just over a year, the scheme has developed a savings and credit culture among the street children of Dhaka. Perhaps this is Padakhep's major achievement, enabling the children to stand on their own feet, rather be passive recipients of programs designed to improve their lives. However, the program also faces a number of barriers that could perhaps jeopardise further expansion, with funding in particular a major hindrance.

³⁶ According to the director, this figure is increasing almost daily.

(B) Butterflies.

Butterflies, an NGO based in Delhi, India, works with 600 street and working children.³⁷ It operates from eight different points of contact in the Union Territory of Delhi in which these children are concentrated. Founded by Rita Panicker in 1988, Butterflies drew inspiration from the approach being explored by street educators in the National Movement of Street Boys and Girls in Brazil. The program's basic conviction is that the fight against poverty can only be won through community participation and the development of democratic practice. Consequently, Butterflies has adopted a collaborative approach to the problems facing street and working children.

Butterflies recognises that survival is more important for these children than education. The program staff are also aware that, having lived on the streets for a long time and by being wage earners, the children's knowledge about their work situation, environment and life itself is tremendous. As a result, Butterflies organises support services for these children such as non-formal education, health care, recreation, vocational training schemes, and counselling. The children participate in the planning of most of the activities, and contribute materially towards them.³⁸ All programs and activities are planned and discussed at the *Bal Sabha* (Children's Council) held every fortnight, and are conducted on the street or in parks – there are no 'centres'.

³⁷ Of this number, 285-300 children regularly attend the activities run by Butterflies staff.

³⁸ The program implementers find that children honour their commitments and participate in the planned activity with a feeling that it is their program and therefore they have to make it a success.

Butterflies also runs a microfinance program. A savings scheme is in operation whereby each child is motivated to save a small amount every day, and, with support from the educators, the children have been experimenting in operating a credit union. Each member makes a small daily investment (two rupees), through which it is hoped that members will gain access to education, vocational training, medical care and credit to start small enterprises. One of Butterflies' most successful activities is a restaurant, opened in 1990, which serves as a training center, source of income and home for twelve street boys. As part of this program, they have opened a bank account where the boys deposit \$9.60 every month, leaving the rest for daily expenses.

(C) Undugu.

The philosophy of the Undugu Society of Kenya is based on the principles of 'respect, involvement and helping each other'.³⁹ Since it was founded in 1972, Undugu has grown into a complex and successful organisation, one of the most mature NGOs in East Africa. It has developed expertise that gives it an impact even at legislative level. The program's emphasis is centred on improving the living conditions of low-income groups in urban areas, particularly street and working youth, through employment, low-cost housing and community organisation. The program has been particularly celebrated as an example of the 'entrepreneurial approach' to street children (Szanton Blanc, 1994, p.256). By experimenting in new directions and learning through trial and error, Undugu has pioneered a number of innovative approaches.

One of these has been the implementation and development of a loan scheme which finances small-scale youth enterprises and also offers financial advice and a link to banks. This program is based on a two-tier loan system, requiring only 10% collateral and relying on a system of local referees who act as social guarantors. Undugu has learned, however, that capital is only one element needed to 'do business'. Consequently, eligibility for higher loans requires the children to attend a training and business management course and to have their desired loan-use authorised by a Business Review Committee. Undugu has shown how much can be achieved, despite limited funds, by listening to the children and their families, responding to their felt needs and helping them to resolve their own problems.

(D) Pronats.

The Pronats program provides microfinancial services to young people working on the streets in the informal sector. It is one part of a number of schemes implemented by Manthoc, a well-known working children's organisation in Peru. Manthoc's main principle is that working children should analyse their own situations to establish the kinds of support they need, and then speak out for themselves on those issues.⁴⁰ The organisation is particularly renowned for its successful struggle to include the recognition of children's right to work in Peru's national children's code, and working children covered under the same medical plan as adult workers (Moore, 1999, p.35).

³⁹ See www.ukweli.net.

⁴⁰ Other well-known working children's organisations include the Movement of working Children and adolescents of Nicaragua (NATRAS), the National Movement of street children (NNMMR) in Brazil, and organisations assisted by the Concerned for working Children in Bangalore, India.

Under the Pronats scheme, loans are made available for productive purposes such as for micro-enterprise. Via a system of rotating funds, any amount of money can be borrowed, up to a maximum of 500 soles (US \$188). The children are required under the conditions of the scheme to put forward a proposal, and they are subsequently interviewed to discuss it. If approved, a loan is granted which then has to be repaid in installments. This repayment schedule is quite flexible, depending on the individual requirements and abilities of each borrower. Penalties are imposed in the event of arrears. One girl commented about the rotating fund, 'It helps us to develop a business. The fund asks you what you will do with the money, how much you need, how much you will earn, if you can pay the loan' (Boyden et al, 1998, p.232).

An important aspect of the programme is involvement of the children in various workshops around the themes of using loans, business administration, the principles of selling, working conditions, and managing money. These are based on the idea of 'change in activity', in which young people are encouraged to develop alternative work patterns which offer better financial rewards, conditions of work and future prospects. One girl, for example, was able to progress from selling sweets to passing motorists to selling cassettes in the safer environment of the street outside a school – which would not have been possible without the availability of credit. The project is clearly valued by its members, and in practice loans are repaid within the defined time-scales.

(E) The City Center For Children Business Club (CCC).

This program, based in Ulaanbaatar, Mongolia, was supported by SCF between Dec 1994 and June 1996 (Marcus et al., 1999, p.47). It represented the first government attempt to address the problems faced by street-based working children. The club aimed to support this group in making a living by giving them educational and skill training and protecting them from bad social influences. As part of the program, CCC bought goods on wholesale, which were sold to the children at low prices on credit. When the children had sold these goods, they were to repay the loans. The Club also held informal educational and cultural activities, which SCF say were very popular. Substantial progress was also achieved in changing the attitude of the police to street-based working children, enabling them to be registered, obtain ID cards and health insurance.

Overall, however, CCC does not seem to have been a great success story. The children found it difficult to manage the loans, returns were very low, and many did not repay. They often came under pressure from their families to give them the money, and many participants had their loan money or profits stolen by other children. Others consumed the goods they were supposed to sell (mostly sweets). Seeking out cheap goods for the children to sell also proved to be too time-consuming and unsustainable. The experiences of CCC suggest that more intensive training in how to manage loans and small businesses may be helpful, particularly for young people, who are less used than adults to handling cash.⁴¹

⁴¹ It may also be important in transition economies where there is less experience in running small businesses (Marcus and Harper, 1997, p.48).

(F) SCF San Pedro Sula.

In January 1991, SCF opened CCI, an informal training center for street-based working children in the city of San Pedro Sula, Honduras.⁴² The operational sphere of CCI was in the heart of the city's popular commercial zone, 'El Rapido' market, as well as in the central streets and avenues of the city. The main objective of the program was to increase the independence of working children and adolescents so that they could survive more efficiently in their environment. The services offered included meals, informal education, lessons in social participation, practical work skills, recreation, street security, and the provision of loans to children organised into co-operatives.

SCF also ran a savings scheme for about two years until the project closed.⁴³ This aimed to give the children a safe place to save, to allow them to increase their profit margins, in the hope that this would reduce the time they had to work. To this end, SCF organised the children into 'co-operatives' based on the activities they undertook, such as shoe shiners, cleaners and porters, who were encouraged to save one or two lempiras every day. By the end of the project in 1996, 222 children had savings accounts, though only a quarter of these were saving regularly. The children were motivated to save through frequent discussions about the need to set aside their earnings in order to insure both their future and their independence. The money from the savings scheme was deposited in a joint account ('My Future'), where it earned interest.

⁴²Information on CCI was obtained through personal communication with the program's coordinators, Javier Zelaya and Tomas Andino.

⁴³ According to SCF, the scheme was discontinued due to the fact that the organisation has increasingly moved from direct implementation (and ownership) of programs, to supporting local organisations to implement them instead, and in some places, trying to foster participant ownership and control (Marcus and Harper, 1997, p.49).

Chapter Four: Recommendations and Conclusions.

The case studies presented in chapter four give some idea of the extent to which microfinance is currently being used to support the economic independence of street-based working children, within the context of their working lives. The approach so far certainly seems to have been ad hoc and piecemeal. Indeed, when compared to the sheer scale of child streetism, the number of children who are actually benefiting from microfinance programs is so small that it might be tempting to dismiss them as being virtually insignificant. However, they do give an idea of feasible activities, techniques and delivery channels, which, if successful, can then be expanded on a larger scale.

This section therefore intends to provide a synthesis of experience. It will detail those lessons realised by the individual case studies and integrate these with the wisdom and experience of other microfinance interventions. In doing so, it will suggest various programming guidelines to enhance positive impacts and to avoid or reduce negative aspects. It will also show the circumstances in which microfinance is ineffective, identify any policy barriers which might exist, and propose where there needs to be a search for more suitable alternatives. Indeed, although the diversity of programs included in this paper makes generalisation difficult, it will be seen that key elements of the most successful projects recur. These clear patterns will not only suggest principles of broad applicability, but will also help account for the success and shortcomings of a particular approach.

4.1 Lessons learned.

(a) Targeting.

As chapter two highlighted, street-based working children do not constitute a homogeneous group. An important question immediately arises therefore as for exactly whom the program is intended. Most of the schemes included in this paper tend to predominantly target by age. On the surface this appears to be a relatively straightforward method of division, and yet it has many pitfalls. Age categories are often used arbitrarily, without taking into account local ideas about children and childhood (Ennew, 2000, p.8). There also seems to be a propensity to target younger children. However, as Bequele and Boyden warn (1988, p.161), although these children may *appear* to be more vulnerable, they may in fact have greater earning potential than their older friends because of greater sympathy they attract from the public.

Some target their members by sector or type of activity. Such programs are largely directed at self-employed youth who demonstrate entrepreneurial inclination.⁴⁴ As a source of employment, they claim, micro-enterprises have the ability to address many of the needs of street-based working children. They can help build up assets, aid steps towards self-sufficiency, and build youth self-esteem. SKI argues that the most valuable up-shot of supporting self-employment is that it endows these children with greater bargaining power in decision-making and gives them more respect from the community. With adequate support, it is hoped that the provision of microfinancial services will be

⁴⁴ This trend could be a direct result of the difficulties involved in reaching children from other occupational groups.

enable this group to reduce the barriers they face when attempting to enter into more profitable sectors.⁴⁵

Butterflies warns that reaching out to street-based working children who have little or no family support can present special problems. Many of these children have lost all confidence in adults, and therefore gestures of friendship and the building of acceptance and confidence require great skill and sensitivity on the behalf of adult initiators and street educators. SCF San Pedro Sula also found that problems with this group were exacerbated by the likelihood of regression.⁴⁶ The program co-ordinators warn that it is often not advisable for many of these children to take on business responsibilities, particularly when they are involved with substance abuse.

By the same token, the involvement of parents or guardians, where such relationships exist, can offer huge benefits. According to SCF, this is essential if an organisation wishes to address the root causes of child streetism. It is also particularly important to fully understand potential effects of the program on household economies, especially when family members are significantly dependant upon the domestic or income-generating work of children. Crucially, if programs do not attempt to build a relationship with those who influence or control children's lives, an organisation might face indifference or even hostility in carrying out its work. Moore suggests that 'if an understanding can be facilitated among relevant adults that both child and household

⁴⁵ These barriers include not only a lack of financial resources, but also a lack of skills and experience, and poor access to markets.

⁴⁶They discovered that the best results were achieved with the working children. Consequently, it was decided to separate work with 'street children' from that with 'working children'.

stand to gain, the child is more likely to work in an atmosphere of acceptance and support (Moore, 1999, p.38).

Javier Zelaya of SCF San Pedro Sula also reports the need to provide such resources to family members as well as children, to avoid the children's loans and savings being appropriated by families for their own use.⁴⁷ The Savings Club Income Fund (FOPICA) was created as a solution to this particular problem. With the aim of providing loans for children *and their families*, it was initially set up by CCI personnel with funds they raised through events such as films and raffles. Loans are available to children who belong to co-operatives and to members and to members of his or her family if they are referred both by an educator and a child who is a co-operative member. The fund now belongs to the children and parents of members, who maintain the fund with their earnings.

(b) Loans Extended to Groups or Individuals?

There are two principal methods of disbursing micro-credit. Individual lending systems provide loans to individuals without collateral. Peer lending systems, as chosen by great majority of MFIs, extend loans to groups on condition of joint liability. These 'borrowers circles' are claimed to be more than simply a means for disbursing credit and collecting savings. As well as meeting regularly to decide upon loan requests, exchange business ideas, provide both support to each other's businesses and make repayments, members also take part in social and recreational activities and may also undertake collective

⁴⁷ Tomas Andino reports that the families of the children began to be curious about the money they saved. This is understandable, because it was money which no longer came to them. Appropriation is especially the case if the level of poverty among adults is high, if adult participation is minimal because of their own powerlessness, or if it is not culturally acceptable for children to control resources separately from the household (Marcus et al., 1999, p.104).

action on issues of importance to them. In this way, it is argued, groups have the potential to address not only liquidity problems, but can also help members in their struggle against exclusion and disadvantage.⁴⁸

SKI is largely in favour of peer lending systems, asserting that regular meetings can also provide the high level of staff contact that is often required by young business people. Pronats, however, chooses to work with individuals. The program staff are concerned primarily about the fairness of linking success of the individual to success of the rest of the group, but are also worried that when groups self-select members on the basis of who they feel is a good credit risk, the most disadvantaged and marginalized children are left out. Furthermore, there is the added fear that where the composition of groups is artificially contrived, it undermines the delicate balance of peer pressure and group accountability on which the success of such programs must be built.

Regarding the last concern, however, I would suggest that street-based working children are perhaps better placed than most to take advantage of group lending systems. There is increasing evidence, for example, pointing to the existence of supportive and co-operative peer relationships amongst these children (Boyden, 1991, p.64, Bar-On, 1997, p.68). Rather than the street driving them to be highly individualistic, they are instead much more likely to live and operate in groups. These support networks in turn have established modes of organisation and distinct forms of behaviour, as well as being

⁴⁸ For organisations such as the famous Grameen Bank of Bangladesh, groups act as the 'building blocks of collective action'.

strongly united. Many groups specialise in a given occupation, such as shoe cleaning, and most are tied to a given area in the city.⁴⁹

(c) Minimalist or credit-plus?

A continuum exists between those MFIs that perceive financial exclusion as a central reason for poverty, and those that view poverty as the result of more complex processes in which liquidity problems are not the main factor (Moore, 1999, p.34). The former organisations provide only financial services. Proponents of this ‘minimalist’ approach claim that not only is it extremely injudicious to mix ‘business’ with ‘welfare’, but assert also that additional support and training programs overstretch an organisation, which can in some cases jeopardise sustainability. The current climate of neo-liberalism within the microfinance industry has helped to strengthen the appeal of this credit minimalist approach as a replicable model (Marcus et al., 1999, p.20).

The latter organisations tend to incorporate the provision of a larger range of financial, economic, social and organisational interventions into what has been called the ‘credit-plus’ approach. They argue that microfinance is not just important for income-generating purposes, but is also often crucial for consumption-smoothing and investing in human and social capital. Indeed, there is growing evidence that programs tackling some of the broader aspects of poverty and powerlessness, such as illiteracy and poor health, as well as providing financial services, are more effective in assisting the ‘poorest of the poor’ than minimalist programmes (Glaser et al, quoted in Peace and Hulme, 1993, p.67). The

⁴⁹ For street children in particular, the group as a whole protects each of its members, and functions as a viable alternative to the family. These groups are highly organised, hierarchical, and seems to have a recognised leader.

growing dominance of the minimalist model, if unchallenged, is argued to threaten this empowering potential of microfinance (Marcus et al., 1999, Moore, 2000).

The micro-credit schemes included in this report all conclude that, because of the nature of the target group, more than basic financial services is required in order to improve the children's prospects. Eligibility for a higher loan within the Undugu scheme, for example, is only granted after completion of a training course; CCC Mongolia attributes its poor success to the lack of sufficient training and business support; SKI and Pronats suggest that children, more than adults, may need training in how to make the best use of the money; Padakhep maintains that microfinancial services must be offered as part of a holistic scheme in order to generate sufficient co-operation on behalf of the children.⁵⁰ They all emphasise that improved technology, training in new skills or assistance in accessing new markets may be as or more important than credit in enabling street-based working children to increase their incomes. In other words, microfinance targeted at street-based working children must essentially be a 'credit-plus' endeavour.⁵¹

(d) Appropriate Loan Conditions.

1. Loan size: The loan sizes offered by the credit schemes examined in this paper are reasonably comparable. SKI loans, for example, generally range from US \$30-\$100; Pronats will lend anything up to US \$188; the maximum and average loan size of Padakhep is US \$88 and \$35 respectively; and Undugu has a 2-tier system of loans above and below US \$32. They all advise that loan size must be individual and suited to each particular child (to both their investment capacity and their debt capacity). Loan terms

⁵⁰Each child wanting to borrow must attend has a total of 40 compulsory meetings every year. A number of issues are discussed during these meetings, including reproductive health matters, drug addiction, and personal hygiene.

⁵¹ An opinion shared by Moore, 1999, p.37.

should also be flexible, with daily payments possibly suitable for most, particularly in the first stage of the programme where they may not be used to handling business income. According to SKI, this practice should protect lender as well as the borrower. SCF also recommend offering only small loan sizes initially, which will discourage the better off from capturing the loans at the expense of the most disadvantaged (Marcus et al., 1999, p.70).

2. Loan Duration: The various schemes studied in this paper advise authorising short loan durations whenever possible. These compel the child to focus on activities that generate revenue relatively quickly and enable him or her to gain some experience in debt management; they also permit the lender to assess the creditworthiness of each child before considering additional larger and/or longer loans.⁵² At Padakhep, for instance, the maximum loan duration is one year. A grace period is allowed before repayment, which is usually in fixed weekly instalments, but the rescheduling of payments is not allowed. At the Kiddybank in Bangladesh, repayments were scheduled for after sale of goat's offspring, which took approximately six months. Pronats and Undugu fix the loan repayment schedule according to the abilities of each child. SCF also recommend that the instalments should be as flexible as possible, with loan duration always tailored to the investment activity.

3. Interest: There appear to be three standpoints surrounding the issue of credit charges. Some programs aim to accumulate interest to set off loan defaults and to cover the total costs of lending; the interest rate at Padakhep, for instance, stands at 10% per annum. Others, such as the less successful SCF Mongolia scheme, charge no interest at all. The

⁵² According to SCF, these requirements necessitate slightly greater management capacity (Marcus et al., 1999, p.70).

remainder adopt a ‘middle ground’; they charge interest on borrowed money, but at an extremely modest rate. It is interesting to note that many people believe that the poor should not pay interest at all, or, like SKI, that they should only pay interest at very low rates. Experience worldwide has shown, however, that subsidised interest rates in fact reduce the access of the poor to financial services and negatively affect the viability of the financial service provider. Indeed, what is most important to the poor (and also to these children) seems to be continued *access* to reliable financial services, rather than the financial cost of the services.⁵³

4. Repayment rates: The timely repayment rate of the credit schemes examined varies enormously. At Undugu, for example, loan repayment stands at 75%; in the Kiddybank this figure stood at 88%; at Padakhep, timely repayment stands at an astonishing 99.9%. These statistics are very significant, since allowing low repayment sends a mixed message to borrowers. It also erodes the capital available for further lending, jeopardising the sustainability of the programme and the children’s access to current and future financial services. Some programs offer bonuses for those meeting benchmarks, in-cash as well as in-kind. A number of others penalise to ensure timely repayment.⁵⁴ Pronats, for example, has penalties in the event of arrears. In the bicycle courier service at SKI, ten days wages are deducted from the participant’s income if they lose the bicycle. Padakhep has an enforcement system with penalties for loan default, although to date it has never had to enforce it.⁵⁵

⁵³ It is also worth noting that the financial costs of borrowing generally represent a small portion of the borrowers’ total costs (which also include transaction costs and opportunity costs).

⁵⁴ Somewhat noticeably, considering its poor success, CCC Mongolia had no penalties for loan default.

⁵⁵ The director has also discovered that one of the best incentives for timely repayment is the promise of future loans, particularly loans which grow in size as borrowers’ credit-worthiness is demonstrated.

(e) Savings.

Early microfinance programs were not effective in mobilising savings and showed little interest in doing so (Morduch, 1999, p.1571). The poor were either thought not to have a significant demand for savings facilities (due to a lack of foresight or precaution) or were regarded as being simply unable to save (because of a lack of discipline, or because deferred consumption is impossible, given their limited incomes). However, the recent shift in terms from microcredit to microfinance reflects the acknowledgement that it is asset accumulation, and not just the provision of loans, that may improve the well-being of the poor.⁵⁶ As a new anti-poverty strategy, savings are now argued to help people manage their daily household finances, smooth consumption, meet social obligations, cover education and health expenses, offer investment opportunities, and enable people to accumulate for future needs (Marcus et al., 1999, p.59).

Considerable evidence suggests that street-based working children also want facilities in which they can save unrestricted and very small amounts at convenient intervals, and which they can access rapidly (Myers, 1999). Indeed, the success stories of Padakhep and SCF Honduras provide a testament to the claim indicate that this group has the *ability* to save, and is limited only by a lack of *opportunity*. In the latter program, for instance, most children were setting aside 80-100 lempiras in the first year; two years later, some had saved almost 500 lempiras. Tomas Andino celebrated the savings scheme as at once a welcome service, a development mechanism and a learning process. I will discuss below

⁵⁶ The Grameen Bank and BancoSol, for example, are just starting to mobilise savings more aggressively, and Bank Rakyat Indonesia has made it a major part of their program. SafeSave, an innovative new programme in Bangladesh, has made voluntary saving the core of its programme (Morduch, 1999, p.1573).

therefore how savings facilities should be designed to maximise the benefits to street-based working children.⁵⁷

1. Accessibility: The first important lesson is that in order to attract savings, deposit facilities should be convenient. The extensive network of micro-savings mechanisms all over the world variously suggest that what the poor mostly want are savings facilities that incur low transaction costs. The central innovation of Safesave, for example, was to hire door-to-door collectors to visit clients daily. Bank Rakyat, Indonesia, lowered transaction costs by placing small, inexpensive bank branches at the village level.⁵⁸ SCF San Pedro Sula provides savings facilities in the 'El Rapido' market where most of its members work.

2. Deposit conditions: Many programs insist on compulsory savings. Both Butterflies and SKI, for example, have found that small, mandatory but regular savings deposits are important. They argue that since most of these children are not used to dealing with finances, they will need assistance with deposit discipline. Padakhep makes saving a condition of access to loans, to reduce risks of providing loans to particular children and to provide a form of collateral in the case of default. SCF San Pedro Sula, in contrast, relied on voluntary savings, asserting that the crucial component for success rather lay in offering facilities appropriate for their needs. However, restrictions were imposed the purposes for which the children could access their savings.

⁵⁷ However, even if schemes follow these recommendations, promoting savings will not always benefit the children. Success may be determined by a number of factors over which the program usually has no control. These include an enabling macro environment with low and stable levels of inflation, an appropriate legal and regulatory environment, and political stability.

⁵⁸ Bank Rakyat has 14.5 million deposit accounts compared to 2.3 million loan accounts (Marcus et al., 1999, p.59).

3. Returns: The importance of returns, offering children a positive rate of interest on their savings deposits, cannot be emphasised enough. MFIs around the globe are using interest rates in an attempt to mobilise savings, capital which can then be used to boost revolving loan funds and reduce dependence on external funding – and the higher the interest rate, the greater the incentive to save.⁵⁹ At Padakhep, the 7% interest rate offered on all savings is achieving enormous success. An alternative feature adopted by Butterflies, which awards the child who saves regularly and does not withdraw the amount for 6 months a 50% interest on the total amount saved, is also proving to be rather effective.

4. Security: The development of safe but liquid savings deposits is extremely important. It goes without saying that programs need to take all possible precautions to protect the children's money and instil confidence among them that their funds will be secure. Morduch claims that only tightly regulated institutions should be entrusted to hold savings, although Padakhep has so far found no need to forge a link with commercial banks. Morduch also stresses that these institutions should have fully independent accounts and funds, with savings collected in no way be tied to lending operations (Morduch, 1999, p.1574). This last recommendation, however, is questionable. In practice, most MFIs find it extremely advantageous to use savings as a form of collateral for loans. Tomas Andino also suggests that the children themselves can run the type of bank committee included as part of the SCF San Pedro Sula scheme. What is possibly the most decisive factor, however, is for the organisation to be conversant with relevant legislative and regulatory controls.

⁵⁹ Morduch (1999, p.1572) examines the benefits, from an institutional viewpoint, in incorporating savings mobilisation in microfinance programs, particularly the role they play in building up a reserve to reduce consumption volatility over

4.2 Issues to be Addressed.

This section is devoted to discussing how the potential contribution of a microfinance approach to the problems facing street-based working children can be maximised. It suggests a number of pitfalls to be wary of and proposes various ways in which these challenges can best be met. It also highlights areas that need to be the focus of more research.

Challenge 1: The nature of the target group.

The nature of the target group presents unique practical and ethical challenges to both practitioners and policy-makers. The relative youth of street-based working children, for instance, combined with their subordinate social position and their lack of opportunity to expand skills beyond those immediately required, could restrict their capacity for risk and debt, thus limiting the potential for these programs to thrive. In some instances, the transitory nature of street-based working children and the presence of interpersonal conflict and competition can undermine the stability of individual projects.⁶⁰ This can especially be the case where the type of economic activities in which these children are involved in is over-represented in the market (Moore, 1999, p.37). Finally, the tendency to involve only those children who are able to find time for programme activities may run the danger of excluding children who must work excessive hours in order for themselves and their family to survive.

time. Bank Rakyat, Indonesia, also offers a positive rate of interest as a way for its members to build equity.

⁶⁰ According to SKI, the structured nature of a micro-finance approach will perhaps prove to be unsuitable for many of those whose lives are particularly unstructured, especially street children without family contact.

Challenge 2: The international policy environment.

As Moore warns, it is not only but the *actual* nature of street-based working children as a target group which presents obstacles and opportunities to project work, but those international policy environments based on the manner in which the group are *perceived* (Moore, 1999, p.10). The focus by CRC and C182 on prohibiting the most hazardous and harmful forms of work, for example, can frustrate organisational attempts to work with street-based working children. Veronica Torres of SKI warns that many organisations presently aiming to develop economic alternatives for young people are struggling with abolitionist policies that do not provide strategic alternatives. However, even the threat of prosecution will not prevent some organisations from continuing to put forward economic programming.⁶¹

National and international legal frameworks placed on an organisation's activities could further undermine the potential of microfinance. These include, for instance, whether or not NGOs are allowed to conduct income-generating activities to support their programs; whether only those registered as financial institutions are allowed to carry out microfinance activities; and whether there are legal restrictions on the acceptance of deposits by non-bank organisations. The latter, for instance, could limit the possibility of programs to mobilise savings. It could also mean that any future success will rely on an organisation's ability to forge relationships with formal financial institutions.⁶² The worry is that many commercial MFIs will only provide services where it is profitable for them

⁶¹ Others will face more limitations given the information they are provided with and the influences faced by their organisations.

to do so. They view microfinance as a ‘business’ rather than a welfare activity, and as such have so far shown little interest in developing ways of reaching the poorest of the poor (Hulme and Mosley, 1996).

Ironically, part of the attraction of microfinance is that it can often be run on a self-sustaining basis. Indeed, the dominance of the ‘minimalist’ model has directly emerged as a result of donor-driven requirements of financial and economic sustainability. Organisations concerned with scaling-up, such as the CGAP, claim that this approach has greater potential to become self-sustaining than ‘credit-plus’ programs, reaching larger numbers at lower cost. Consequently, there has been a rigorous search for the ‘model’, for a replicable programme that quickly achieves financial sustainability.⁶³ Highly influential among donors, this trend could result in stifling the most innovative approaches, such as those targeted at children and adolescents, which usually do not conform to the ‘best practices’.⁶⁴

Challenge 3: Funding requirements.

The worry is that until projects directed at street-based working children begin to achieve self-sufficiency, rather than simply maximum cost-efficiency, they are unlikely to be accorded a top priority by the majority of MFIs within the current policy climate. This presents a difficult challenge, since those microfinance interventions presently aiming to enhance children’s opportunities to earn an income require considerable financial and

⁶² This does not seem to have been a problem encountered by Padakhep, who report being allowed to mobilise savings by the government.

⁶³ Financial sustainability requires that revenues cover the costs of lending, default, program administration and management, and depreciation of capital.

technical assistance.⁶⁵ Most of the programs included as part of this study, for example, rely on external inputs to increase their effectiveness; without them, program scale and impact are likely to be small. Indeed, a review of MFIs in West Africa concluded that subsidies will always be needed (Webster, quoted in Marcus et al., 1999, p.19). The real challenge, therefore, is persuading microfinance practitioners to target these children, given the high resource requirements.

The response by SCF is to fund additional services separately from the microfinance programme. Butterflies counsels programs to tap all community resources first before approaching outsiders for help or support and instead of creating their own infrastructure. Fabio Dallape urges agencies to ensure that children pay for the services they get from the project. ‘Any solutions to their living conditions should be done by them with minimum inputs, if any, from the organisation. They should then be urged to offer their services to others.’ Donors can contribute by encouraging further experimentation and evaluation, rather than just replication and adherence to a narrow set of ‘best practices’ based on existing programs (Morduch, 1999, p.1580).

⁶⁴ Most MFIs, for instance, rely on donor funding in the early stages of operation. This honeymoon period gives them the space to experiment with innovations, delivery channels and design components, which they might not be able to under more financially stringent circumstances.

⁶⁵ If organisations have not previously offered business training and credit programmes, for example, considerable energy must be invested in setting up effective administrative system and training for both programme and management staff. One key lesson learned by SKI, for instance, is that work with street-based working children is a labour intensive process in which high levels of programme-participant contact are required in order to build a working relationship, understand their livelihood, and facilitate positive exchange.

Challenge 4: The importance of collaboration.

A further challenge to expanding microfinance within this field is that there seems to be a great lack of knowledge about, and co-ordination between, the various government agencies, NGOs, religious bodies and private sector organisations that work with street-based working children. They tend not to work in collaboration with each other, nor do they generally share resources or ideas. Donors supporting activities in this area in particular seem reluctant to begin exchanging information on their programmes and interventions. Moreover, there is increasing evidence of a prevalence of ‘turf’ issues between and among various the various agencies (UNICEF, 1994). With very little flow of ideas and innovations, most programs struggle in profound isolation.

To aid collaboration, a network needs to be established to map, organise and co-ordinate the many programs for street-based working children, to identify gaps or overlaps in services, and to plan strategies for future co-operation. This would have to firstly identify the major factors pushing children onto the street. It would also require a shared understanding of the nature and magnitude of the most pressing problems and some degree of consensus about the kind of interventions needed. In particular, public and private services that work exclusively with street children need to share their experiences with MFIs operating within the same community, who often have little understanding of the activities of child-oriented organisations. Bearing in mind the limited amount of human and financial resources available, a co-ordinated effort between these agencies will hopefully result in less fragmentation and duplication of services.

Challenge 5: The need for impact assessment.

Any assessment of the developmental effect of microfinance interventions requires carefully and continuously analysing the impact of these programs on the lives of the street-based working children they are trying to help. This is not only a crucial part of understanding how and why an organisation is more or less successful; without it, programs are effectively working in the dark, substituting a hard-headed approach based on research and analysis for compassion (Green, 1998, p.84). What is concerning, therefore, is that so few of the programs included in this report have accorded a high priority to monitoring and evaluation. SCF San Pedro Sula, for example, attempted to assess the impact its scheme had on the lives of the children, but not until *after* the organisation had moved out of direct operation in the area.

Unfortunately, the whole issue of impact assessment is steeped in controversy. At the outset, it is often hard to justify taking resources from loan funds, feeding schemes or educational programmes to pay for program evaluators. Where resources *are* made available, attempts to link changes in participants' lives and livelihoods to a particular scheme are notoriously difficult, especially in integrated programs where it is near impossible to isolate effects of microfinance from other components. Other difficulties have been examined in detail by a recent SCF working paper (Marcus et al., 1999, p.75-80). They include the problems inherent in calculating the counter-factual; choosing relevant and reliable indicators that can indicate whether the project is having the intended effects; and finding the time and resources to conduct an assessment. Moreover, even where data has been collected, its reliability is not always assured - participants

have strong incentives to state the kind of changes they think programme staff would like to hear, especially if they find it difficult to remember details of the daily lives or incomes.⁶⁶

Any program attempting to undertake a successful impact assessment should bear in mind the framework suggested by Copestake, the essential features of which are shown below (Copestake, 1995, p.420).

1.	Financial indicators (accountancy ratios, subsidy dependence, interest rate margins, unit transaction costs, repayment risks etc).
2.	Gross access (depth, breadth and geographical outreach – number, location and socio-economic status of users, type of financial services provided and loan/savings portfolio composition, if relevant).
3.	Economic impact (indebtedness, assets formation, skill acquisition, job creation, poverty reduction, food security).
4.	Social Impact (individual skills and confidence, group cohesion and conflict, leadership and dependency, collective action, empowerment)

Programs should also be aware that it is the children themselves, as the key stakeholders, who know their own immediate situations best. Ensuring their full participation and taking account of their views is crucial, not only during evaluation stages, but throughout the whole process of policy, planning and implementation. Only then will action be based on the realities of their lives. Yet as well as enhancing the likelihood of success,

⁶⁶ Excessive monitoring is also unfair on the participants.

participatory project design is also essential in developing a sense of project ownership among participants.⁶⁷ Veronica Torres notes that when youth have had a major role in determining loan repayments procedures and penalties, for example, it is more likely that they will abide by them.⁶⁸ Program staff will need to be aware, however, that children who are overworked or underfed will find participation difficult. If many adults are poor and powerless as well, gaining acceptance for children's participation can be especially difficult (Moore, 1999, p.8).

Challenge 6: A search for comprehensive approaches.

As the phenomenon of child streetism intensifies, it is becoming increasingly clear that a much more ambitious and comprehensive approach is required than has been mounted thus far. Specifically, the needs of street-based working children are so complex that the prevailing trend of adopting only single interventions is vastly insufficient. With the multifaceted reasons why children work on the streets varying not only among but also within countries, for instance, it follows that no single policy or intervention will be able to contend with their varying needs. In sum, a more pluralistic vision is needed, one which recognises that a range of approaches may be appropriate for different children and in different circumstances.⁶⁹

According to Veronica Torres of SKI, the challenge here is to look for the resources or 'tools' that can be applied within one's own context. At the heart of this work is the need

⁶⁷ What is deeply concerning is that none of the schemes studied in this paper have made few serious attempts to include members' participation in program design and evaluation.

⁶⁸ Personal communication with Veronica Torres of SKI, July 2001.

⁶⁹ This conclusion is one shared by SCF (Marcus et al., 1999, p.20).

to appreciate diversity, accessibility, simplicity and clarity. ‘Replication is easy but *use* is the real objective’.⁷⁰ Characteristics of programs that have proved successful in serving women, for instance, will not necessarily transfer well to other excluded groups, such as youth, whose needs might be extremely diverse. Indeed, organisations need to remove themselves from the trend of prescribing specific models or practices applicable to all situations. They need to question whether their desire to fix the purpose of interventions in a permanent way is serving their own needs rather those of the children.⁷¹

Rather, actions need to be chosen carefully, often combining different kinds of activities and working at a number of different levels, and crucially paying attention to the social ties and community bonds already present within a community. A first step in this process is to make programs and projects as innovative and flexible as possible, involving multiple approaches tailored to different subgroups of street-based working children. Strategies that hold the greatest promise for dealing with this phenomenon in all its complexity will also need to be comprehensive. They should envision a continuum of services ranging preventative strategies to reduce the socio-economic vulnerability of poor families, to institutionalisation, rehabilitation and alternative schooling for children at risk, to programs that support the children in the context of their working lives. Microfinance presents just one dimension of this continuum.

⁷⁰ Personal communication, July 2001.

⁷¹These sentiments echo those of Turnbull (1998, p.213).

Challenge 7: Organisational Considerations.

In practical terms, locally-based agencies are showing the greatest potential to work successfully with street-based working children. These organisations, such as Padakhep in Bangladesh, enjoy the noticeable advantage of possessing a tangible and concrete knowledge of the everyday lives of the children they work with, in terms of how their situation is rooted in political, economic and social life, as well as local cultural ideas about families and children. In this sense, they are uniquely positioned to lead by example, to provide ideas of what could work and how. Their small scale can also enable them in some circumstances to operate outside the restrictions of legislation governing child work.⁷²

Larger NGOs, such as Save the Children Fund, also have a crucial role to play. With the benefit of larger budgets and paid staff, they can afford to fund the search for new innovations through the often costly process of trial and error. Once a program is successfully operating, they can then hand control over to the local community.⁷³ The multi-dimensional nature of most of these agencies also means that the microfinance component will not have to work in isolation - the credit and savings facilities can be easily merged with any welfare programs already operating. A real obstacle here, however, is that many agencies are externally funded. Where donors have their own

⁷² Governments by their very nature have to be more cautious not to contravene international standards. Here, the problem of child work is caught up in a politically charged debate on human rights, labour standards, ethics and international trade.

⁷³ In the case of SCF San Pedro Sula, the running of the savings scheme was left in the hands of participating children and their families.

agendas, usually in terms of requiring visible results from their charitable investment, it can be difficult to convince them of the possible benefits of microfinance interventions.

Over and above these problems, and given the limited resources of most non-governmental agencies, expansion and replication can really occur only if there is support from government, civil society organisations and the public at large in the design, development and implementation of microfinance programs. These groups should reinforce and build on their respective strengths. Governments in particular should be urged to develop a meaningful partnership with this sector. They are uniquely placed to help organisations turn new ideas into successful practice and wherever possible to provide an enabling environment which will facilitate programs to expand and flourish.⁷⁴ The involvement of the business community can also be very important in helping microfinance schemes to determine the skills that are in demand. They could even potentially offer apprenticeship positions to program participants.

⁷⁴ Obviously this role will be limited if programs contravene international child labour standards.

4.3 Conclusions.

Western perceptions of childhood still dominate the current national and international policy environment, despite recent changes to the contrary. Within this orthodoxy, street-based working children are portrayed as victims and treated as passive recipients of charity. This not only leaves them dependent and vulnerable, but also diminishes their self-respect. Moreover, as criticisms of their way of life and their values continue over time, these children become resentful about their lack of opportunities.

It is insupportable that international organisations, policy-makers, social institutions and individuals persist on intervening in the lives of these children on the basis of obviously unclear and arbitrary knowledge about the reality of their lives (Glauser, 1990, p.144). Projects based on funding considerations behind the curtain of bureaucratic demand, and not on the basis of children's needs, are also no longer acceptable. Rather, these children need to be portrayed in their true light, as active economic agents with multiple intelligence and competencies, and treated as such.

This recognition calls for new approaches to be adopted that will help street-based working children to realise their potential as fully contributing adults and provide viable avenues for their economic and social advancement. A part of this process crucially involves adopting measures which expand rather than limit their opportunities; measures which encourage initiative and which foster critical consciousness, social skills and self-

esteem. In sum, we need to develop new and innovative policy and programme responses to the problems facing street-based working children.

I would suggest that microfinance is emerging as an important part of this new thinking. It is an approach which has the potential to both create and support opportunities for the economic advancement of disadvantaged urban workers. By helping them to engage in productive self-employment, microfinance interventions can transform the situation of these children from one of charity, vulnerability and dependency, to one of self-sufficiency and self-reliance. Moreover, by taking advantage of those learning opportunities found in the everyday lives of street-based working children, the approach can facilitate them to contribute positively to their communities.⁷⁵

The real potential of microfinance goes beyond raising incomes and supporting economic advancement, however. It also plays a vital role in promoting the empowerment of street-based working children, the process whereby these children gain influence over events and outcomes of importance to them. This includes a greater control over resources, the right to define collective goals, and the ability to learn from experience.⁷⁶ Indeed, by combining aspects of economic development and social programs, microfinance targeted at street-based working children would seem to be in stark contrast to the majority of microfinance interventions, whose priorities lie in achieving self-sufficiency and sustainability.

⁷⁵ It is also in line with Article 29 of the CRC which demands that children be educated to develop their full potential (Boyden et al, 1998, p.224).

⁷⁶ Empowerment has also been variously defined as the mastery of a skill, the power to participate, and the acquisition of political competence, which includes the ability to mobilise others (Szanton Blanc, 1994, p.67).

In my opinion, helping street-based working children to become empowered is crucial, for it enables them to develop into decision-makers as well as able income-earners. It also provides them with the tools they need so that they themselves can begin to challenge the social inequality and exclusion that marginalizes them. In this way, microfinance has a genuine potential to help street-based working children to shape their own future: by equipping them with the tools necessary to participate fully in society, it can help these children to gain control over different aspects of their lives. Moreover, if they are actively involved in every aspect of a microfinance intervention, from program design to implementation and evaluation, street-based working children can determine *for themselves* which variables for measuring their empowerment are important.

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Appendices

Appendix 1: Street and Working Children – Recurrent Similarities and Differences.

The following table, which illustrates the principal recurring similarities and differences between street and working children is adapted from Szanton Blanc, 1994, p.331.

1. Street-based working children (still living with their families)	2. Children on their way to becoming street children.	3. Street children on their own (not living with families).
<ul style="list-style-type: none"> • Predominantly 8-14 years old with concentration in 10-12 age group. 	<ul style="list-style-type: none"> • Similar ages and gender. 	<ul style="list-style-type: none"> • Slightly older (most in early adolescence).
<ul style="list-style-type: none"> • Predominantly boys. 	<ul style="list-style-type: none"> • Predominantly boys. 	<ul style="list-style-type: none"> • Predominantly boys.
<ul style="list-style-type: none"> • Mostly from migrant families. 	<ul style="list-style-type: none"> • Majority living with two-parent families (parents or other adults). 	<ul style="list-style-type: none"> • From households of recent migrants (with many boys migrating to cities alone).
<ul style="list-style-type: none"> • Considerable variations by countries in levels of school attendance, but generally behind grade level. 	<ul style="list-style-type: none"> • About 1/3 living in single-headed households. 	<ul style="list-style-type: none"> • From slightly larger percentages of female-supported households; majority have parents alive.
<ul style="list-style-type: none"> • A higher proportion from two-parent households, both parents usually working. 	<ul style="list-style-type: none"> • Sleep irregularly at home and exposed to some drugs, illegal activities, glue sniffing etc. 	<ul style="list-style-type: none"> • Households show greater signs of disaggregation and loss of cooperation, thus providing a less supportive, more often conflictual environment.
<ul style="list-style-type: none"> • Contribute regularly to family, and their earnings represent on average 1/3 to 1/4 of household income. 	<ul style="list-style-type: none"> • May be out of school already or in process of dropping out. 	<ul style="list-style-type: none"> • Only a minority contribute to the income of their households of origin, and usually sporadically.
<ul style="list-style-type: none"> • Come from poor, already stressed, but still reasonably supportive families, but with limited extended family support. 	<ul style="list-style-type: none"> • May resent portion of earnings given to family, and family discord more evident. 	<ul style="list-style-type: none"> • More heavily exposed to and more likely to be abusing drugs, alcohol and solvents or to be involves in early unprotected sexuality or violence.

Appendix 2: Legislation on children and work.

The following are extracts of the most relevant recent articles pertaining to street-based working children.

The United Nations Convention on the Rights of the child (1989) – Article 32.

1. 'States Parties recognize the right of the child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.
2. States partiesshall in particular:
 - (a) Provide for a minimum age or minimum ages for admissions to employment;
 - (b) Provide for appropriate regulation of the hours and conditions of employment;
 - (c) Provide for appropriate penalties or other sanctions to ensure the effective enforcement of this present article.'

Article 31 establishes the right of children to rest and leisure; *Article 12*, children's right to express an opinion and have that opinion taken into account; and *Article 15*, children's right to education.

The United Nations International Covenant on Economic, Social and Cultural rights (1966) – Article 10.

3. Special measures of protection and assistance should be taken on behalf of all children and young persons without any discrimination for reasons of parentage or other conditions. Children and young persons should be protected from economic and social exploitation. Their employment in work harmful to their morals or health, or dangerous to life or likely to hamper their normal development should be punishable by law.'

The ILO Convention Concerning Minimum Age for admission to employment (1973) No.138.

Article 2:3. 'The minimum age specified in pursuance of paragraph 1 of this Article shall be not less than the age of completion of compulsory schooling and, in any case, shall be not less than 15 years.'

Article 2:4. 'Notwithstanding the provisions of paragraph 3 of this Article, a Member whose economy and educational facilities are insufficiently developed may.....initially specify a minimum age of 14 years.'

Article 3:1 'The minimum age for admission to any type of employment of work which by its nature or the circumstances in which it is carried out is likely to jeopardize the health, safety or morals of young persons shall not be less than 18 years.'

Article 7:1 ‘National laws or regulations may permit the employment of persons 13 to 15 years of age on light work which is...not likely to be harmful to their health or development.... (nor) prejudice their attendance at school, their participation in vocational training orientation or training programs.

ILO Convention on the Worst Forms of Child Labour (1999) C182 – Article 3.

‘...The effective elimination of the worst forms of child labour requires immediate and comprehensive action...For the purposes of this Convention, the term ‘the worst forms of child labour’ comprises:

- (a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflicts;
- (b) the use, procuring or offending of a child for prostitution, for the production of pornography or for pornographic performances;
- (c) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties;
- (d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or moral of children.’

Appendix 3: A Typology of Interventions.

The following classification has been adapted from Moore (1999, p.56). Any one intervention may fall under several headings or subheadings.

1. Value-based: Intervention/s chosen according to the underlying rationale of the implementer, in terms of beliefs about the nature of childhood, child work, the causes of poverty etc. For example:

- (a) Salvation, 'rescue', mission, charity.
- (b) Social control, correctional, re-education.
- (c) Welfare services, basic needs provision.
- (d) Structural/societal (preventative strategies attacking the perceived causes of child work).

2. Stage-based: Interventions chosen according to where the child is, in terms of entering into, participating in, or leaving the workforce. For example:

- (a) Preclusion (preventing children from taking up work).
- (b) Amelioration (such as facilitating their move into safer, better remunerated work).
- (c) Protection (defending children from exploitation).
- (d) Provision (of health and education services, drop-in centers etc).
- (e) Rehabilitation (reintegrating children into communities, families, educational systems, economies etc).

3. Sector-based: Interventions chosen according to the aspect/s of children's lives to be confronted. For example:

- (a) Economic (financial services, business training, marketing support etc).
- (b) Social (life skills development, safety etc).
- (c) Physical (health, nutrition, shelter, clothing etc).
- (d) Legal (advocacy, police liaison, monitoring, enforcement etc).
- (e) Educational (formal/non-formal, vocational, evening classes etc).
- (f) Recreational (to motivate, educate, or play for its own sake).

4. Target group-based: Interventions chosen according to which sector/s of the population is/are to be targeted. For example:

- (a) Individual children (on the basis of gender, age, or socio-economic characteristics).
- (b) Group of children (according to geographical location, occupation etc).
- (c) Parents, families, households, communities.
- (d) Consumers (product boycotts, awareness raising etc).
- (e) International community (rights advocacy, pressure groups, legislation etc).
- (f) Trade unions, businesses, employers.

Appendix 4: An example of key extracts of data obtained from the case studies.

Program.	Padakhep Manabik Unnayan Kendra, an intervention program primarily targeted at STD/HIV/AIDS issues (with a microfinance component).
Location.	Dhaka City, Bangladesh.
Year Established.	Program started in 1998. Savings and Credit facilities introduced in 2000.
Number of Participants.	2200.
Current and Future Goals.	Empowerment of street children and to ensure sustainability of the program.

Section A: Micro-Credit.

Table 1: Program Design.	
1. Loans For Consumption or Production?	Production purposes only.
2. Loans to Groups or Individuals?	Individuals.
3. Location of Collection/Deposit Facilities?	Center based.
4. Minimalist (i.e. Credit Only) or Integrated Approach?	Integrated approach.
5. Guarantee Mechanism (Peer Pressure, Guarantor, Collateral, Character References, Personal Effects etc).	Peer pressure.
6. Any Key Characteristics of Borrowers?	Only graduated participants of our main program on STD/HIV/AIDS are given credit.

Table 2: Portfolio Design.	
1. Loan Application Processes.	Yes.
2. Average Time Taken For Processing Application.	Half an hour.
3. Loans In-Cash or In-Kind?	Cash.
4. Average Loan Size.	Tk. 2000 (US\$35).
5. Maximum Loan Size.	Tk. 5000 (US\$88).
6. Maximum Loan Size To Increase With Subsequent Loans?	-
7. One-Time or Repeated Loans?	Repeated loans.
8. Loan Size Linked to Savings?	No.
9. Interest Rate/Loan Service Charge.	10% per annum.

Table 3: Repayment Conditions.	
1. Timely Repayment Rate (%).	99.9%
2. Grace Period Allowed Before Repayment?	Yes.
3. Frequency of Repayments?	Usually weekly installments, although occasionally monthly or biweekly.
4. Repayment in Fixed Equal Installments?	Not necessarily.
5. Rescheduling of Repayments Allowed?	Yes.
6. Average Loan Duration?	Six months.
7. Maximum Loan Duration?	One year.
8. Enforcement System (Penalties For Loan Default etc)?	Not yet panelized but has provision.

Table 4: Program Impact.	
1. Program Evaluation Undertaken?	Not yet
2. Program Financially Self-Sufficient?	Not yet
3. Qualitative Perceptions of Changing Circumstances?	-
4. Barriers/Limitations to Programmatic Success?	Target group is very mobile.
5. Details of Legal Restrictions Limiting Operating of the Program (If Any)?	No restrictions, permitted by government.
6. Monitoring of Loan Use by Program Staff?	Yes, monitored by microfinance staff.
7. Linkages With Commercial Banks?	No.

Section B: Micro-Savings

Table 1: Program Design.	
1. Savings Voluntary or Mandatory?	Both
2. Minimum Deposit Size?	Tk. 5 (US\$ 0.08)
3. Interest Rate?	7%
4. Amount/Frequency of Loans Depends on Savings?	To some extent.
5. Savings Used as a Form of Collateral For Loans?	To some extent.
6. Do They Save Individually, Group-Wise or Both?	Individually.
7. Daily/Weekly/Monthly Savings Collection?	All three.
8. Convenient Collection Points (Accessibility)?	Center based.
9. Linkages with Commercial banks?	No.

Table 2: Program Impact.	
1. What Were The Previous Savings Mechanisms Within The Street Community (Could They Have Been Promoted Instead)?	No formal practice observed in savings.
2. Legality of Accepting Savings Deposits.	Yes, permitted to mobilize savings by the government.
3. Are Savings Used to Reduce Dependency On External Capital/Donors?	Not yet. The current emphasis is on developing savings habits among the target groups.
3. Reasons The Children Save (As a Form of Insurance, For The Interest, To Fund Their Education etc).	They are motivated for reasons of future security. There is no scope to save elsewhere.
4. Program Evaluation Undertaken?	Not yet.
5. Any Obvious Saving Time Patterns?	Too premature to tell.
6. Key Characteristics of Savers.	No access to any financial institutions.
7. Any Qualitative Perceptions of Changing Circumstances?	-
8. Any special Features/ Additional Observations?	Yes, their self-esteem has improved following program membership.

