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Drawing the links between wage work and poverty reduction: Highlights from a recent evidence review



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All blogs

Why does wage work matter? ACIDI/VOCA's Anna Garloch highlights some of her key takeaways from a recent stocktaking report on wage labour.

This entire month, we've heard from a variety of expert voices about why wage work matters – for women, men, the old and young, at the macro and micro level, and to us, as development practitioners.

Through its [Leveraging Economic Opportunities \(LEO\)](#) project, USAID recently published an extensive [evidence review](#) looking at these very issues, authored by Bernd Mueller and Man-Kwun Chan.

Here are some of the key takeaways, drawn from the report, which struck me as game-changers:

1: Rural wage labour is the most important form of work for the poorest. To address extreme poverty, we cannot focus only on farmers and entrepreneurs. We must treat wage labourers as a key beneficiary group. Of course, there are many different kinds of wage work — casual, seasonal agricultural work during peak landprep or harvest times; migratory jobs in domestic help, construction, and mining; part-time jobs as shop workers, input agents, or taxi drivers; all the way to formal, salaried, full-time, year-round jobs — and everything in between. But it's the jobs on the 'lower end' of the spectrum that engage the largest numbers of poor people and play the biggest role in their daily struggle to make ends meet.

2: What's more, even for households that get the majority of income from farming their own land, wage work is an important piece of their overall annual income. For example, a recent World Bank report on Nigeria found that over half of rural farm households engaged in non-farm work; and in Malawi, we know from official statistics that, on average, wage labour is the second-largest contributor to income for smallholder families. In the agricultural development world, we are often guilty of failing to understand, explore, and leverage the intra-household connections between crop sales, wage work, and other forms of income, all of which reinforce the successes of the others.

3. Improving job quality, either through higher wage rates, safer working conditions, predictability, benefits, or skill development, matters a great deal for sustainable poverty reduction outcomes. However, as Mueller and Chan point out in the report, even lower-quality jobs can have a positive impact on poverty status and are often key coping strategies for the extreme poor.

4. As economies evolve and structural transformation in the agricultural sector takes place, reliance on wage employment can be expected to increase, and the importance of self-employment will be reduced, particularly for the poorest, according to the report. In [last week's blog](#), Laura Rodriguez Takeuchi of the Overseas Development Institute (ODI) explored how this played out in Uganda over the past few decades and what other countries might learn from the experience.

5. Improving employment outcomes for women and migrant workers presents unique challenges and opportunities as well as requires targeted, differentiated efforts in analysis and program intervention. True, these are broad categories of 'vulnerable groups,' but within the labour discussion, they are two very key groups. USAID's [Bama Artheya's post](#) last week did a great job of teasing out some of the gender elements.

6. Wage labour needs to factor much more heavily into our sector and value chain selection processes. Linked to this, many opportunities exist to increase wage-labour outcomes from investments in other seemingly unrelated sectors. Finance, given its role in transmitting remittances, is an obvious one. For another fascinating twist, see this recent [Financial Access Initiative blog](#) on how poor families accessing improved savings products in Sri Lanka started to shift their labour resources away from microentrepreneurship and into more reliable wage work.

7. Lastly, data quality (traditionally not a big focus for the market development crowd) matters more than you might have thought. Read this [blog by Bernd Mueller](#) of the Food and Agriculture Organization (FAO) for more on labour-blindness.

Quite a heavy list, no? Interestingly, LEO didn't come to the issue of wage labour automatically. We started off looking at models and approaches that help the very

poor benefit more from market development that is 'inclusive', and in doing so, the importance of labour kept smacking us in the face.

I am part of the LEO team, but I also wear an implementer's hat, and working day-to-day with the nuts and bolts of market development projects is a huge part of my job. So I constantly find myself coming back to how this all plays out in practice.

Without a doubt, taking an approach that is more attune to wage labour has some game-changing implications, especially for core project elements, such as: a programme's underlying theory of change; outreach models and methodologies; the 'basket' of interventions; staff and partnership profiles; and what and how results are measured.

The truth is, we have a lot to learn. Within market systems development, this is largely uncharted territory – albeit one that LEO, and many others, are starting to dip our toes into. The good news is that there is a lot we can learn from groups outside of our typical partners network – those in workforce development, ethical global supply chains, or the arena of labour rights and collective action. And there is a lot that our systems approaches can teach us if we apply the basic analytical framework in new ways.

Want to be part of the evolution? There are several ways to plug in:

- › Take a look at this [infographic](#) – share it with your colleagues and use it to start a discussion!
- › Join this short webinar on May 14, which will highlight key findings from the evidence review on wage labour.
- › Active on social media? Tweet [#wageworkmatters](#) when sharing your perspective or other key resources.

This blog post was originally published on [Mircolinks](#), and is republished here with permission.

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