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Thematic Working Aid

Leave no one behind in practice

Employment & Income

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What do we know about the livelihoods of very marginalised men and women?

There are 800 million people living below the international poverty line of US$1.90 a day. They are primarily rural (80 per cent), poorly educated (39 per cent lack formal education) and living in large households with numerous children (44 percent are below 14 years of age).[1] Alongside this economic dimension of marginalisation, exclusion also arises due to discrimination related to gender, race, caste or disability, and to isolation, particularly of those who are geographically remote or living in areas blighted by violence and lack of services, such as in urban slums.[2]

The livelihoods of very marginalised women and men involve vulnerable forms of employment including self-employed workers and contributing family workers[3]. They engage in (often multiple forms of) informal, low productivity and poorly remunerated work such as small-scale farming, running small shops or engaging in simple trading, tailoring, offering transportation (e.g. via cart or bicycle) and day labour outside agriculture[4]. Assets may include small plots of non-irrigated land, animals, bicycles, or radios; although many operate small enterprises with virtually no productive assets[5]. Sixty-four percent[6] are dependent on agriculture, with often casual or seasonal working arrangements[7].

These marginalised workers lack insurance, safety nets or social networks, leaving them susceptible to economic downturns, climate events or other shocks which can wipe out gains made or assets accumulated, with long-term repercussions. Vulnerability also affects how poor households approach their livelihoods. For example, they may prioritise income security and diversification over income maximisation[8], by foregoing profitable but riskier opportunities that require new technologies, such as improved seeds or specialisation in a single activity. For women, unpaid care work represents a substantial proportion of their time.

At the same time, economies are evolving, shaped by the dual forces of technology and globalisation. In the past, industrialised countries experienced a shift of low skilled workers from informal household farms and firms to the formal manufacturing sector. Eventually workers were engaged through waged employment accompanied by worker protection and social insurance. However, recent evidence[9] suggests that low income countries are not following this same path. While industrialisation has been taking place, manufacturing opportunities begin to decline at much lower levels of income than in the past, leaving agriculture and services as potentially the main providers of employment in future. The small firm sizes and low productivity typical of these sectors weakens their potential to offer job security, employment protection or social security coverage.

Technology also seems to be impacting developing countries differently. In developed economies, automation supported by new technology implies the risk of redundancy. However, workers in developing countries are often paid extremely low wages to engage in work that could already be done more efficiently with technology. Hence the threat of automation may not be primarily job losses, but rather further downward pressure on wages.[10] New technologies and digital platforms may offer economic opportunities for low-wage workers (e.g. to connect cleaners or motorbike drivers with clients[11]); however, these will require a basic level of education, skills, and access to technology and infrastructure, and so may not be accessible to the most marginalised.

How to make a good diagnosis of marginalisation in the employment and income domain?

While section 1 paints a portrait of the livelihoods of very marginalised women and men, it is obviously an oversimplified one. The relationship between marginalisation and economic outcomes is complex and context specific, requiring solid market systems diagnosis and tailored responses[12]. Strong contextual knowledge and sufficient time and resources to engage with marginalised groups are key to good diagnosis and should not be underestimated. Key elements include:

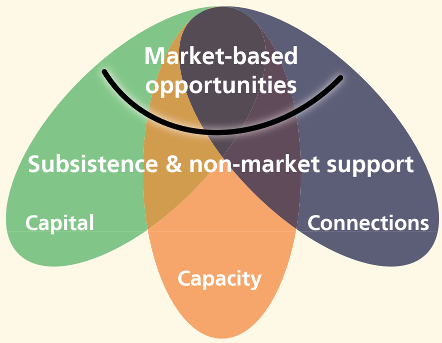
1. Identifying employment and income opportunities which are accessible or can be made accessible to the marginalised, and which have growth potential.
2. Analysing why these markets are not working or are exclusionary, by understanding the market structure, operation and dynamics and how these affect the marginalised.
3. Identifying system-level constraints underlying these failures, and prioritising those constraints that can most effectively be addressed; considering factors such as relevance, sequencing and feasibility.

These elements point to two fundamental challenges. The first is to create viable opportunities, from the perspective of market actors, that are also accessible to very marginalised groups, through interventions that build on or build up their assets, capacities and networks. Essentially it means moving the market 'frontier'[13] (Box 1) further towards very marginalised women and men, and/or enabling them to step up to the market. The further this frontier is pushed, however, the more costly and difficult enabling interventions are likely to become, with a greater the need for social protection or other direct interventions.

Box 1: The Market Frontier

Market participation requires that individuals or groups have a combination of assets that allow them to engage in and benefit from market-based opportunities. These assets include physical and financial capital, knowledge and capacities, and connections that enable transactions. The "market frontier" can be thought of as the threshold where a person has sufficient capital, capacity and connections which together enable them to take advantage of market-based opportunities. If that threshold is not reached, livelihoods will depend on non-market based support, such as social protection, or subsistence livelihoods.

The market frontier



Source: Adapted from Blewett, J., Keddie, J., Van Hummelen, S. (2016) Pre-intervention investment toolkit: The challenge of achieving impact at scale in MSD (M4P) interventions, London: The BEAM Exchange/ CC BY-NC.

The second challenge is to understand the specific dynamics that create or exacerbate exclusion, including taking into account risk, isolation and discrimination[14]. Extreme poverty means high vulnerability to risk, which can be exacerbated by context such as violence and conflict, corruption or the lack of personal or social safety nets. Markets offer opportunities for better incomes, but often expose the marginalised to new risks, especially if scarce assets are invested or livelihood options are reduced. On the other hand, where opportunities diversify existing income sources or improve conditions in the (often informal) sectors where the marginalised are already engaged, they can supplement and stabilise income flows, and improve resilience. Diversified livelihood strategies may include non-market activiites, such as investing in family networks, and carrying out unpaid work and subsistence food production.

Marginalised groups commonly face isolation which affects their access to employment opportunities, input and output markets, and to social or market-oriented organisations (e.g. self-help groups or cooperatives). The barriers may be geographical such as marginalised households in hard to reach regions, or simply being distant from the centre of a village, physical for example due to mobility limitations or social due to dicrimination. Isolation also means that those who are marginalised are not easily visible, and therefore very easily overlooked during diagnosis.

Discrimination rooted in formal policies or social norms[15] shapes behaviour within markets and the way they are experienced by marginalised groups. However these norms can be unseen and hard to diagnose, including 'self-discrimination' of marginalised women and men due to low self-confidence or the threat of sanctions. Even where discriminatory barriers are recognised, they are often assessed as being part of the context within which interventions must be designed, rather than diagnosed as a root cause of market underperformance.

Diagnostic tools which help programmes understand and assess such issues can include participatory appraisals, power analysis and ethnographic studies to identify who the marginalised are, the challenges they face and how these are related to structural factors within the market. Specific guidance documents can help in understanding social norms within market systems approaches.[16] Ongoing diagnosis can also be part of adaptive programming, critically monitoring outcomes and how these affect marginalisation, and adapting interventions in response.[17]

Strategic entry points to leave no one behind in employment and income programming

Sustained growth is a key driver of poverty reduction[18], but is insufficient to ensure no one is left behind. This section identifies entry points for programmes to support marginalised groups to capture the gains of economic development. It includes entry points to expand the scope of marginalised groups to use their own agency to step up to the market, and those that transform markets to better reach the marginalised. While these entry points refer to specific intervention areas, moving out of poverty and vulnerability is likely to require multiple efforts that both transform markets and support marginalised women and men to access them, rather than relying on any single intervention. It is also important to recognise that marginalised groups are not merely recipients of support but can use their own agency to make markets to work for them. Finally, careful sequencing can support the conditions for inclusion and sustainability by moving at an appropriate pace for those who are intended to benefit while developing their confidence and resilience and supporting them to engage in markets effectively.[19] It also implies a sufficient investment of time to achieve results.

Interventions for expanding the scope for marginalised women and men to use their own agency

- **Graduation approaches**: Graduation and graduation-type approaches provide a sequenced package of social protection and livelihood development support to enable very poor households to move from social assistance to accessing social services and economic opportunities, with each stage building on the achievements of the previous one (see GRAD programme, Box 2). Early evidence on the impacts of graduation programmes over time has been mixed[20], though a recent high-profile evaluation finds statistically significant gains in consumption, asset ownership, financial inclusion, time use, income and revenues, and women's empowerment three years after an initial productive asset transfer and one year after all interventions ended[21].

Box 2: Graduation with Resilience to Achieve Sustainable Development (GRAD)[22] in Ethiopia worked with households experiencing chronic food insecurity, building on the Government of Ethiopia's Productive Safety Net Programme (PSNP). The aim was to graduate households from the programme through incrementally increasing their participation in diverse economic activities, and catalysing linkages to input suppliers, service providers, and local/regional markets. Village Economic and Social Associations (VESAs) helped households save money and gain access to loans, and the programme linked them to inputs and local/regional markets. At mid-term, 70% of PSNP households were involved in value chain activities and over 2,500 VESAs had been created, with 65% of members accessing formal microcredit. By the end of the five-year programme, 80% of families had graduated out of government-sponsored social safety nets programmes, with incomes rising 84% or an average of $353 per year.

- **Identifying and building assets and skills**: The focus here is on the assets and skills of marginalised people that are relevant to market opportunities. For example, interventions can support technical and vocational education and training (TVET) institutes to develop new, market-relevant programmes, including through building linkages to potential employers who input into programme design and delivery, for example through work placements. Accessibility can be addressed in multiple ways, through overcoming financial barriers via scholarships, or through materials, grants, equipment and technical assistance that enables institutes to develop facilities and services that support inclusion. Community sensitisation to the benefits of skills training, for example where young women would otherwise not be allowed to travel to attend, may be another avenue. Interventions can also involve investment in coaching, mentoring or life skills training that builds self confidence and personal resilience.

- **Collective action based on 'social capital'** can be a precursor to enterprise development where mutual self-help and solidarity groups provide a channel for finance or services, with parallels to the graduation approach. Interventions can support existing grassroots associations or the formation of new ones, and enable marginalised people to engage. For GRAD, Village Economic and Social Associations (VESAs) were the first step in enabling asset accumulation through savings. This later enabled households to access to formal financial services. The value of these associations were not limited to supporting households to access finance. They also helped address social needs, such as access to water, and provided an informal safety net.

- **Targeting assets available to very marginalised groups**: Another starting point is designing interventions around assets that are available to very marginalised groups or where access can be facilitated. Samriddhi (Box 3) included medicinal plants amongst its target value chains. Medicinal plants be produced on available marginal land, and the programme facilitated landless and land-poor women's access to this land. Samriddhi also engaged a system of female mentors to build the self-confidence and personal resilience of very marginalised women. The design of such interventions should take into account demand-side factors. Do sectors have potential in terms of current demand and prospects for growth? Are they labour intensive or do they rely on wage labour inputs that are accessible, both geographically and in terms of skills, to marginalised groups? Inherent risks should also be considered, and whether these can be mitigated or whether resilience to them can be built. As well as identifying new income opportunities, analysis should consider whether interventions could improve conditions and reduce vulnerability in the (generally informal) sectors where the marginalised are already engaged.

Box 3: The Samriddhi programme[23] funded by SDC in Bangladesh successfully catalysed a system of private local extension and input service provision and micro and small enterprise development for agricultural product aggregation. 900,000 poor farmers have benefitted from this appraoch, with almost 170,000 extreme poor households directly involved. By including some value chains (medicinal plants, chicken rearing, jute crafts) which are particularly relevant for poor and women farmers, Samriddhi has reached both women (47% of producers engaged) and those who are poor or extremely poor (35%). Samriddhi includes a system of female mentors – elderly women from the community who support other women through awareness raising and accompaniment on health and social issues (e.g. early marriage, hospital care in pregnancy). The female mentors supported by Samriddhi are linked to local authorities and institutions, so that their work will continue beyond the life of the programme.

Interventions for transforming markets

- **Developing vertical networks**: While collective organising brings significant benefits, marginalised groups on their own often lack economies of scale and political clout. Coordinating vertically with better-off farmers, enterprise owners or traders offers an alternative. IMA4P (Box 4) in Cambodia is premised on working with better-off farmers to bring higher quality services at better prices which benefit all producers. Those who are not directly engaged in farming benefit through associated employment opportunities. Similarly, the development of local financial markets and savings services targeted only at marginalised groups may not be commercially viable. However, accessing finance through local providers that serve different market segments overcomes this barrier, particularly when supported with capacity building and/or credit guarantee schemes to encourage lending to marginalised households.

Box 4: IMA4P in Cambodia[24] aims to strengthen the functioning of market systems as a prerequisite forinclusion of the most marginalised, e.g. through supporting trust and transparency between actors, enabling the flow of knowledge and information about standards, and supporting group strengthening.They start by working with less vulnerable groups, such as enterprise owners who can influence a marketbarrier, or farmers who can pilot new approaches. As markets start to work better, those with very small plots of land can also benefit, e.g. through access to higher quality services at better prices. IMA4P also works with these farmers to establish collective social enterprises to jointly procure inputs and services, and build linkages with millers that provide technical support. The landless can also benefit through employment or as micro-business owners providing services.

- **Working with the private sector**: It can be difficult to engage private sector partners to work with very marginalised workers and producers, due to perceived or actual costs and risks acting as a deterrent. Programmes can help make the business case to enterprise owners, demonstrating the relevance and feasibility of working with marginalised groups, for example to secure new sources of inputs. Technical support, cost-sharing and risk pooling mechanisms through innovative or socially-oriented financial products can alter the cost-benefit ratio, making investment more attractive. GRAD (Box 2) used a guarantee scheme to encourage microfinance providers to work with marginalised households. Similar risk or cost-sharing mechanisms can be effective in incentivising private sector partners to participate, although for long-term sustainability, the opportunity must make business sense. However, even commercially viable (i.e. profitable) opportunities are unlikely to be realised if businesses can use the same resources for other more profitable and less risky ventures.[25] The more marginalised people are, and the more complicated the context, the more difficult it is to compete. However, programmes can seek opportunities to work with market actors that invest in the expectation of returns beyond short-term profit maximisation[26], such as community-based organisations, social enterprises, impact investors or private businesses investing for the long term through inclusive business approaches.

Across all of these entry points, whether programmes should directly **tackle existing discriminatory and exclusionary norms and behaviours** is a challenging issue. Programmes often choose to enhance inclusion *within existing norms*, rather than challenge them head on[27]. This decision may be driven by understandable concerns regarding time and resources required to make a difference to long-held practices, concerns of outsiders meddling in cultural matters, and/or very real risks of sanctions against the vulnerable for transgressing norms. Yet ignoring these norms often leaves programmes addressing symptoms of market constraints, rather than root causes. At a minimum, there is need for reflection – have these factors been adequately understood during diagnosis and potential interventions explored? Samriddhi, for example, found that role models, such as women who were seen to travel independently, were influential in challenging norms of gender mobility, and has supported study tours so that examples of enterprising women's groups can inspire others.

Monitoring and Evaluation

There is a significant need for more robust evaluation of the effectiveness of market systems programmes in reaching and benefitting the most marginalised.[28] This evidence requires more critical monitoring of changes that are being achieved and of the effectiveness of interventions in contributing to these changes, in order to adapt programme approaches and to document learning. Currently, most programmes rely heavily on results that can be tracked quantitatively. In order to provide useful insights, data should be collected and analysed in a disaggregated fashion, assessing differential outcomes based on factors such as gender, poverty or disability. In addition, quantitative indicators become more meaningful when complemented with qualitative information. Qualitative data often provides better insights in areas where changes are not easily measured, such as changes in household power dynamics or exclusionary social norms, or how improved income reduces vulnerability or supports children's education.

This working aid is based on research on market systems and inclusion conducted as part of The BEAM Exchange. The BEAM Exchange (https://beamexchange.org/) is a facility for knowledge exchange and learning about the role of market systems approaches in reducing poverty, and has been part-funded by SDC.

Useful resources

BEAM Exchange – Building Effective and Accessible Markets
https://beamexchange.org

Chronic Poverty Advisory Network (CPAN)
http://www.chronicpovertynetwork.org/new-page-test/

Decent Rural Employment (FAO)
http://www.fao.org/rural-employment/en/

Graduation into Sustainable Livelihoods (CGAP)
http://www.cgap.org/topics/graduation-sustainable-livelihoods

Markets-Based Solutions for the Extreme Poor (IDS)
http://www.ids.ac.uk/project/market-based-solutions-for-the-extreme-poor

Moving Out of Poverty (World Bank)
https://openknowledge.worldbank.org/handle/10986/11836

Strengthening the Economic Potential of the Ultra-Poor (STEP) (SEEP Network)
http://www.seepnetwork.org/step-up--strengthening-the-economic-potential-of-the-ultra-poor--pages-10081.php

Social Science Report 2016 – *Challenging Inequalities: Pathways to a Just World* (UNESCO)
https://en.unesco.org/wssr2016/contents

Unpaid care work: facilitating systemic change towards women's economic empowerment
https://beamexchange.org/practice/research/womens-economic-empowerment/unpaid-care-work/

World Employment and Social Outlook (ILO)
http://www.ilo.org/global/research/global-reports/weso/2018/lang--en/index.htm

Endnotes

1 World Bank (2016) *Poverty and Shared Prosperity 2016: Taking on Inequality*, Washington: World Bank; US$1.90 PPP per capita per day

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[9] Rodrik, D. (2016), 'Premature deindustrialization', *Journal of Economic Growth* 21, 1–33.

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[11] See for example the development of uberBoda in Nairobi, https://www.uber.com/en-KE/blog/introducing-uberboda-a-new-way-to-navigate-nairobi-faster/ [accessed 30 January 2019]

[12] See for example, The Springfield Centre (2015) *The Operational Guide for the Making Markets Work for the Poor (M4P) Approach*, 2nd edition funded by SDC & DFID; and the BEAM Exchange.

[13] See Blewett, J., Keddie, J., Van Hummelen, S. (2016) *Pre-intervention investment toolkit: The challenge of achieving impact at scale in MSD (M4P) interventions*, London: The BEAM Exchange for a discussion of the concept of the market frontier and reaching vulnerable and marginalised groups in the context of market systems development programmes (page 21). See also The Springfield Centre (2015), op cit., page 7-8 on identifying opportunities to benefit target groups.

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