

Rural Wage Employment in Developing Countries

Theory, evidence, and policy

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7 The policy neglect of rural wage employment

The cases of Rwanda and Ethiopia

Nicolas Petit and Matteo Rizzo

1 Introduction

Taking Rwanda and Ethiopia as case studies, this chapter documents the way in which the creation of more and better jobs in rural areas is marginalized – if featured at all – in policy making on rural poverty in developing countries. It starts by reviewing the literature and official statistics on rural poverty in the two countries, and then contrasts these data with micro-studies on rural poverty. While the former tend not to detect the significance of wage labour in rural areas (with the exception of recent surveys on poverty in Rwanda (Republic of Rwanda 2012a; 2012b)), the latter show its centrality to the survival strategies of the poorest households. The analysis reviews the methodological differences between official surveys and micro-studies, and the extent to which they explain such a diverging characterization of rural poverty. It then reviews the priorities on rural development of key policy makers in the two countries, and their approaches to rural labour markets. The chapter concludes by stressing the need to focus policy efforts on improving the returns to the poor from engagement in rural labour markets and outlines key areas for intervention towards this goal. This chapter draws extensively on joint research between Save the Children UK and the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF),¹ which the authors coordinated and participated in.

2 Who are the poorest? Conflicting evidence on rural poverty

Official statistics in sub-Saharan Africa do not tend to support the idea that it is common for poor people to work for other people on a casual basis. Standard labour force surveys (LFS), household income and expenditure surveys, and population censuses – with variations between individual country contexts – normally underestimate the significance of wage employment in rural areas (Mwamadzingo 2003; Oya 2013; Sender *et al.* 2005). This phenomenon, as the World Bank has recently acknowledged, stems from the fact that: 'data that classify workers by their main activity typically miss large

numbers of casual wage earners' (World Bank 2007, 205). Data on population, size, density, and various indicators of socio-economic development (e.g. GDP per capita, literacy, child mortality and malnutrition) show the existence of significant differences between Ethiopia and Rwanda (see Table 7.1). However, by comparing the results of official statistics with those of other (often micro) studies on rural poverty, a similar story emerges from the two case studies: it is evident that there are two contrasting pictures of rural poverty in both countries. The official story depicts small, independent farmers as constituting the bulk of the poor. By contrast, micro-studies suggest that very poor individuals, while retaining access to small plots of land, critically rely on casual earnings in the labour market for their livelihoods.

2.1 Ethiopia case study

2.1.1 Official statistics

We first consider Ethiopia (see Table 7.2). The results of the latest National Labour Force Survey (NLFS) carried out by the Ethiopian Central Statistical Agency (CSA) in 2005 show that on the whole, agriculture employs 80.2 per cent of the total labour force at country level (88.5 per cent in rural areas). In terms of *employment status*, 91.2 per cent of the workforce in the country is self-employed (40.9 per cent own-account workers and 50.3 per cent contributing family workers, respectively).² The total number of paid employees represents only 7.9 per cent of the total working population. In rural areas, the significance of wage employment is even lower, at 3.6 per cent, while own-account work constitutes 95.6 per cent of the labour force (with contributing family workers at 54.6 per cent and own-account workers at 41 per cent) (FDRE 2006a).³

De Gobbi (2006), drawing on CSA data from 1994 and 1999 (see Table 7.2), draws similar conclusions, stating that 'the bulk of jobs in rural Ethiopia are in agriculture and in self-employment on small holdings'.⁴ The paper further adds that women are largely employed as contributing (i.e. unpaid) family workers (70 per cent in 1999). The paper indicates that 'waged employment exists, but in small proportions, and reached only 3.5 per cent of total rural employment in 1999' (De Gobbi 2006).

The report of one of the latest Household Income Consumption and Expenditure Surveys (HICES),⁵ conducted in 2004–05 (FDRE 2007), takes the same line, although it should be pointed out that these data refer to the head of the household, the only person who responds to questions on employment. As such, HICES figures are not directly comparable to the figures so far presented. According to HICES, 86.6 per cent of household heads in Ethiopia are self-employed. In rural areas, 91.3 per cent of household heads are involved in self-employment activities without employees, while 5.3 per cent are employers. Only 3.1 per cent are employees (in private formal/informal, public enterprise, public service, or NGOs), while 0.9 per cent of household heads are contributing family workers and 0.3 per cent are engaged in 'other' economic activities.

Table 7.1 Comparing Ethiopia's and Rwanda's development indicators

	Ethiopia	Rwanda
Population (2008 est.)	80,713,000	9,721,186
Area (km ²)	1,104,300	26,338
Density (hab. per km ²)	73.1	369.1
HDI (2009)	0.414 (171)	0.460 (167)
Life expectancy (2008)	55	50
Fertility rate (births per woman, 2005–10)	5.4	5.4
Under-five mortality rate (per 1,000 live births, 2007)	118.6	180.6
Children under weight for age (% under age five, 2005)	34.6	18
Children under height for age (% under age five, 1996–2005)	51	48
Adult literacy rate/15+ year/male/females (%; 2004)	50/22.8	71.4/59.8
Net primary enrolment rate (%; 2007)	74.7	97.2
Net secondary enrolment rate (%; 2005)	28	7 (1991)
GDP per capita (current US\$, 2009)	344	5,006
Population living below \$1 per day (%; 2005)	39	60.3
Population living below \$2 per day (%; 1990–2005)	77.8	87.8
Gini index (0 abs. equality, 100 abs. inequality)	30.0	46.8
Public expenditure on health (% of GDP; 2007)	3.8	10.3
Public expenditure on education (% of GDP; 2002–05)	6.1	3.8

Source: data from <http://data.worldbank.org>; <http://data.un.org>.

Table 7.2 Official statistics on status in employment in Ethiopia (%)

	Total			Urban			Rural		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
<i>NLFS 2004 (1)</i>									
Self-employed (without employees), of which:	91.2	89.4	93.3	55.3	51.1	60.1	95.6	94.0	97.4
Own-account workers	40.9	54.8	24.8	40.3	38.9	42.0	41.0	56.7	22.7
Contributing family workers	50.3	34.6	68.5	15.0	12.2	18.1	54.6	37.3	74.7
Employers	0.6	0.9	0.2	0.6	0.9	0.4	0.6	0.9	0.2
Paid employees	7.9	9.3	6.2	42.8	46.3	38.8	3.6	4.8	2.2
Others/not stated	0.9	1.3	0.5	1.9	2.6	1.1	0.8	1.2	0.4
Total	100	100	100	100	100	100	100	100	100
<i>De Gobbi, based on CSA 1999 (2)</i>									
Self-employed (without employees), of which:	-	-	-	57.7	-	-	95.4	93.9	97.5
Own-account workers	-	-	-	42.2	-	-	44.0	56.6	27.4
Contributing family workers	-	-	-	15.5	-	-	51.4	37.3	70.1
Employers	-	-	-	1.0	-	-	0.8	1.2	0.2
Paid employees	-	-	-	39.5	-	-	3.5	4.6	1.8
Others/not stated	-	-	-	1.9	-	-	0.3	0.3	0.4
Total	-	-	-	100	-	-	100	100	100
<i>HICES 2004-05 (3)</i>									
Self-employed (without employees), of which:	86.6	-	-	56.8	-	-	91.3	-	-
Own-account workers	85.8	-	-	56.4	-	-	90.4	-	-
Contributing family workers	0.8	-	-	0.4	-	-	0.9	-	-
Employers	4.9	-	-	2.3	-	-	5.3	-	-
Paid employees	8.2	-	-	39.8	-	-	3.1	-	-
Others/not stated	0.3	-	-	1.1	-	-	0.3	-	-
Total	100	-	-	100	-	-	100	-	-

Sources: adapted from: (1) FDRE (2006a, 40); (2) De Gobbi (2006, 13-14); (3) FDRE (2007, 38).

Note

- Data not available.

A survey conducted by the Ministry of Labour and Social Affairs (MOLSA) in 1996 stands out for its focus on gathering national 'representative' information on agricultural wage employment and the non-farm economy in Ethiopia. The survey covered 5,699 households from five regions (Tigray; the sedentary farming areas of Afar; Amhara; Oromia; and the Southern Nations, Nationalities and People's Region [SNNPR]). It found that a relatively large percentage of households had members who were involved in agricultural wage employment and/or rural non-farm (self) employment during the year prior to the study: 43.9 per cent for all five regions. Of this 43.9 per cent, self-employment constituted the great majority of observations. Only 15.4 per cent of households had members who were involved in agricultural wage labour during the year preceding the study (as local wage labourers, sharecroppers, and/or migrant labourers). Local wage labour was the most common kind of wage labour observed (FDRE 1997, quoted in Sørensen 2001). In a similar fashion, a recent review of the non-farm sector in rural Ethiopia (Günther *et al.* 2007) indicates that: 'a landmark of Ethiopia's rural economy is the often perceived absence of rural non-farm activities, estimated to be amongst the least diversified countries in Sub-Saharan Africa'. The report further argues that: 'due to the fact that labour markets are underdeveloped in rural Ethiopia, rural labour demand, be it agricultural or non-agricultural, is rather rare' (Günther *et al.* 2007, 11). Similarly, Demeke suggests that 'the largest concentration of vulnerable or poor people in rural areas is in farming activities and most are contributing family workers' (Demeke *et al.* 2006, xiv).

For the most part, official statistics and studies based on official data in Ethiopia consistently suggest that the large majority of rural people are own-account workers or contributing family workers. According to the same evidence, working for wages is a source of livelihood only for a small fraction of the population, and mostly takes place in agriculture and on a casual basis.

2.1.2 A different picture of rural poverty

It is interesting to contrast the above picture with the findings of a number of livelihoods assessments carried out by Save the Children and USAID in four regions of Ethiopia (see Table 7.3). The methodological differences between these assessments and national surveys will be discussed later on in the chapter. At this stage it is worth noting that while there are significant differences between the four regions under analysis, it is clear that, in three of the four regions, working for other people is the single largest source of income (in cash or in kind) for very poor people,⁶ far exceeding the importance of own-account farming. As they have little or no access to land, and low human capital, very poor individuals tend to mostly rely on unskilled labour for survival. For example, in Afar region, while crop and livestock sales represent between 80 to 90 per cent of income for the better-off segments of the population, they represent only 25-35 per cent of income for the very poor, as most of their income derives from wage employment. Similar trends can be observed in the SNNPR and Tigray regions. In SNNPR, very poor people often

Table 7.3 Overview of the importance of wage employment in four regions of Ethiopia, by poverty status (2000s)

<i>Per cent of households</i>	<i>Characteristics</i>	<i>Wage (percentage of income)</i>	<i>Source of income</i>	<i>Crop and livestock sales (percentage of income)</i>
<i>Afar (c.2005-06)</i>				
Very poor 5-15	Less than 1 ha land or landless; 1-4 cattle, 1-3 goats, 0-5 sheep; mining and firewood sale	50-70	Gift; casual labour	25-35
Poor 30-40	0-1 camels, 1-2 cattle, 10-20 shoats;* less than 1 ha land; monogamous; mining and fire wood sale	45-60	Gift; casual labour; own crop sale	50-60
Middle 30-40	9 camels, 10-15 cattle, 25-30 shoats, 1 donkey; 1-1.75 ha land; often polygamous; palm or salt trading; camel rent.	15-20	Livestock sale; casual labour; trading	75-85
Better-off 20-30	25 camels, 25 cattle, 30-50 shoats, 3 donkeys; 1-3.5 ha land; larger household and often polygamous; palm or salt trading; camel rent	5-10	Livestock sale; casual labour; trading	80-90
<i>Somali (2005)</i>				
Poor 30-35	30-40 shoats, 0-6 cattle, 5-10 camels, 1 donkey; smaller household (4-6 persons); small landholdings (less than 1 ha); diversification of income: bush products sales, remittances, caravans assisting, selling of crop sales (soon after harvest despite low prices)	5-15	Livestock sales; seasonal labour	75-85
Middle 45-50	60-80 shoats, 0-20 cattle, 20-30 camels, 2 donkeys; production of milk and cash crops	0-5	Livestock sales; trade; migration	85-95
Better-off 20-25	100-150 shoats, 0-40 cattle, 45-55 camels, 2-3 donkeys; larger household (15-17 persons); larger landholdings (3-4 ha); production of milk; selling of cereals; cash crops	0-5	Livestock sales; trade; migration	80-90
<i>SNNPR (2006)</i>				
Very poor 5-15	No livestock; less than 0.5 ha or landless; very small household (up to 4 persons); often migrate to coffee-producing areas for coffee picking	45-55	Look after others' livestock or waged labour; migration	20-35
Poor 25-35	Smaller household (6-7 persons); 0.5-1 ha; 0-5 cattle, 3-7 shoats, 1 donkey; diversification of income: firewood sales, casual agricultural employment, butter sales	25-35	Local and migratory waged labour	50-70
Middle 30-45	1-1.5 ha; 1 ox, 10-20 cattle, 4-8 shoats, 1-2 donkeys, 0-1 horse	0-15	Crops, livestock and livestock products sale	75-95
Better-off 20-25	Larger household (7-8 persons); 1.5-2.5 ha; 2 oxen, 30-70 cattle, 20-30 shoats, 2-3 donkeys, 1-2 horses	0-5	Crops, livestock and livestock products sale	95-100
<i>Tigray (c.2005-06)</i>				
Very poor 20-25	Smaller household (4-6 persons); small landholders or landless; 5-7 hens, 6-8 shoats; construction labour; agriculture labour for middle and better-off group (sesame); migration to mining and salt areas	40-50	Safety-net programmes; migration; waged labour	25-30
Poor 30-35	0-2 oxen, 2-3 cattle, 8-10 shoats, 0-2 donkeys, 6-8 hens; agriculture labour for sesame harvesting	30-40	Crop sales; safety-net programmes; waged labour and migration	40-45
Middle 30-35	1-3 oxen, 8-10 cattle, 25-35 shoats, 0-2 donkeys, 8-10 hens; livestock products sales	10-15	Livestock and crops sales	75-80
Better-off 10-15	Larger household (up to 8); 3-5 oxen, 19-23 cattle, up to 50 shoats, 1-2 donkeys, 8-10 hens; higher cereals sales; livestock products sales	0-5	Livestock and crops sales	85-90

Sources: adapted from Save the Children UK (2000a; 2001a; 2005; USAID (2006).

Note

* By 'shoats' this report means mixed herds of sheep and goats.

migrate to coffee-producing areas for coffee picking. In Tigray, the very poor are involved in construction labour, agricultural labour for middle and better-off groups, or migration to mining and salt-producing areas. In contrast, crop and live-stock sales represent 85–90 per cent of income for the better-off in Tigray, and 95–100 per cent for the better-off in SNNPR.

2.2 Rwanda

2.2.1 Official statistics

Some of the official statistics in Rwanda, summarized in Table 7.4, depict a similar story to that of Ethiopia; rural poverty is mostly about small farmers and their families.

The 1996 Demographic and Health Survey indicates that the large majority of the population in Rwanda (92.6 per cent) are self-employed (without employees). This figure conflates own-account workers (61.4 per cent) and contributing (unpaid) family labour (31.2 per cent). At the time, paid employees were rare in Rwanda, representing only 6 per cent of the *total* working population (ILO 2005). Similarly, the latest Demographic and Health Survey published in February 2012⁷ argues that the majority of men and women in Rwanda are self-employed in agriculture. For example, 67.4 per cent of women are self-employed regardless of their occupations and 12.8 per cent are employed by family members (NISR *et al.* 2012).⁸

Table 7.4 Official statistics on status in employment in Rwanda (1996 and 2005–06) (%)

	Total		
	Total	Male	Female
<i>ILO 2005, based on DHS 1996</i>			
Self-employed (without employees), of which:	92.6	88.9	95.5
Own-account workers	61.4	56.2	65.5
Contributing family workers	31.2	32.7	30.0
Employers	0.1	0.1	0.0
Paid employees	6.0	9.4	3.3
Others/unclassifiable	1.4	1.6	1.2
Total	100	100	100
<i>EICV-2 2005/06</i>			
Self-employed, of which:	80.9	72.4	87.9
Own-account worker, farm	31.6	41.6	23.4
Contributing family worker, farm	39.7	19.5	56.2
Own-account worker, non-farm	8.0	10.4	6.0
Contributing family worker, non-farm	1.6	0.9	2.3
Paid employees, of which:	19.1	27.6	12.2
Paid employees, farm	8.2	10.2	6.6
Paid employees, non-farm	10.9	17.4	5.6
Total	100.0	100.0	100.0

Source: adapted from ILO (2005, 13) and Republic of Rwanda (2007, table 3.3).

The second Household Living Conditions Survey, carried out in 2005–06 (Republic of Rwanda 2007b) suggests that self-employment (39.6 per cent) and family labour and apprentices (41.3 per cent), mostly employed in farming, constitute the bulk of the workforce (80.9 per cent). The EICV2 also indicates a significant number of workers in paid employment (19.1 per cent of the employed population), both in the farm (8.2 per cent) and non-farm (10.9) economy.

The latest Household Living Conditions Survey (EICV3), completed in 2011 (Republic of Rwanda 2012b), and its associated report on the evolution of poverty in Rwanda from 2000 to 2011 – which compares the data of the three existing household surveys (Republic of Rwanda 2012a) – provide a different picture on both the importance of wage employment and diversification in rural areas.⁹ These more recent surveys suggest that working for other people is more central as a source of income for the employed population than the great majority of existing surveys on poverty and employment in sub-Saharan Africa suggest. It also demonstrates a somewhat increasing ability of official statistics to capture labour market outcomes.

For example, Table 7.5 gives valuable insight into the relationship between levels of poverty and categories of economic activity. The study on the evolution of poverty in Rwanda indicates the following:

Poverty is highest by far among households who obtain more than half of their income from farm wage work, in other words from working on other people's land, followed by those with diversified livelihoods who obtain more than 30% of their income from farm wage work.

(Republic of Rwanda 2012a, 20)

Table 7.5 also shows two interesting trends over the past five years: a decreasing share of the population is self-employed (agriculture or non-farm); and there is a significant increase in population with diversified sources of income.

The EICV3 report argues that while the majority of people are still employed on farms as either independent farmers or as unpaid family workers, the fastest growth in the last five years has been in wage employment and a 'move out of small scale farming' can be observed, a phenomenon that the report notes and that deserves further attention (Republic of Rwanda 2012b, 93). The decline in the category of 'mostly non-farm self-employment' is also notable. It is nonetheless unclear how much of this decline may be due to methodological differences in the design (sampling, questionnaire design) and implementation (selection, training, and supervision of enumerators, for example) of the EICV2 and EICV3 surveys.

With regard to diversity of employment the report indicates that

85% of working adults work on their family farm for some of the time during the year but over 70% of adults do more than one job, with urban dwellers more likely to have just one job than their rural counterparts.

(Republic of Rwanda 2012b, 10)

Table 7.5 Population shares, poverty and extreme poverty classified by the main household activity

Main household activity*	Share of population (%)			Percentage in poverty			Percentage in extreme poverty		
	EICV2	EICV3		EICV2	EICV3		EICV2	EICV3	
Mostly agriculture	56.6	52.2		62.8	52.2		39.6	26.6	
Mostly farm wage	4.3	3.6		88.1	76.6		74.0	51.5	
Mostly non-farm wage	7.3	10.7		36.6	22.8		23.6	13.4	
Mostly non-farm self-employment	27.0	16.2		46.5	24.2		25.9	10.4	
Mostly transfers	1.5	2.2		45.6	28.6		29.9	18.8	
Diversified but farm wage more than 30 per cent	1.0	4.1		77.3	76.2		63.9	55.3	
Diversified but farm wage less than 30 per cent	2.3	11.1		28.4	47.6		17.8	26.7	
Total	100.0	100.0		56.7	44.9		35.8	24.1	

Source: adapted from Republic of Rwanda (2012a).

Note

* Households who obtain more than half of their income from any of these sources.

2.2.2 Further insights on rural poverty in Rwanda

The significance of wage employment for the poor in rural Rwanda, interestingly captured by some of the latest large-scale quantitative poverty surveys, is reinforced by a number of other qualitative studies.

Consider, for example, the nationwide Participatory Poverty Assessment (PPA) conducted in 2001 before the formulation of the first Poverty Reduction Strategy Paper (PRSP-I) in Rwanda.¹⁰ As part of the PPA process, respondents had to identify and define different social categories of households in Rwanda. These, as summarized in PRSP-I are presented in Table 7.6.

As Table 7.6 suggests, 'from the poor downwards, we have people who mostly live working on others' farms' (Republic of Rwanda 2001, 29). The table also highlights how relations between groups can change over time. For example, the resourceful poor employ the very poor in good times but sometimes work for the wealthy when there is a drought. The 'food rich' or the 'money rich' (qualitative categories employed in the PPAs) regularly employ workers from poorer households to work on their farms or for other activities. The table shows that people from fairly different socio-economic groups, i.e. the very poor, the resourceful poor, and the non-poor, might all be involved in wage employment. However, access to better remunerated types of work requires skills and resources, which are not available to people from the most deprived socio-economic groups. The table also provides important information on the link between parents' wealth and children's wellbeing. The poorest categories working for wealthier households often cannot afford to send their children to school, to pay for their healthcare, and to adequately feed them.

Similarly, Howe and McKay (2007) argue that there is a group of chronically poor households whose characteristics are different from the poor as a whole. These characteristics include: dependence on working for others; cultivating small areas of land; having no or small numbers of livestock of low value. These households are also more likely to be female-headed, in most cases by a widow. Erlebach (2006) also stresses the different livelihoods strategies adopted by the poor and the very poor (these groups defined in terms of asset indices). While the former spend the majority of their working time on their own land, very poor people mostly rely on casual wage employment.

Livelihoods assessments carried out by Save the Children are consistent with the above picture. Table 7.7 summarizes the findings of five livelihoods studies covering six different regions of Rwanda, therefore providing enough variation in contexts even if not nationally statistically representative. Notwithstanding the significance of regional variations, these studies clearly identify two separate groups (defined from qualitative wealth rankings): (1) a group of 'rural entrepreneurs' with often larger landholdings who employ relatively poorer people; and (2) a group of 'agricultural wage labourers' with insufficient landholdings for the subsistence needs of their families who are forced to seek wage employment outside their own farm (i.e. 'off-farm' wage employment). Indeed, the 'poor' categories working for better-off households are highly dependent on

Table 7.6 Poverty categories in the Rwanda PPA

Population group	Livelihood
<i>Umutindi nyakujya</i> (those in abject poverty)	Destitute, beg for their livelihood. They have no land or livestock and lack shelter, adequate clothing, and food. They fall sick often and have no access to medical care. Their children are malnourished and they cannot afford to send them to school. The physically capable live from working on other people's land.
<i>Umutindi</i> (the very poor)	Live from working on other people's lands, very little land with low harvests, no animals, and no access to healthcare or schooling.
<i>Umutukene</i> (the poor)	These households have some land to produce enough food for their family (even if the food is not very nutritious) but no surplus to sell in the market. Often work for others, have no savings. Their children do not always go to school and they often have no access to healthcare.
<i>Umutukene wifashije</i> (the resourceful poor)	This group shares many of the characteristics of the <i>umukene</i> but, in addition, they have a bit more land, small ruminants, and their children go to primary school. Besides subsistence production, they have a small income to satisfy a few other needs (e.g. school fees for children). Employ the very poor in good times.
<i>Umutukungu</i> (the food rich)	This group has larger landholdings with fertile soil and enough to eat. They have livestock and can access healthcare. Employ others on their own farms, at times get access to paid employment (higher-skilled jobs), have savings.
<i>Umutukire</i> (the money rich)	This group has land and livestock, and often has salaried jobs. They have good housing, often own a vehicle, and have enough money to lend and to get credit from the bank. Their prosperity often pushes them to migrate to urban centres.

Source: data from Republic of Rwanda (2002); Ansoms (2008).

Table 7.7 Overview of the importance of wage employment in Rwanda, by poverty status (2000s)

	Per cent of households	Characteristics	Wages (percentage of income)	Type of wage labour	Crop and livestock sales (percentage of income)
<i>Bugesera</i> (2000)					
Very poor	15–25	Often single-headed households (male or female); rely on labour and assistance from local community	45–55	Waged farm labour	0–10
Poor	35–45	Work for others; do some petty trade	40–50	Waged farm labour	25–30
Middle	20–30	Small trader with small shop or bicycle; may employ others to work for them; major source of income from petty trade (65–75 per cent)	10–15	Migration	15–25
Better-off	10–20	Salary earners, large traders; employ others to work for them	–	–	–
<i>Gikongoro</i> (2001)					
Very poor	10–15	Old people, female- or child-headed households are frequent in this category; near landless, no animals; usually only one able-bodied person; work for others	95	Waged farm labour	0
Poor	35–40	Limited land; often rent land to richer households; few animals; work for others	65–70	Waged farm labour; herding	15–25
Middle	25–35	Enough land and more animals; banana or coffee, depending on location; trade is an important source of income	–	–	35–55

continued

Table 7.7 Continued

	Per cent of households	Characteristics	Wages (percentage of income)	Type of wage labour	Crop and livestock sales (percentage of income)
Better-off	5-15	More land and animals; employ others to work for them	-	-	-
<i>Kibuye (2002)</i> Very poor	5-10	No or only one able-bodied person; female- and child-headed household common in this group; no land or very limited; depend on assistance	-	-	-
Poor near landless	10-20	At least two people in the household able to work; work for others locally or migrate	80-90	Waged farm labour	10-20
Poor	30-35	At least two people able to work; work for others; more land available	70-80	Waged farm labour	20-30
Middle	30-35	Enough land and animals; employ others	-	-	-
Better-off	10-15	More land and animals; employ others	0	-	100
<i>Ruhengeri/Cisenyi (2000)</i> Destitute	1-10	Depend almost entirely on assistance	-	-	-
Landless labour-poor poor	10-20	Only one able-bodied person; need to balance working for food with childcare; generally considered to be physically weak; rely on some assistance from others	95-100	Local waged farm labour	-
Landless poor	10-20	At least two people in the household able to work; work for local middle and rich households; limited by lack of food stocks at home	A: 10-20 B: 80-85	A: Waged farm labour B: Migration	-
Poor	25-30	At least two able-bodied people; have flexibility to travel a bit further for work	A: 15-25 B: 55-65	A: Local labour B: Migration	15-25
Middle	20-30	Considered to have enough food and land; only labour for others when in difficulty; often one person works far from home where they get a better wage	35-45	-	-
Rich	10-15	Salaried or business; employ others	-	-	-
<i>Umutara (2000)</i> Destitute	1-5	Rely on community and church assistance	-	-	-
Very poor	15-20	Mostly single- or child-headed households; work for others	A: 70-75 B: 10-20	A: Waged farm labour B: Herding	0-10
Poor	35-45	Petty traders; work for others	A: 45-50 B: 15-25	A: Waged farm labour B: Herding	0-25
Middle	20-30	Smaller trader; employ others on land	0	-	80-100
Rich	10-20	Big trader, salary earner; employ others	-	-	-

Source: adapted from Save the Children UK (2000b; 2000c; 2000d; 2001b; 2002).

Note

- data not available.

the rural labour market to cover their food and other needs and they are, therefore, extremely vulnerable to a decrease in demand for labour.

In Gikongoro, waged farm labour represents 95 per cent of income for the 'very poor' (i.e. the poorest group in these qualitative rankings) working for others. In Kibuye, the 'poor near landless' derive 80–90 per cent of their income from working for others locally or migrating. Migration in search of wage labour can represent one of the main sources of income for the various 'poor' categories (as much as 80–85 per cent of income for the landless poor in Ruhengeri/Gisenyi). In each region, the table also indicates that single- (female or male) and child-headed households are very common in the 'very poor' categories.

2.2.3 *A contrasting interpretation of rural labour markets: methodological and data issues*

Official statistics and livelihoods assessments across the two countries produce remarkably different results on the employment status of rural dwellers. As illustrated in Table 7.8, such differences stem from conceptual differences and the radically different set of questions that are asked in survey questionnaires to generate the results. This section critically assesses the methodological issues that underpin these contrasting results on the occupations of rural Ethiopians and Rwandans. The discussion that follows, moreover, is relevant beyond the borders of these two countries: as mentioned in the introduction, disparities between official (large-scale survey) data and the evidence that emerges from qualitative and micro-surveys on the nature of rural labour markets is common across sub-Saharan Africa, as already identified by an emerging body of literature (Sender *et al.* 2005; Oya 2013; World Bank 2007; Pontara 2010; various chapters in this volume)

Data collection for national surveys on employment, income, or expenditure relies on questionnaires which are normally divided into two sections. The first set of questions collects characteristics at the individual level (age, sex, relation to household head, etc.), whereas the second part focuses on the household as a whole (capturing data on income, expenditure, assets, etc.). Consider, for example, the first section of the Ethiopia HICES questionnaire, partly reproduced and adapted in Table 7.8.

Table 7.8 shows that each household member is assigned a row (e.g. rows A and B). Each column records information on key individual characteristics such as gender, age, relationship to the head of the household, and employment (columns 1 to 6). Concerning employment, interviewers first ask whether a member 'was engaged in productive work during the last 12 months' (column 4). If so, the interviewer has to identify the respondent's status in employment by choosing *one* option among a pre-set list of 'types of employment' (such as 'employer', 'self-employed', etc., see column 5) and a 'main occupation' (column 6, ranging from 0 to 99, for example: 1 = 'armed forces'; 33 = 'teacher'; 62 = 'subsistence farmer', etc.). Thus, unconvincingly, only one job holding per individual can be reported on the answer sheet. 'Country employment profiles'

Table 7.8 Ethiopian HICES questionnaire: employment-related questions

	1	2	3	4	5	6
List of household members						
A				Was engaged in productive work during the last 12 months? 1 = yes; 2 = no	Type of employment 1 = employer; 2 = self-employment (formal); 3 = self-employment (informal); etc.	What was the main occupation during the last 12 months?
B						

Source: adapted from HICES 1999/2000 questionnaire (available at: www.csa.gov.et).

are then created by processing this information. For example, it is possible to present information on types of employment for household heads, by gender, by age, etc. It is interesting to note that LFS capture more than the main activity, including the economic significance of earnings from 'secondary activities'. Unfortunately, LFS are not carried out often, as international donors and government alike prioritize surveys such as HICES.

Once the first section has been completed, interviewers proceed to section two, on household characteristics, and ask the household head to estimate family income over a specified reference period, usually the last six months. There is no space for capturing fluctuations within the year or between years. Table 7.9 illustrates how income data are encoded.

Each row records information on a specific source of family income (e.g. 'sales of agricultural products', 'income from house rental', etc.). In column 1, interviewers record how much income has been generated from each source, as recalled by the household head. It is crucial to note here the terminology chosen for row C, on wage income. Interviewers are asked to record 'net wages and salary, overtime, bonuses, and allowance'. Such wording is clearly adopted with formal sector employment in mind, and, as such, is highly unlikely to capture earnings from daily or seasonal work. Furthermore, returns from daily or seasonal work are irregular, with different wage rates and different types of work available almost day by day, making the total calculation of income from that source quite a complex exercise. Finally, data obtained are processed by the CSA to create a country employment profile by household income. This relates poverty to the type and/or sector of employment of the household head.

By contrast, a different set of questions and techniques of probing underpins micro-studies, which reveal the significance of earnings in the rural labour market to the lives of the poor. By way of example, we will use the Household Economy Approach (HEA), the qualitative tool developed by Save the Children for livelihoods analysis. The HEA investigates how, in a given agro-economic area, people access food and cash income in a typical year; the choices they make about expenditure; the coping strategies they use in the event of a shock; and other long-term challenges to food security and livelihoods. Different from standard surveys on employment and poverty, the HEA is not based on a standard set of questions to be answered by the sample group. The HEA starts

Table 7.9 Ethiopian HICES questionnaire: income-related questions

Title of income/receipts	Last six months' income
A Sale of agricultural products	
B Net income from sale of products of household enterprises/ non-agricultural	
C Net wages and salary, overtime, bonuses, and allowance/private sector	

Source: adapted from HICES 1999/2000 questionnaire (available at: www.csa.gov.et).

off by identifying the main wealth groups (e.g. rich, middle, poor, and very poor) through a combination of secondary data review and semi-structured interviews, facilitated by qualitative wealth-ranking exercises.¹¹ The review of existing secondary literature and the conduct of focus groups are led by people trained in the HEA framework. Typically, a first focus group is with people from different socio-economic backgrounds, which provides information on the way in which different wealth groups make a living. Then a more in-depth understanding of the livelihood strategies deployed by individual socio-economic groups is obtained by holding focus groups with members from one category (e.g. the very poor, the better-off).¹² The person who 'leads' the focus group must begin by double-checking that individuals who take part in the discussion actually belong, in terms of assets and sources of income, to the group. First of all, participants are asked to answer the following question: 'We know that households are not all living in exactly the same way – what is it that makes one household *better or worse off than another* in this area?' Respondents identify the key wealth groups in a given area, such as the very poor (VP), the poor (P), the middle (M), and the better-off (B). Questions then focus, for each of the wealth groups identified, on household size and key assets. Table 7.10 offers an indicatory check-list.

Participants are then asked to estimate all sources of income and expenditure for each wealth group. Table 7.11 shows an indicatory check-list on income usually provided in order to smooth the data-processing phase.

The focus groups throw light on the main changes in income and expenditure over the year, and on the way in which different wealth groups tend to experience seasonal fluctuations in income. Thus, the poverty profile for a given area is built by putting together the HEA results for as many livelihood zones as surveyed, i.e. ensuring a minimum degree of variation in context to avoid obvious selection biases. Such a profile, given the way it has been built, is therefore sensitive to socio-economic differences between areas and between different socio-economic groups within the same area.

Thus HEA, and any research tool that investigates the multiplicity of activities on which people rely to make a living, yields a more qualitative, in-depth and differentiated picture on employment patterns and poverty than standard survey techniques. Their problem is that they record the main job-holding of

Table 7.10 HEA template: wealth breakdown

	Very poor	Poor	Middle	Better-off
Household size				
Land owned				
		Total area		
		Food crops area		
		Cash crops area		
Livestock owned		Cattle		
		Goats		
		Sheep		

Source: adapted from FEG Consulting and Save the Children UK (2008).

respondents based on the problematic premise that people in developing countries have one main job-holding, a concept more applicable to developed countries (Rizzo and Wuyts 2014). There are also cultural and political biases against reporting many forms of employment as wage-employment (due to biases from respondents, enumerators, or analysts).¹³

3 People working for other people: key characteristics and sources of vulnerability

Drawing on existing literature and on fieldwork, this section focuses on rural dwellers who rely on casual employment for a living, either entirely or substantially, and on the key sources of vulnerability associated with such activity. There are, of course, crucial differences between rural areas of different countries and between rural areas within an individual country, which affect the vulnerability of casual workers in important ways. Consider, for instance, the remarkable difference in population density between Ethiopia (69 inhabitants per square kilometre) and Rwanda (387). Such differences have important implications concerning land pressure and land shortage, and influence the (varying degrees of) compulsion to participate in labour markets. Yet some common trends on the key sources of vulnerability of casual workers emerged from the fieldwork and are discussed below.

3.1 The increasing reliance of the poor on casual labour

The first finding of this research is that the reliance of the poorest people on casual wage employment has been increasing over the years in these two countries. Generally, as populations grow – a recent United Nations estimate suggests an additional 106 million people will have joined the workforce in rural areas of developing countries in the period 2005–15 – there is less and less land available for independent farming (United Nations 2005, quoted in ODI 2007b). This picture is confirmed by Save the Children fieldwork in Ethiopia, in the Amhara Region, where poor people attributed their increased reliance on casual work to a number of factors, of which land shortage was the primary one. For those individuals who either formed their households or returned to their area after 1991, the year of the last land redistribution, there was either no land available at all or only miniscule land holdings as a result of the plot subdivisions of 1991 between different household members. This is not to say that land redistribution holds the key for future prosperity. In the Amhara Region, and more broadly in developing countries, development strategies centred on land redistribution will be confronted with the fact that population growth contributes to a situation in which ‘the average farm size is getting smaller’ (United Nations 2008, 9; Lipton 2006). Furthermore, in focus groups ‘larger’ smallholders in Ethiopia referred to the high cost and/or unavailability of agricultural inputs, the unreliability of rainfall, and declining soil fertility as being among the factors making own-account farming less remunerative over the years, and pushing them into the labour market.

Table 7.11 HEA template: sources of income

	Very poor	Poor	Middle	Better-off
Main sources of income, ranked	1 2 3 ...	1 2 3 ... = Remittances = Firewood collection or charcoal burning = Collection and sale of wild foods = Mining	1 2 3 ... = Crop sales = Vegetable sales = Brewing = Petty trade (small-scale trade)	1 2 3 ... = Trade (large-scale) = Small business = Fishing = Transport (e.g. taxi, pick-up)
	= Agricultural labour = Other casual labour (e.g. construction) = Paid domestic work = Salaried employment			

Source: adapted from FEG Consulting and Save the Children UK (2008).

Poor people therefore need to work for other people and they do so in a highly heterogeneous way, with a variety of working arrangements and remuneration rates, depending on the type of activities, the gender, and the ethnic group of the worker, the season, the location, and the employer.¹⁴ Table 7.12 presents evidence of the heterogeneity of rural labour markets, as gathered through focus groups discussions in Rwamiko, Rwanda.

Table 7.12 shows the range of remuneration for the same type of work (the highest rate paid can be twice as much as the lowest), as well as the variety of work opportunities, in agriculture and in the rural non-farm economy. Although the large majority of jobs in rural labour markets perpetuate the poverty of those who earn a living from them, evidence shows that some jobs have played a central role in allowing poor people to break the inter-generational cycle of poverty.¹⁵ The explanation for such a wide range of wage rates has partly to do with economics, as the profitability of certain activities in certain areas affects employers' capacity to remunerate their workforce. However, different wage rates are also explained by uneven power relationships between employers and casual labourers, with the former exercising their discretion in setting the daily pay for their workers. During a focus group in Amhara Region, for instance, Save the Children researchers asked casual workers to explain the differences in pay for the same agricultural activity in the same area. Respondents maintained that employers' assessment of the strength of the worker played an important role in this respect. The weaker a worker is, the less he/she is worth. Needless to say, this leaves a significant amount of discretion to employers, whose judgement on a worker's strength can be also driven by other considerations, such as how urgently workers need to find work. This further increases the uneven balance of power between employers and potential employees.

3.2 Women losing out

The second finding emerging from fieldwork is that the position of women in the rural labour market is particularly vulnerable. During focus groups with women in both Rwanda and Ethiopia, women were forthcoming about the different (and lower) wage rates paid to them for a given job, as compared to their male counterparts, and about the difficulties in accessing better-paid jobs. Women also mentioned the difficulties of simultaneously fulfilling the roles of mothers and breadwinners.

Migration in search of work is a livelihood strategy often adopted by the poorest, but for women mobility is constrained by their duties as mothers and wives. For example, from a focus group with women in Rwanda, we learned that many people cross the border to work in neighbouring Uganda, where the daily wage rate tends to be higher. Working in Uganda requires leaving very early in the morning and returning late in the evening. During that time, children are either in school or at home. For those who cannot afford education for their children, a difficult choice is required: to either leave the children unattended at home or travel with them to the workplace. In the latter case, these women

Table 7.12 Heterogeneity of rates and modalities of pay in rural labour markets: one example (Rwamiko district, Rwanda, 2007)

Type of activities	Location	Wage/payment	Type of payment	Other information
Working for better-off farmers	Mainly in Rwamiko and neighbouring sectors (Bukure, Giti) Eastern Province	400–500 RWF; 300 RWF (for women with children); 700 RWF	Daily (or on task basis in Eastern Province)	Payment in kind (food) is also practised depending on the arrangement
Coffee plantations	Rwamiko and Bukure mainly	Harvesting 200 RWF Weeding 400 RWF	Per basket daily	In general, people fill two baskets/day
Construction work	In the village, nearby areas, or Kigali	Mason 1,000–1,500 RWF Assistant mason 500–700 RWF	Daily (or on task basis)	Informants from poorer categories often indicated different entry barriers for construction work
Brick-making	Gasabo District (and other places)	700 RWF	Daily	
Domestic work	Kigali mainly	6,000 RWF	Monthly	Amount and type of payment depend on the employer
Loading/unloading trucks	In the village	1 RWF	Per kilo	In general only available to the member of the association
Various transport activities	In the village	—	Per task	Payment depends on the quantity and location
Collecting grass for animals	In the village	4,000–8,000 RWF	Monthly/task basis	Amount and type of payment depends on the employer
Collecting water and helping to make beer	In the village		Daily/monthly/task basis	Amount and type of payment depends on the employer

Source: data from Save the Children UK, 'Focus groups discussions', Rwamiko district, Rwanda, 2007.

received much lower pay (sometimes less than half of the 'adult only' pay). The drop in pay for women accompanied by children has also been reported by participants in focus groups in Ethiopia.

3.3 *Casual work: too little for too many*

The third common thread from the research is that both men and women working for wages are negatively affected by the mismatch between the amount of work that is available to 'job seekers' (scarce) and the number of poor people seeking it (abundant). Informants consistently highlighted the fact that plenty of time, energy, and resources are spent looking for employment. Such employment is often hard to find, even through migration. Most informants in the focus groups with casual workers shared their experience of migrating and failing to find employment, and suggested that their lack of education/skills tends to confine them to unskilled work, of which there is too little for too many. The oversupply of unskilled workers is crucial to understand the uneven balance of power between those who employ workers and workers themselves. In the 'bargaining' process, employers can often choose between – and play off against each other – the high number of job seekers in need of work.¹⁶

Casual workers in every single focus group referred to their vulnerability to the seasonality of existing employment opportunities. Demand for labour is perniciously at its lowest when workers' need to work is at its highest. The off-farm season, a time at which 'small farmers' rapidly exhaust their own meagre (if not non-existent) food harvest, is also the time in which employers' demand for agricultural labourers decreases and food prices begin to rise. Given the above, casual employment in the rural non-farm economy (i.e. outside agriculture), such as in construction, loading and unloading vehicles, tree cutting, and domestic work, can play an important role in supplementing earnings from agricultural casual labour in the off-farm season. However, two considerations need to be made in this respect. First, research has shown that there are barriers to entering the best-remunerated non-farm activities, especially in self-employment (Reardon 1997). Very poor people often cannot overcome these barriers. For example, research by Erlebach (2006) has shown that the types of non-farm work available in rural Rwanda include domestic work, transport activities, brick-making, and construction. Among these, domestic work provides the lowest wage and work in construction the highest.¹⁷ Very poor people are confined to low-paid, non-farm jobs due to lack of skills and/or tools, such as a hammer, a metre, and a square.¹⁸

Second, in countries in which agriculture remains the main economic activity, the capacity of the non-farm sector to generate employment on its own should not be overestimated (although it can still play an important role in poverty reduction). Agricultural growth has significant multiplier effects on the growth of the non-agricultural sector (Christiaensen *et al.* 2006), with important implications for labour demand. Increased dynamism in agriculture, and increased earnings from it for both wealthier producers and better-paid workers, will stimulate

domestic and local demand, thereby inducing production and trade of goods and services in the non-farm economy, such as corrugated iron to improve housing, building work, basic manufactured tools (for farming and cooking) and bicycles to increase mobility. This, in turn, will trigger further demand for labour, creating conditions for rural labour market tightening that usually benefit the poorest workers by exerting upward pressures on wage rates.

4 The policy neglect of rural labour markets

In the light of these fieldwork findings, results obtained under the HEA, and a number of micro-studies on rural poverty, many of which are represented in this book, it is possible to conclude that earnings in the rural labour market – or working for other people for wages – are a key source of livelihood, if not the only one, for the most vulnerable small farmers and for the landless, as this result holds true in both Ethiopia and Rwanda. This finding, however, is not adequately reflected in poverty-reduction strategies. The poverty of individuals relying on casual work, and that of their children, owes to under-employment, the inadequate volume and low quality of work available to them, and the low levels of remuneration for the work they can find, more than to the low productivity of their own tiny farms (for those who farm).

A key objective for policy makers in sub-Saharan Africa should therefore be to increase labour demand in rural areas, as well as the quality of work in terms of wages and other working conditions. Accordingly, in Ethiopia and Rwanda the research team reviewed key policy documents and met policy makers to investigate whether they shared such a policy objective, and in what way.

4.1 *Ethiopia*

The Plan for Accelerated and Sustained Development to End Poverty (PASDEP) is Ethiopia's second Poverty Reduction Strategy Paper (PRSP), and as such was the country's guiding strategic framework for the five-year period 2005–06/2009–10 (Federal Democratic Republic of Ethiopia (FDRE) 2006b). The Growth and Transformation Plan (GTP) is the national planning document for the period 2010/11–2013/14 and is to be revised in 2014 for the next planning document.

An in-depth review of these planning documents lies beyond the scope of this chapter. What matters at this stage is how these documents relate to employment and the labour market.

Within the PASDEP, creating employment and income-earning opportunities occupy a central place in the effort to accelerate growth. The PASDEP indicates that the labour force amounted to 54 per cent of the total population in 2004/05 and was growing by about 1.2 million people per year (induced by the growth rate of the population), thus putting a lot of pressure on the labour market. The challenges faced by the government in fulfilling the demand for increased employment are, as a result, twofold: managing the dynamics of

population growth; and promoting the expansion of labour-intensive productive activities. Accordingly, the PASDEP strategic emphasis is on the growth of the rural, industrial, export, construction, and other labour-intensive sectors (FDRE 2006b).

However, as pointed out by researchers at the Overseas Development Institute, although employment promotion occupies a central place in the PASDEP narrative, the 'policy matrix' that summarizes the PASDEP programme targets (and thus creates the necessary evidence to measure progress against the PASDEP policies and strategies) does not include indicators such as 'number of jobs created' (ODI 2007a), average number of days worked per person per year, and wage rates. This makes it very difficult to assess whether the different proposed policies have a significant effect on labour demand and what their impact on rural employment is.

Similarly, the GTP has no mechanism to monitor the impact of its growth strategy on employment creation and on the labour market. This is visible in the fact that the GTP policy matrix has no employment-related goals nor any indicators under its economic sub-sector plans. Explicit employment goals and indicators appear only for its micro- and small-scale enterprise plan. In neither document is mention made of 'decent work' principles or direct intervention in the rural labour market (such as improving wages, working conditions and benefits, or improving the bargaining power of workers) as a key area for achieving significant improvements in the livelihoods of the poorest.

The Productive Safety Net Programme (PSNP) is another initiative whose impact on job creation is worth analysing, given its centrality to the government and the poverty-reduction efforts of key donors.¹⁹ The PSNP began in February 2005 and is intended to serve the dual purpose of helping to bridge the income gap for chronically food-insecure households, and engaging such households in community asset-building efforts to earn income (especially during the lean season and times of drought). The programme has two components: labour-intensive public works and direct support for labour-poor households. The PSNP provided income transfers to nearly five million people in 2005 and to 7.2 million in 2006. What are the short- and long-term impacts of the PSNP on its beneficiaries? The ODI has stressed its achievements in the short term, while raising doubts about the long-term impacts as 'the jobs offered are seasonal and part-time, and do not provide a living income. With very few exceptions they are unskilled physical labour, offering no skills development and no prospect of betterment or further employment opportunities' (ODI 2007a, 7).

4.2 Rwanda

Vision 2020 is key to any review of the Rwandan government's approach to rural poverty eradication. It contains the framework, which is further elaborated in subsequent policy documents, such as the first and the second Poverty Reduction Strategy Papers (PRSP-I and EDPRS, respectively), the National Agricultural Policy (NAP) and the Strategic Plan for Agricultural Transformation

(SPAT). The development of the private sector and entrepreneurship are seen by policy makers as the best avenue for employment creation in Rwanda. The government is to play an 'enabling role' to create a favourable business investment climate for the private sector and the development of small and medium enterprises (SMEs).

Concerning agriculture, Vision 2020 elaborated aims to replace subsistence farming with a fully monetized commercial agriculture sector (Republic of Rwanda 2000). Accordingly, the agricultural sector is considered crucial in all of Rwanda's strategic documents on poverty reduction.

Three main themes emerge from the key policy documents on rural development cited above. First, the government's approach to poverty reduction in rural Rwanda focuses primarily on increasing the productivity of 'small-scale subsistence farmers', to be achieved through research, extension services, input development, finance, infrastructure, marketing, livestock development, cash crop development, and sector planning. Second, the development of non-agricultural employment is also central to poverty reduction. In the long term, agricultural growth is expected to act as a catalyst for growth in other sectors (as agricultural incomes rise, demand is generated for non-agricultural goods and services). Finally, the government's export promotion strategy also deserves particular attention for its impact on rural workers. Each of these themes is briefly discussed below.

Concerning the goal of commercializing the subsistence-oriented agricultural sector, an independent evaluation of the PRSP-I pointed out 'the possibility that a strategy of commercialization may not reach all rural households is not fully considered' (Evans *et al.* 2006, 27). For example, Erlebach argues that these policies are not sufficient to help the poorest out of poverty since the poorest categories of the population, who are often highly dependent on insecure agricultural wage labour with low returns, are unlikely to benefit *directly* from these measures (Erlebach 2006). McKay and Loveridge (2005) similarly argue that the strategy of agricultural commercialization pursued by the government in the PRSP is unlikely to derive much (if any) benefit for some of the poorest groups in Rwanda, given that they have withdrawn from the market and cultivate areas that are too small to produce a marketable surplus. On the contrary, the authors argue that commercialization strategies could further increase rural inequality (McKay and Loveridge 2005). It is worth stressing that the commercialization of farming can play an important role in poverty reduction through increased labour demand. However, a problematic feature of the current focus on commercialization is the lack of indicators to assess the impact of agricultural commercialization on labour demand and wage rates.

In the different policy documents concerned with rural development, the government also emphasizes the importance of an export promotion strategy for poverty reduction. This focus, part of the broader effort to commercialize agriculture, seems more promising for the poorest sections of the rural population that work for wages, as encouraging the production of labour-intensive crops and the technologies that significantly expand the demand for agricultural wage

labour can impact positively on the lives of rural workers. For example, Erlebach indicates that the employment opportunities offered to members of the poorest households by coffee plantations are extremely important for poverty reduction in rural Rwanda (Erlebach 2006). The different initiatives proposed for the promotion of labour-intensive crops, such as the provision of improved seeds and extension services to coffee and tea plantations, could provide important employment opportunities for some of the poorest households in rural Rwanda. In a similar fashion, the development of the horticulture sector, also labour-intensive, could provide further opportunities. While the sector is slowly emerging, the government set ambitious targets for horticulture for the future in its Horticulture Strategy for Rwanda (Republic of Rwanda 2006). Due to the lack of detailed analysis, the impact of the promotion of labour-intensive crops for rural workers in Rwanda is, however, not yet known and deserves further study.

A problem with the current focus on export promotion in the Rwandan context is that, similarly to Ethiopia, policy documents make no reference to elements such as improving wages, labour conditions, and benefits, or improving the bargaining power of the workers as part of a strategy for achieving poverty reduction. This is a remarkable gap, given the systematic reliance by the poorest on earnings in the rural labour markets.

A second central objective of the different policy documents considered is the development of non-farm employment. In the short term, labour-intensive public works programmes have been promoted to resolve the problem of under-employment observed in rural Rwanda. Different types of activities have been suggested, such as the improvement of rural roads, soil conservation, and terracing. While this is an important goal, the focus should also be on funding public work schemes with the strongest long-term impact on labour demand (as too often the focus is on creating income for the poorest in the short term only). The potential benefits for some of the poorest categories obviously depend on how such programmes are designed and implemented. The *Haute Intensité de Main d'Oeuvre* (HIMO) programme, launched by the government in 2003, was expected to create a total of 886,000 jobs over a period of five years. However, despite its promise, the evaluation of the PRSP-I points out important shortcomings in the implementation of labour-intensive public works programmes – such as inadequate funding and institutional weaknesses – and expresses concerns about efficiency, quality, and sustainability (Evans *et al.* 2006). In a tree-planting project in Bugesera, ‘local people termed the project *HIMANO*, which loosely translated means “something that makes life difficult”’. The main criticisms were: favouritism, whereby local leaders recruited their relatives and those who were able to pay to be included; short terms of employment; low wages; the fact that workers would work for about 3–5 days, contrary to the minimum 60 days reported by HIMO officials in Kigali. Women were the most disadvantaged by low pay. Payments were also reported to be irregular, in some cases over two months overdue (Evans *et al.* 2006, 53).

The Economic Development and Poverty Reduction Strategy programme (2008–12) indicates that guidelines to avoid the weaknesses and abuses that have hindered the HIMO programme in the past will be addressed (Republic of Rwanda 2007b). However, it is as yet unclear what the guidelines are to avoiding similar problems in the future.

5 Concluding remarks

The outline of the policy priorities on rural development in Ethiopia and Rwanda presented in this chapter demonstrates that improving the functioning of rural labour markets and the quantity and quality of work available to the poorest people is not a priority of policy makers in the two countries. Although there are significant differences between individual contexts, the support to small-scale enterprises and agricultural producers to increase their productivity and incomes is the cornerstone of the poverty-reduction strategies of both countries.

Policy making on agricultural pro-poor growth rests on the erroneous belief that the poorest people in rural Africa earn their living mostly from own-account farming, and consequently the goal is to commercialize and intensify their farming. This is to be achieved by enabling the encounter between producers and markets (markets of inputs, outputs or credit) without addressing the employment implications and potential of this strategy.

Such a policy focus is usually justified by the picture that emerges from official statistics and some of the conventional literature on poverty and employment. Official data and some micro-level surveys tend to show that in sub-Saharan African rural labour markets are thin and virtually non-existent. As this chapter has shown, however, the wisdom of official statistics needs to be questioned. Drawing on employment-focused micro-studies, the analysis has suggested that working for other people, in precarious and insecure conditions, is much more central to the survival strategies of the poor (and particularly those who can't survive on micro-farms) than currently understood by policy makers or recorded by official statistics.

The chapter has also explored some of the methodological reasons behind such a stark contrast between official statistics and the findings of some micro-studies, which mostly rely on qualitative methodologies. It has argued that the methodologies applied in these studies²⁰ are better suited to capturing the complexity and variety of livelihoods – and the centrality of wage labour relations to them – than large-scale quantitative surveys designed to collect information on issues other than labour. There is no reason why questionnaires informing official surveys cannot be revised to address their current incapacity to detect rural labour markets. In other words, the ability of HEA studies to detect informal wage relations does not stem from their reliance on qualitative techniques *per se*.

The experience of these qualitative studies has revealed the challenges involved in adequately capturing the variety of forms of rural wage labour and their significance for the ‘very poor’, through the application of carefully designed research techniques and intensive probing among highly differentiated

respondents. Thus, revising the methodology of data collection methods that underpin official surveys and statistics matters. It is critical to enhance and improve the employment focus of large-scale living standards household surveys and the official reports that are written on the basis of official poverty statistics. Currently, simplistic and sometimes misleading official rural poverty profiles in sub-Saharan countries justify policy makers' focus on reducing poverty by simply promoting small-scale farming and micro-enterprises. Such an approach to rural poverty reduction is bound to fail as:

- 1 millions of very poor people mostly make a living from casual work for other people, often for low pay, in agriculture and in the non-farm economy;
- 2 there are more workers in search of employment than jobs available and this negatively affects the poorest people's earnings from work in many ways. Their weak bargaining power negatively affects returns from work and the inadequate volume of work obtained negatively affects income (in cash or in kind) over time;
- 3 the history of successful development experiences shows that the accelerated expansion of wage employment (in both urban and rural areas) is of paramount importance for the overall rise of living standards (Sender and Smith 1986).

Therefore, a fundamental misunderstanding of the nature of poverty and of the characteristics of the poor can jeopardize the design of effective 'pro-poor' growth strategies. This will have serious consequences for the capacity of the international community and African governments to deliver on poverty reduction. For policy makers, a direct focus on improving labour demand for unskilled agricultural jobs, i.e. increasing the quantity and quality of jobs that exist in rural areas for the poorest, should be the central focus in planning growth strategies that are genuinely pro-poor.

Notes

- 1 The research teams for the country studies were composed as follows: in Ethiopia, Dr Matteo Rizzo (Save the Children UK, London), Solomom Demeke (Save the Children UK, Ethiopia), and Nicolas Petit (independent consultant); in Rwanda, Nicolas Petit (consultant) and Jacqueline Uwumukiza (Save the Children UK, Rwanda); in Kyrgyzstan (which for reasons of space does not feature as a case study in this chapter), Nicolas Petit (consultant), Svetlana Boincean (IUF), Dedo W. Nortey (Save the Children – Kyrgyzstan Office), and Jeenbek Osmonaliev (Eliminating Child Labour in Tobacco project). Sue Longley (Agricultural Coordinator IUF – Geneva Office) and Matteo Rizzo (Livelihoods Adviser – Policy Department, Save the Children UK) initiated and oversaw the development of the joint initiative. The findings and opinions presented in this chapter represent exclusively the authors' views and not those of either Save the Children UK or IUF. This chapter draws on and revises findings presented in Rizzo (2011).
- 2 The percentage refers to the population aged 10 years and above.
- 3 It is interesting to note that according to the 1999 NLFS, paid employees, while a minority of the total workforce, were mostly employed on a casual basis, that is with

- no clear contractual arrangement and paid on a daily or weekly basis (77.9 per cent). Temporary jobs in rural areas constituted about 90 per cent of total rural wage employment (see De Gobbi 2006).
- 4 The report, in its introductory conceptual remarks that 'in developing countries, especially in low-income economies, the labour market is characterized by large proportions of unpaid family work and self-employment and a very low share of waged employment. Since regulation does not affect much employment with similar features, labour markets tend to be rather flexible and workers' protection is often neglected. Hence, the notion of 'flexicurity' needs to be adapted from the one used for advanced economies, which mainly focuses on regulated wage employment (De Gobbi 2006).
 - 5 HICES is conducted every five years by the CSA.
 - 6 The micro-studies on which this evidence draws used qualitative wealth ranking exercises to classify households in three or four socio-economic categories according to their relative poverty or wealth, from the 'very poor' or 'poorest' to the 'rich' or 'wealthy'. The taxonomies are qualitative and are based on conventional qualitative and participatory techniques to assess socio-economic differences in a given context.
 - 7 Demographic and Health Surveys only collect very basic information on employment, typically based on the conventional statistical categories that are questioned in this and other chapters of this book.
 - 8 It is worthwhile mentioning that data in this survey are poorly disaggregated in terms of employment occupation if one wants to understand rural labour market functioning. Occupations considered include professional, clerical, sales and services, skilled manual, unskilled manual, domestic service and 'agriculture'. The word 'wage' is tellingly not to be found in the 574-page report.
 - 9 In addition to the traditional main job question, the EICV3 survey also asked whether people did any of the different economic activities proposed at all over the previous 12 months. This is a catch-all question to determine any incidence of work in any of the categories (Republic of Rwanda 2012b).
 - 10 As this report will show, the first PRSP regrettably does not seem to have incorporated the findings of PPA in its plan to eradicate poverty in Rwanda.
 - 11 For an exhaustive introduction to the HEA see FEG Consulting and Save the Children (2008).
 - 12 It goes without saying that the most powerful and wealthy individuals in the 'community' may exert influence over the composition of, and the resulting directions taken by the focus groups.
 - 13 See Oya (2013) for a full discussion of standard surveys' shortcomings in recording wage labour.
 - 14 For two outstanding case studies showing evidence on heterogeneity of rates of pay and working conditions in rural labour markets, see, on Mozambique, Cramer *et al.* (2008); and on Sudan, Kevane (1994).
 - 15 See Cramer *et al.* (2008) for evidence of the way in which divorced or separated women are successful in obtaining relatively better paid jobs and in investing in their daughters' education.
 - 16 See also similar findings in Mueller's chapter on Tanzania in this collection.
 - 17 In this collection, see the chapter on Mozambique by Cramer *et al.* with similar findings in relation to domestic work.
 - 18 On Rwanda, research by Barrett *et al.* (2005) similarly shows that the poorest segments of the population do not have access to the most remunerative non-farm economic activities.
 - 19 Support to PSNP is the single biggest item in the USAID 2007 budget, and a key component of DfID and EC development assistance.
 - 20 A new recent example of this kind of methodology and evidence from Ethiopia is the *Fair Trade Employment and Poverty Reduction* final report, produced by a SOAS team (FTEPR 2014).

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8 Labour conditions in rural India

Reflections on continuity and change

Praveen Jha¹

1 Introduction

Labour relations (or what some may prefer to call labour markets) in contemporary rural India constitute a large and complex theme. An obvious reason underlying this complexity is the fact that India's countryside is characterized by a bewildering variety of regional and sub-regional political and economic patterns. Such a state of affairs is a product of, from a *longue durée* perspective, differences in agrarian structures, revenue extraction regimes (particularly during the colonial period), state policies, and the overall class dynamics. Furthermore, the period since Independence from British rule has witnessed significant variations across regions with respect to a constellation of factors influencing their development trajectories. Thus, diverse patterns of rural transformation, within the larger context of uneven development within the country, have resulted in quite a diversity of rural labour regimes. Despite this complex set of factors, it is possible to capture the dominant trends at a high level of generality. This chapter attempts to undertake this task. It highlights prominent 'stylized facts' at the current juncture as well as 'stylized shifts' of recent years with respect to the world of rural labour, without any pretence of collapsing the regional patterns into a grand general narrative.

At the outset, this chapter clarifies the use of the (otherwise controversial) term 'rural labour', both conceptually and in terms of definition. 'Rural labour' here refers to a person who resides primarily in rural areas, works in 'manual activities' and for whom the sale of her/his labour power for wages in cash, kind, or as a share of output is a source of livelihood. This definition includes anyone who sells her/his labour power for any duration, whether in a sole economic activity or as one among many. Such a definition is considerably broader than the one used in India's major official data repositories.²

It is also worth highlighting that a large section of 'marginal and small farmers' in India also derive varying degrees of income from selling their labour in multiple activities and so therefore establishing a neat boundary between different economic identities is tricky, both conceptually and for difficulties in measurement. However, given India's caste and class hierarchy, doing manual labour for other people is at the bottom of the work-ladder; hence, anyone who relies on this last-resort option for any length of time ought to be considered a manual wage worker.