Livelihoods-based casual labor market monitoring

The majority of rural poor households depend on the cash income from labor to meet their annual food and cash needs. In almost all cases, this is seasonal, informal labor: working on local farms during the planting, weeding and harvesting periods; or migrating to towns in the off-season to search for daily work. Understanding this often-hidden market and the impact that changes in wage rates or labour demand will have on rural incomes is critical. The HEA baselines contain a rare set of data on the importance of casual labor, including seasonal agricultural labor, migratory labor, and informal urban labor. They tell us what share of cash income comes from each type of casual labor, who performs this labor; at what time of year it occurs; where it takes place; how much people are paid; and to what degree households are able to expand this source in a bad year.

The HEA baselines help guide the development of casual labor market monitoring systems by indicating what to monitor where and when, and with whom to talk in order to obtain information on changes in both the demand and the supply side. They also provide the starting point for measuring the impact of changes in daily wages. There are over 500 HEA baselines world-wide to draw on.

The information below was obtained from a recent HEA baseline in Malawi

Seasonal agricultural labor is the source of around 40% of very poor households’ annual cash income in this part of Malawi. Of this, around 60% is earned by women, and 40% by men.

To set up an effective monitoring system, we need to know who does what, and how important it is in the overall livelihood system. We also need to know when different labor activities take place. That way we can make sure to talk to the right people at the right time of year and link monitoring data back to impact measurement.
Household Economy Analysis (HEA) is a unique livelihoods-based framework designed to provide a clear and accurate representation of the inside workings of household livelihood systems at different levels of a wealth continuum, and the connections between these livelihoods and the wider economy. HEA translates these complicated systems into readily accessible information for donors, policy makers, program managers and planners to help them: understand household constraints and opportunities in the short and longer term; design appropriate projects to meet a range of objectives; and measure the real impact of a program or policy in livelihood terms.

A number of HEA tools have been developed by FEG over the past 20 years in order to provide flexible and customized answers to decision makers from a wide range of sectors. They include the Livelihoods Impact Analysis Sheet (LIAS), The HEA Dashboard, the Analysis of Herd Dynamics (AHEaD) tool, the Graduation Prediction System (GPS) tool, the Water and Livelihoods Analysis Spreadsheet (WELS), and the Baseline Storage Spreadsheet (BSS), among others.

HEA BASELINE + HAZARD or INTERVENTION = OUTCOME ANALYSIS

An HEA baseline translates household economic realities into standard quantified results

HEA uses data from existing monitoring systems or projects to develop 'problem specifications', which are a quantified statement of the hazard or of the intervention.

HEA Outcome Analyses are customized to meet the needs of specific decision makers or information systems

This Outcome Analysis shows the percentage of households facing a survival deficit in Tigray, Ethiopia (by woreda) given an increase in staple food prices. A survival deficit is the gap between the amount of food households can grow or buy on their own, and what they need to meet minimum food requirements.

This Outcome Analysis shows the results of an HEA-based Resilience Analysis, comparing different levels of household resilience given different project interventions in Amhara, Ethiopia. The higher the score, the more household resilience the project creates.