

For Immediate Release:

Study Finds Home-Based Work Essential to Warding Off Extreme Poverty



CAMBRIDGE, MA USA, July 16, 2014 -- New research released today highlights the important economic contribution of home-based workers, challenges the common assumption that home-based work is not linked to the formal economy, and shows how home-based workers, who represent a significant share of the workforce in many countries, are affected by macroeconomic trends, government practices, and semi-dependent employment relationships.

The study results show that fluctuations in demand and prices seriously undermine home-based workers' livelihoods and that home-based workers are in a difficult position to bargain for more favourable terms in the value chain. Home-based workers are exposed to irregular work orders, irregular supply of raw materials, and delayed payments. Yet 78 per cent of home-based workers in the study sample live in households for which the main source of income is informal employment, and earnings from home-based work are essential in fending off extreme poverty.

The research also finds that home-based workers depend on access to reliable and affordable electricity, water, sanitation and transport, and yet they are largely absent from urban planning considerations. Urban renewal projects and slum evictions often undermine livelihoods in home-based work.

“Earnings from home-based work are low, on average, and unpredictable,” says Marty Chen, International Coordinator of Women in Informal Employment: Globalizing and Organizing (WIEGO) and the study author, based at the Harvard Kennedy School. “But home-based workers make essential contributions to global and domestic markets, households, communities and cities.”

The home-based workers in the study produce a wide range of goods for local, national, and international markets, from prepared food to incense sticks, flower garlands to footballs, and garments to electronics. When earnings are low, these workers expose themselves to additional risk through coping strategies like working in the dark (risking injury), borrowing money through informal loans with interest rates up to 20 per cent, and cutting back on nutrition in the home. As one worker said, “Anyone who has never been hungry cannot know what it is like.”

Some study participants identified positive drivers that support their work, including free education and health care in Bangkok, and improved roads and water supply in Lahore. Many also noted the value of home-based work to women, especially the opportunity to earn and save money.

The study makes the case that policymakers should recognize that the earnings of home-based workers are essential to daily cash flow – and the ongoing struggle to ward off extreme poverty – of their households. And it makes a number of policy recommendations to address the needs and constraints of home-based workers, including efforts to:

- Upgrade informal settlements with large concentrations of home-based workers to ensure they have adequate shelter, water, sanitation, and electricity.
- Ensure, if and when home-based workers have to be relocated, that relocation sites have adequate shelter, basic infrastructure, transport services, and access to markets.
- Extend legal rights and protections against unequal and often exploitative value chain practices and relationships to home-based workers.
- Increase the visibility of home-based workers and their output in official labour force statistics and study the macroeconomic trends and policies and home-based workers and their work.

About the Study: The Informal Economy Monitoring Study (IEMS) examines working conditions in the informal economy for home-based workers, street vendors and waste pickers in ten cities in Africa, Asia and Latin America. IEMS is a collaboration between the WIEGO network, which led the study, and local partner organizations of informal workers. Home-based workers in three cities—Ahmedabad, India; Bangkok, Thailand; and Lahore, Pakistan—participated in the study. Study partners included the Self-Employed Women’s Association (SEWA), HomeNet Thailand and HomeNet Pakistan. The Home-Based Worker Sector Report, an executive summary and additional information can be found at <http://www.inclusivecities.org/iems-home-based-workers-sector-report/> and www.wiego.org.

About WIEGO: Women in Informal Employment: Globalizing and Organizing (WIEGO) is a global action-research-policy network that seeks to improve the status of the working poor, especially women, in the informal economy. It does so by highlighting the informal economy through improved statistics and research; by helping to strengthen member-based organizations of informal workers; and by promoting policy dialogues and processes that include informal workers. Visit www.wiego.org for more information.

Contact: For additional information or to arrange interviews please contact Demetria Tsoutouras at +1 613 882 3364 or Demetria.Tsoutouras@wiego.org.