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Discussion Paper

24

Employment creation programmes: The international experience

by

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Preface

The role of productive employment in reducing poverty is by now widely recognized. But the experience of many developing countries seems to indicate that in recent years, the rate of employment growth has been inadequate vis-à-vis the growth of labour force and that the amount of employment generated as a result of given output growth has been declining. Such situation naturally calls for special efforts and programmes to create employment. Apart from the general inadequacy of employment growth, many developing countries face emergencies of various kinds (e.g., severe droughts, floods and other natural disasters, sharp seasonal decline in labour demand, prolonged armed conflicts leading to disruptions in the economies and the labour markets, severe economic downturns, etc.) that warrant interventions in the labour market in the form of employment creation programmes. Whatever the factor, the developing countries, by now, have a large accumulated experience in this area, especially in the creation of wage employment through the application of labour-based approaches in the construction of infrastructure. While some programmes of job creation are aimed purely at providing safety nets to the poor, there are others which are more integrated into the development programmes of relevant countries and are designed not only as safety nets.

The present paper reviews the experience of employment creation programmes mentioned above. In undertaking the review, the paper focuses attention on several aspects, e.g., issues relating to the design, funding and implementation of the programmes, their impact on production, asset creation and the labour market, the sustainability of poverty reduction through such programmes, and gender considerations. Based on the review, the paper presents some concluding observations by way of lessons emerging from the experience. The countries that have been selected for the review include Argentina, Bangladesh, India, Indonesia, and South Africa.

It is hoped that by summarising the experience of major employment creation programmes in several countries, the present paper would serve as reference material for countries that are interested in looking at such experience while they introduce new programmes or reform existing ones.

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1. Introduction

Employment creation programmes are an important policy instrument, especially in low- and middle-income countries where rates of unemployment and underemployment are high, the employment intensity of growth is low or even declining, and macroeconomic shocks or natural disasters can undermine livelihoods and require income-stabilising interventions. There is a new generation of employment creation programmes. Many of these programmes pay fair wages, often in cash rather than food rations, they strive to produce useful and durable assets that benefit participants directly, they involve communities in designing and managing projects, and they provide vocational training and skills development. Some, like India’s recently enacted National Rural Employment Guarantee Programme (NREGP) even treat employment as a right of citizenship.

This paper examines relevant international experience with rural employment creation programmes. The intention is to provide a thematic review which focuses on key design features and impacts of such programmes, drawing on case studies from Argentina, Bangladesh, Indonesia, and South Africa, as well as Indian programmes such as Maharashtra’s long-running Employment Guarantee Scheme (EGS), and other programmes from countries as diverse as Botswana, Cambodia, China, Malawi, Nepal, Sri Lanka, Tanzania and Zimbabwe.

Issues and Themes

This paper argues that the impact and success of programmes are largely a function of good design and implementation. The discussion therefore reviews current debates about basic design choices (such as targeting), prerequisites for effective implementation (e.g. institutional capacity) and available evidence on various kinds of impacts (e.g. on poverty). Specifically, the following aspects will be focused on in this review of international experience: impacts of employment creation programmes on agricultural production, labour markets, asset creation, and sustainable poverty reduction; as well as funding, design and implementation issues. The paper also considers gender aspects (such as impacts on women’s participation rates). The paper will consider both employment-based safety nets and labour-based infrastructure programmes, particularly those with a pro-poor orientation. The paper concludes by drawing lessons from international experience. In the main sections of this paper, the following questions are asked:

Funding, design and implementation
- What are the sources of funding for employment programmes?
- What are the costs of labour-intensive works?
- Targeting and self-targeting on employment programmes
- What institutional capacity is required?
- How can local people’s participation in planning be ensured?
- Learning lessons.

Production
- What are the negative impacts of employment programmes on agriculture?
- Can employment programmes have positive impacts on agriculture?

Labour market
- What are the impacts on labour demand and supply?
- What are the impacts on local wage rates?
- What are the impacts on labour rights and working conditions?

Asset creation
- What are the different types of assets created under employment programmes?
- Do the assets created have a pro-poor orientation?
Poverty reduction

- Do the incomes transferred have a long-term impact on poverty reduction?
- Do the assets created have a long-term impact on poverty reduction?
- Do the skills transferred have a long-term impact on poverty reduction?

Gender

- Women’s access to labour-based employment programmes
- Determinants of women’s participation on employment programmes
- What are the intra-household impacts of women’s independent incomes?
- Gendered levels of payment on employment programmes
- Benefits to women of assets created.

Case Studies

This paper draws particularly, though not exclusively, on experiences and lessons from four national employment programmes, to illustrate the themes and issues listed above. These four countries are Argentina, Bangladesh, Indonesia and South Africa. Detailed summaries and critical analyses of the four employment programmes are provided in Annex 1 through Annex 4. India’s extensive experience with employment programmes – including the EGS, JRY, and EAS – is also briefly introduced here.

Argentina

The Government has formulated a Social Emergency Programme, one component of which is the Jefes y Jefas de Hogar workfare programme which started in 2001. The Programa Jefes had reached around 2 million beneficiaries by the end of 2003, providing them with about US $160 per month in exchange for work in community projects or training. The transfer amount was set low enough to target poor people and also not to discourage them from seeking more permanent jobs.

The Programa Jefes was intended for unemployed household heads who have children at home. The design and implementation of Jefes builds on the success of its predecessor, the Trabajar programme. Targeted at the poor unemployed, Trabajar provided wages to beneficiaries in return for their work on small infrastructure projects proposed by local governments and NGOs. It was carried out over a period of six years, from 1997 to 2002, across all of Argentina’s 23 provinces.

The Labour Emergency Programme (PEL), started in 2001, provides temporary employment and vocational training to the unemployed, through projects that either create employment or affect employment creation. It contains a sub-programme for Community Development, which aims at creating productive employment for vulnerable women, especially heads of households. Activities specifically include those which are not traditionally performed by women, such as bricklaying, building and carpentry.

Bangladesh

While the long-standing Food-For-Work (FFW) programme is the main employment creation programme in Bangladesh, the Rural Maintenance Programme (RMP) provides an interesting contrast and raises important considerations. The FFW programme is an umbrella of different projects which is implemented by several ministries with donor assistance. Donor support to the programme has been declining and, of the total foodgrains allocated under the programme in 1999/00, about 60 per cent was provided by the Government. Since 1975, the FFW programme has created both food-waged employment to landless and marginal farmers during the slack agricultural season, as well as land infrastructure such as rural road construction and maintenance, irrigation channels, flood control and embankments. In addition, the FFW Programme has had long-term development impacts such as improved nutrition and increased agricultural production.
The RMP is a relatively small cash-based project run jointly by CARE Bangladesh and the Local Government Engineering Department (LGED). Poor women are given year-round work, such as the maintenance of rural earthen roads. Work has been undertaken on 75 per cent of such roads in the country. An average of 60,000 destitute women per year have been supported by the programme. The RMP is funded with the proceeds of Canadian wheat monetized at the port of entry.

While the FFW programme has clearly had demonstrable positive impacts on food security, the RMP programme has a zero leakage rate and is more cost-effective than FFW, because commodity handling costs are greatly reduced. The RMP has also had important long-term developmental impacts, both economic and social. For one thing, introducing bank accounts for poor women has facilitated their savings behaviour and provided them with access to formal financial institutions, which they would not otherwise have had. Secondly, women have also been given an opportunity to negotiate and self-manage infrastructure maintenance activities. Thirdly, in 1992 RMP began a phased approach which allowed women to stay in the programme for four years, after which they are expected to ‘graduate’ out of RMP into self-supporting income-generating activities.

**India**

**Employment Guarantee Scheme of Maharashtra (EGS):** The EGS was introduced in 1972/73, when the State of Maharashtra faced an acute drought. It was given statutory status in 1979. The EGS Act provides that any adult person in rural Maharashtra has a right to work as an unskilled manual labourer, provided they register at the local level as a person seeking work. The State must provide work within 15 days of being demanded. The permissible works are rural, especially agricultural, infrastructure (which includes minor irrigation works), soil conservation, afforestation, de-silting of tanks, stone-cutting and road construction and maintenance. Wages are paid at piece rates and, while initially lower than market wages, in 1985 a Minimum Wage Act was passed to regulate EGS wages. Financing for the EGS is raised from additional taxes imposed on citizens of Maharashtra by the State administration, which are paid mainly by the urban professional classes.

**Jawahar Rojgar Yojana (JRY):** Launched in 1989 by merging two operational programmes, the National Rural Employment Programme (NREP) and the Rural Landless Employment Guarantee Programme (RLEGP), JRY was the biggest employment programme ever sponsored by the Government of India. A centrally sponsored scheme, like its predecessors, 80 per cent of JRY funding came from central government. An important and novel innovation is that 80 per cent of the combined central and state budgets for JRY were released directly to the Village Panchayat, to be utilised for village works, with the remaining 20 per cent being spent by the District Rural Development Agency (DRDA). This devolution of power and funds to the village level was considered a bold initiative.

The primary objective of JRY was the generation of gainful employment for rural unemployed and under-employed men and women living below the poverty line. The secondary objective was to create a base for sustainable employment by improving rural economic infrastructure, and creating direct community and social assets for the poor, particularly scheduled castes and scheduled tribes. There was a stipulation that 30 per cent of employment opportunities should be given to women. JRY was initially dispersed throughout India, without any specific focus on ‘backward areas’ until late 1993, when it started to concentrate on ‘backward districts’.

The JRY has been restructured and renamed, and is no longer an employment creation programme, but a rural infrastructure development programme. Under the **Jawahar Gram Samridhi Yojana (JGSY),** as it is now called, each Gram Panchayat has the responsibility of preparing an annual action plan for taking up works, according to the felt needs of the people. The stipulation that 60 per cent of the budget be allocated to wages and no more than 40 per cent to materials is no longer operative. However, the types of works that are taken up at the village-level are inevitably labour-intensive.
The Employment Assurance Scheme (EAS): Broadly modelled on the Maharashtra Employment Guarantee Scheme, the EAS was launched in 1993/94 in 1,772 identified backward blocks located in drought-prone, desert, tribal and hill areas. EAS outlay in 1994/95 was Rs.8.5 million per block. The primary objective of this programme was the creation of additional wage employment in lean seasons. The secondary objective was the creation of durable economic and social assets. There was a stipulation that 40 per cent of the expenditure should be on watershed related activities, 20 per cent on minor irrigation, 20 per cent on rural roads and 20 per cent on construction of school and pre-school buildings (anganwadis). EAS was restructured in April 1999. It is a single wage-employment programme and is no longer demand-driven. Fixed annual outlays are made for each state. These are based on the incidence of poverty, with the poorer states receiving relatively more funds. Allocations are based on an ‘index of backwardness’, which gives 50 per cent weight to the inverse of agricultural productivity and 50 per cent to the proportion of scheduled castes and scheduled tribes in the population. While 70 per cent of the funds allocated for each district are further distributed among the blocks, 30 per cent is retained at the district level to be used in areas of distress or those experiencing labour migration.

Another successor scheme to JRY is the intensified JRY (IJRY) programme. Based on criteria like low agricultural productivity, commercial and industrial backwardness and a high concentration of scheduled castes and scheduled tribes (SC/ST), 120 districts have been identified as IJRY districts. In 1994/95, outlay per district on IJRY was Rs.73 million. Finally, the JRY ‘umbrella’ scheme subsumed special innovative projects, and aimed at addressing specific problems faced by the rural poor in each district. The Ministry of Rural Development earmarked Rs.1,000 million for this scheme in 1994/95.

In 2005, under its National Common Minimum Programme, the Government of India made a commitment to enact a National Rural Employment Guarantee Act. This will “provide for the enhancement of livelihood security of the poor households in rural areas of the country by providing at least one hundred days of guaranteed employment in every financial year to every household whose adult members volunteer to do unskilled manual work” (Government of India, 2005). Employment shall, as far as possible, be provided within a radius of five kilometres of the household’s village. Each State Government will prepare an Employment Guarantee Programme, which will include the undertaking of productive works that contribute to the creation of “durable assets”. Wages will be paid either wholly in cash or in cash and in kind.

Indonesia

One of the first areas of focus in the government’s official 1998/99 Social Safety Net programme, in response to the financial crisis, was a package of emergency job creation measures, collectively known as Padat Karya, to provide assistance to those who had lost their employment in the formal sector. This initiative was in effect a revival of earlier labour-intensive job creation programmes, also referred to as Padat Karya, which had built infrastructure such as village roads, schools and irrigation channels throughout rural Indonesia during the 1970s and 1980s. As with the earlier interventions, the Social Safety Net was not one single job creation programme, but a variety of disparate projects grouped together. What these projects had in common was that they theoretically drew on labour-intensive methods, to undertake small-scale village-based infrastructure or public works projects, thus providing opportunities to local unemployed or under-employed labour.

Since its re-launch in 1998, Padat Karya has expanded to comprise 13 sub-programmes, involving 8 executing agencies and reaching more than 300 districts. It is mainly funded through reallocated funds from ongoing loans from donor agencies and other redirected resources, as well as from other newly designed initiatives. In response to criticisms that the Social Safety Net schemes were poorly planned and hastily implemented, several new initiatives have been developed, including new employment programmes that emphasise empowerment and use community-based approaches to generate employment and incomes.
**South Africa**

Unlike many parts of the world where unemployment is largely cyclical – e.g. seasonal due to slack periods in agricultural production – in South Africa the causes of unemployment are structural and historical, which presents particular challenges. One response has been the Government’s launch of the Expanded Public Works Programme (EPWP) in April 2004. Coordinated by the Department of Public Works, the EPWP is a nationwide initiative aimed at creating temporary employment for hundreds of thousands of unemployed South Africans, developing the skills of the unemployed, and providing essential social services and physical infrastructure to disadvantaged communities.

The EPWP covers all spheres of government and state-owned enterprises, and involves reorienting line budget functions and conditional grants, so that government expenditure results in more work opportunities, particularly for unskilled labour. There is agreement that the EPWP must make use of appropriate technology, should substitute machines for labour wherever possible, should not displace existing permanent jobs, and that all opportunities must meet a real demand for services.

2. **Funding, design and implementation issues**

This section reviews a number of technical issues and policy decisions that need to be taken during the design phase of employment creation programmes: the sources of funding; costs of labour-intensive works; identification and (self-) targeting of eligible participants; setting an appropriate wage rate; the institutional capacity required to implement an employment programme; ensuring local people’s participation in the planning process; and learning lessons from success and failure.

- **What are the sources of funding?**

In middle-income countries like Argentina, Botswana and South Africa, employment programmes are usually financed entirely out of domestic fiscal resources. The Trabajar public works programme in Argentina during the 1990s was financed by the Federal government, using a fund raised through a national pay-roll tax – the Fondo Nacional de Empleo (Márquez 1999: 8). These projects were mostly small-scale labour-intensive public works (roads, social infrastructure, sanitation works) and were implemented by decentralised local government agencies and NGOs operating at sub-national level. Argentina has the most extensive social protection programmes in Latin America, and the Jefes programme that replaced Trabajar accounted for 7.5 per cent of the government’s current expenditure.

The Employment Guarantee Scheme in Maharashtra is funded out of the state budget. Half of the resources needed are derived from an income tax levied on the wealthier citizens of the state, whose contributions are paid into a special fund earmarked for the EGS. Wealthy urban dwellers are willing to finance the EGS, partly because it contributes to poverty reduction and partly because it restricts rural-urban migration, while the rural wealthy derive benefits from the assets created by the scheme.

In very poor countries with severe fiscal constraints, especially in Africa, employment programmes are often fully financed or co-financed by grants from international donors, or concessional loans from international financial institutions. Tanzania’s Special Labour-Intensive Public Works Programme, for example, was jointly implemented by the Government of Tanzania, UNDP and the ILO, but was co-funded by Denmark, Germany, the Netherlands and the European Union (Tesfaye 1995: 159). Where donors play a major role in providing financial support, they also tend to dominate the design of these programmes, by providing technical assistance as well as paying for operating costs.

- **What are the costs of labour-intensive works?**

Comparative studies carried out in different countries (including Cambodia, Ghana, Madagascar and Thailand) show that labour-based options are, on average, about 10-30 per cent less costly in financial terms than equipment-intensive options. They reduced foreign exchange requirements by up to 50-60 per cent; and they created, for the same amount of investment, two to five times more employment. In
Ghana, where small contractors were trained to rehabilitate and maintain feeder roads using employment-intensive methods, three times (320 per cent) more employment was created at comparable quality standards (Tajgman and de Veen 1998: 12). These positive results are mainly achieved where there is careful site selection, close supervision of the production process, and application of proper production techniques.

In Cambodia, where the average cost of construction one kilometre of road is US$ 15,000, “the overall weighted average cost of labour-based works is 17 per cent lower than equipment-based works. The lowest cost were recorded in the labour-based work carried out by contract under the Rural Infrastructure Improvement Project (US$ 11,116 per km), while the highest cost were recorded by the equipment-based contracts of the Urban Restoration Project of the Department of Public Works and Transport (US$ 20,678 per km)” (Munters 2003: 45).

In terms of costs per job created, there is a great deal of cross-country variation. For example, while the cost of one job created in Bangladesh was one dollar (US$ 1), it was eight times higher in Bolivia (US$ 8). However, there is a dearth of detailed disaggregated information on job creations costs, partly because the management costs are usually hidden in regular government administration. Factors that influence the cost per job include: the mix of locals and expatriates involved in programme design and implementation; the delivery mechanism selected; modalities of hiring private contractors; the wage rate; capital intensity of operations; costs of non-labour inputs; costs of provision of training; and administrative capacity (Subbarao 1997: 9).

Since 1977, the EGS has consistently claimed 10-14 per cent of the total development budget of the state of Maharashtra. The scheme started with a budget of Rs.19 million in 1973 and increased to Rs.4,527 million by 1993 (Dev 1996: 231). In 2001/02, Rs.942 crore was spent on the scheme, which was 107 per cent of the total rural development budget and nearly 5 per cent of the total development budget of the state. By 2004, more than 9,000 crore had been spent on EGS (Hirway 2004: 5120). The outlays for both JRY and EAS increased rapidly from the early to mid-1990s, but declined thereafter. This is because from 1995-96, two special schemes, the Indira Awas Yojana (Rural Housing) and the Million Wells Schemes, were de-linked and made into independent schemes. With the exclusion of these two schemes, the outlays were approximately constant. However, in 2000/01, there was a sharp decline in expenditure because of a conscious decision to allocate more for watershed development while keeping the overall outlay for the rural development sector more or less constant.

- **Targeting and self-targeting on employment programmes**

The self-targeting feature of employment creation programmes is frequently cited as one of its major advantages. Two design aspects discourage the non-poor from participating in these programmes: the (low) wage rate, and the (heavy) work requirement. Lowering the wage rate, offering payment in kind – food rations – rather than cash, and imposing heavy workloads on participants are all deterrents to anyone who does not genuinely need the work. This is in contrast to unconditional cash transfer programmes, where access costs are low, so incentives to fraudulently claim benefits are higher.

The problem with using the wage rate as a self-targeting mechanism is that employment programmes are often introduced in situations of mass chronic poverty, where the only way to ration the number of jobs offered is to reduce the wage rate to unethically low levels. In Burkina Faso in the early 1990s, public works wages were set as low as one-third of the national minimum wage, in order to minimise ‘leakages’ to the non-poor (von Braun et al. 1991). Although this strategy was successful in terms of targeting the ‘poorest of the poor’, the income transferred was so low that there was no discernible impact on poverty reduction, and even the ‘safety net’ objective was compromised. Paying very low wages or payment in food also attracts more women workers – or rather, it discourages men – which is a positive outcome in terms of pro-poor targeting (since women are disproportionately represented among the poor), but it reinforces negative practices of gender discrimination in the labour market.

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1 In the Indian counting system, one crore is equal to 10 million, and one lakh equals 100,000.
where women almost everywhere earn less than men for equivalent work. Women’s participation rates in rural employment programmes are typically higher than their participation in the rural labour force, but if this is achieved by paying poverty wages and asking women to do excessively heavy labour, then programme designers should reconsider the ethical implications of this self-targeting strategy.

Mujeri (2002: 32) discusses the ‘targeting trade-off’ facing designers of employment programmes, between maximising ‘vertical efficiency’ (targeting the poor) or maximising ‘horizontal efficiency’ (widespread coverage). If the administrative costs of targeting are increased, this reduces programme resources for wages. Conversely, if the programme employs as many people as possible (e.g. through applying labour-intensive rather than labour-based methods), this will compromise targeting accuracy. In Bangladesh, rural infrastructure programmes adopted targeting mechanisms that aimed to achieve both efficiency and equity, by minimising administrative overheads while maximising coverage of the poor. Firstly, the programmes are decentralised and adopt participatory approaches (thereby reducing administration costs), partly by involving local government institutions, NGOs and community-based organisations. Secondly, means testing (assessing each individual’s wealth status) is complemented by indicator-based targeting – including the obviously poor on the basis of easily identifiable indicators, such as landlessness and female-headed households. Mujeri suggests that an effective way of reducing mis-targeting in employment programmes is to strengthen and institutionalise local participatory processes, in order to access and share relevant information about potential participants at the local level. Also, given the evidence from Bangladesh and elsewhere of significant ‘Type I’ and ‘Type II’ errors – inclusion of the non-poor and exclusion of some hard-core poor – Mujeri (2002: 33) argues for more restrictive targeting criteria, involving means testing rather than self-targeting.  

Weitz-Shapiro (2004: 7) notes that: “Political manipulation of funds and pro-poor targeting are not mutually exclusive”, and cites the case of Trabajar, which did achieve pro-poor targeting but reached only a fraction of the poor, so that jobs on the programme were rationed. “Given the large numbers of unemployed poor who did not participate, it is of course possible that the program both reached its targeted population and that political considerations influenced who among the targeted population benefited.” For example, the allocation of programme funds between provinces or states might be politically biased – favouring the party in power or its supporters – rather than determined by objective indicators of need, even if the process of selecting individual programme participants is pro-poor. That being said, an analysis of the distribution of Trabajar funds across provinces in Argentina found that objective criteria (such as unemployment rates and poverty headcounts) dominated over political affiliation (Weitz-Shapiro 2004: 34).

### Box 1. Successful self-targeting in Argentina

Argentina’s workfare programmes (Programa Jefes de Hogar and its predecessor Trabajar) have successfully used self-targeting, by setting the wage rate below the market rate. “The transfer amount was set at a level slightly below the going wage for full-time work for unskilled workers, so as not to discourage people from seeking more permanent jobs as soon as they become available, and thereby avoid distortions to the labour market. This transfer amount should also promote effective targeting of the program to poor households. The design and implementation of this program is built on the success of its predecessor Trabajar in mitigating the loss of income resulting from unemployment (as opposed to lower real wages), particularly given the low coverage of the unemployment benefit. This experience, along with the relatively simple structure of the program and its self-targeted nature, have facilitated the quick disbursement of resources. … the workfare program Trabajar was found to be well-targeted to the poor. In fact, Trabajar performed better than any other social assistance program for which incidence analysis has been carried out, which proves the power of self-targeting mechanisms.”

Source: Ridao-Cano (2002: 11, 14)

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2 Common (mis-)targeting problems include: incentive problems (the non-poor might have incentives for participation); measurement errors (the difficulty of assessing levels of income or need, and of accurately differentiating among poor and less poor people); and political manipulation (e.g. the danger of capture of benefits by local elites and pressure groups, or biased allocation of public resources for political purposes).
An important additional point is made by Ravallion (2002a), who notes that the work requirement of employment programmes improves their pro-poor targeting incidence over social welfare programmes that apply different targeting mechanisms (e.g. means testing) that are more amenable to errors and manipulation. The implication is that participants on employment programme are better protected in times of austerity, when government social spending budgets are cut back. In the case of Argentina’s Trabajar programme, Ravallion (2002a: 119) finds that: “The program expanded into poor areas when the budget increased, but it retreated from poor areas when the program was cut. It was the program’s disbursements to non-poor areas that were protected. Given the low wage rate offered, the direct benefits from the work are still very likely to have favoured the poor, even after the cuts.”

An important feature of both JRY and EAS is their self-targeting nature. The work requirement is supposed to function as a screening device – only the poorest, who have no other opportunities open to them, will volunteer to participate. In a comparison of IRDP and JRY, Gaiha et al. (2001) note that exclusion of the poor was slightly greater in JRY than IRDP, while inclusion of the non-poor was greater in IRDP than JRY, suggesting that targeting was generally better in JRY than IRDP. It should also be noted that an evaluation of EAS between 1995 and 1997 found that the coverage of villages and the target group was extremely low. A maximum of 32 per cent of the villages and 5 per cent of the target group in a block are estimated to have been covered annually. Non-poor households were also found to have been significant beneficiaries (Government of India 2001: 27). Moreover, the majority of EAS participants received less than 30 days of wage employment per year. Most beneficiaries were only employed in one out of the four years of its operation.

A serious concern with the implementation of JRY is the significant number of non-poor workers who participated, despite the fact that it is targeted at the poor. An evaluation by the Ministry of Rural Development conducted in 1994 showed that 57 per cent of workers belonged to families above the poverty line (MRD 1994 cited in CYSD, n.d.). In as many as 7 states and 6 union territories, participation by non-poor families in JRY was in the region of 70 per cent. Only around 5 per cent of the workers belonged to ‘very very poor’ and ‘destitute’ families. In 1996/97, of the total employment generated under JRY, the share of participation of SCs/STs was 56 per cent and that of women was only 26 per cent (Chellia and Sudarshan 1999 cited in Bharat, n.d.). As for the EGS in Maharashtra, the percentage of women participating in gradually increased, from 41 per cent in 1979 to 53 per cent in 1987 (Dev 1992: 114). However, the percentage of workers from backward castes declined from 42 per cent in 1979 to 34 per cent in 1986.

**What is the appropriate wage rate?**

The main argument for setting a low wage rate is that it improves poverty targeting, if the poor are the target group and self-targeting is used. Since only the poorest will be willing to work for very little pay, when payment on an employment programme is lower than the local market wage rate, the poor will self-select onto the programme. Conversely, the proportion of poor people registering for work is likely to fall as the wage rate rises. As Subbarao (1997: 5) points out: “the wage rate is a key element determining the distributional outcomes of the program”. If the wage rate is set at higher than the national or local minimum wage, there are two possible disadvantages: the non-poor may be attracted to the programme (this was the case in Kenya and the Philippines), and the number of jobs offered on the programme have to be rationed (this has happened in Botswana, Tanzania, Zambia and elsewhere). On the other hand, there may be political, legal and ethical constraints to setting wages at very low rates. Increasingly, countries have introduced minimum wage legislation, and employment creation programmes have to comply with this legislation, and with fair work practices.

In Latin America, wages on ‘workfare’ programmes have usually been set below the market rate, for self-targeting reasons, and employment on these programmes has been socially stigmatised as a result. In Chile and Peru, most workfare programmes were closed in the late 1980s due to a combination of poor design that stigmatised participants, and political manipulation. In Argentina, the monthly wage on the Programa Jefes is US$ 150, while the minimum wage in Argentina is US$ 300-350 (Fachelli
et al. 2004: 3). The macroeconomic crisis in Argentina in 2001 had two components: a rapid rise in unemployment and a rapid rise in inflation. The Programa Jefes provided temporary employment to mitigate the unemployment problem, and wages were increased as inflation rose, but not enough to offset the effects of inflation, so that spending per poor person declined by 16 per cent in real terms (Ridao-Cano 2002: 8).

It is often argued that large injections of cash through social programmes in contexts where markets are weak will only be inflationary; but it is also important to note that the value of income transferred through employment programmes can fall if there is general price inflation in the local economy. This is one argument in favour of payment ‘in kind’: commodity transfers retain their real value, whereas the value of cash transfers fluctuates along with commodity price fluctuations. One implication for employment programmes is that cash wages should be index-linked so that they retain their real value in commodity terms, especially if the intention is to provide a subsistence income in terms of a basket of food and other basic goods. This can be a challenge in contexts where prices are highly seasonal. It can also present problems where costs of living vary across a country (or within a state or district), so that a uniform wage rate buys more commodities in some areas than others.

In Botswana during the 1990s, the wage rate on the Labour-Intensive Rural Public Works Programme was fixed by the government at 70 per cent of the lowest minimum statutory wage rate for unskilled formal sector workers. Since this wage was applied uniformly across the country, it had different implications for self-targeting in different areas. In remote rural villages this level of payment was higher than local norms and was perceived as relatively generous, and volunteers for work often exceeded the supply of jobs offered. Nearer urban areas, however, this wage was much less attractive, and only the poorest – those who could find no alternative paid work – registered for public works. Evidence for this self-selection of the poor comes from the fact that women, who are over-represented among the poor in Botswana, were also over-represented on public works schemes, taking 60-70 per cent of total employment (Tesfaye 1995). As a general rule, high rates of female participation on employment programmes can usually be taken as an indicator of effective poverty targeting.

In Maharashtra, EGS wage rates were initially lower than the local average agricultural wage, partly to maximise self-targeting of the poor, and partly to avoid distorting rural labour markets. According to Ganesh-Kumar et al. (2004), the EGS experience highlights the importance of a low wage rate in order to minimise possible substitution of labour from normal economic activity to EGS work. In 1988, however, in response to demands from labour, the High Court ruled that EGS workers should be paid the statutory minimum wage, which doubled the previous wage to a rate higher than the agricultural wage (Dev 1996). A study covering the period 1979–1989 found that the contribution of EGS to total employment dropped from 17.7 per cent to 9.4 per cent (Nayyer 2002). In 1986/87, 186.7 million person-days of work were generated while in 1989/90 it was only 78 million days. This was largely attributable to the wage increase that took place in 1988, which effectively rationed jobs, because the wage bill increased without a matching increase in the outlay for EGS, thereby introducing budget constraints. While Ravallion et al. (1993) estimated that 86 per cent of this reduction in EGS employment was due to rationing, Gaiha (1997) attributed 50 per cent of the reduction to job rationing – still a significant concern, given that the guiding principle of the EGS is the statutory right of citizens to employment on demand. Clearly, the impact of this reduction in employment would have adversely affected the poor, as many of them would have been excluded from EGS work opportunities.

However, it must be noted that the EGS programme guaranteed employment only to those who had registered for work and were willing to do manual jobs. It is possible that some of the reduction in EGS participation was due to an expansion in farm and non-farm activities, which reduced the demand for EGS employment despite the higher wage being offered. Evidence for this possibility comes from the fact that no cases were reported of people seeking work and receiving compensation payments because employment could not be provided for them (Nayyer 2002). On the other hand, although the EGS does officially provide for compensation if the government does not find suitable work within two weeks of registration, few workers have claimed this because of the opportunity costs involved.
This makes it difficult to identify what proportion of falling employment was due to falling demand for EGS jobs, and what proportion was due to job rationing – cases where EGS work-seekers were not given work but failed to claim compensation.

- What institutional capacity is required?

“Labor intensive public works require an extensive and solid network of institutions at the local level, with the technical and operational capacity to choose the works to be done, to organize the production process, and to channel resources to the needy poor” (Márquez 1999: 14). In Argentina, for example, it has been suggested that problems of mis-targeting have arisen due to lack of sound institutions. As a result, “benefits are allocated on a political-clientelar basis, and not necessarily to the most needed” (Fachelli et al. 2004: 3). A major challenge of running a permanent employment programme that is flexible and responsive to changing demand for employment is that it requires a designated permanent institution, and that it must be rapidly responsive to fluctuations caused by both structural conditions in the macro-economy and local variations requiring emergency safety net interventions.

From a discussion of an employment programme in Senegal, Majeres (2003) highlights several prerequisites for success. Many of these are institutional, including: sufficient capacity among local government staff and consulting engineers for the preparation, management and supervision of the works; training in labour-based techniques; access to the required light equipment and tools (if the works are to be executed without compromising quality and costs); and efficient decentralised contract management (given the large number of contracts with labour-based SMEs and petty contractors). The decentralisation of tendering and bidding procedures, of decision-making for awarding contracts, and of payment systems for rapid and efficient execution of contract provisions is a difficult process, and problems and setbacks are inevitable.

Mujeri (2002: 45) notes that different operational issues are involved in planning and implementation of different types of rural infrastructure programmes. As a general rule, labour-based infrastructure programmes (LBIPs) have heavier institutional requirements than public works programmes (PWPs). LBIPs need close interaction and collaboration between central government and local government institutions, with some design and management aspects being centralised and others decentralised. LBIPs also require complex cooperative relationships between different government ministries and agencies. South Africa’s Expanded Public Works Programme (EPWP), for example, is coordinated at national level by the Department of Public Works, but involves all three tiers of government – central, provinces and municipalities – and many Departments, including Agriculture, Environmental Affairs and Tourism, Education, Health, Social Development, Trade and Industry, Transport, and Water Affairs and Forestry. EPWP infrastructure projects are funded by the Treasury through Provincial Infrastructure Grants and Municipal Infrastructure Grants (see Annex 4). These conditional grants require that provinces and municipalities implement their projects in accordance with the EPWP Guidelines, but an audit completed in February 2005 found that “overall compliance was relatively low in the first year” (EPWP 2005: 11). Parastatal agencies and private sector actors are also involved as facilitation and implementation partners in the EPWP; these include the Development Bank of Southern Africa (DBSA), the Independent Development Trust (IDT), and the Business Trust.

For smaller-scale public works, local-level institutions take on more responsibility than in national programmes, and it is more important to include self-help elements by participating communities. In all employment programmes, a well-designed programme at the central level can fail because of a lack of implementation capacity (‘absorption constraints’) at provincial or municipal level. Within South Africa, for instance, some provinces have greater administrative and management capacities than others, and nationally designed employment programmes have been successful to varying degrees across the provinces for this reason. In the first year of the EPWP, Free State province spent 95 per cent of its allocated EPWP budget, but neighbouring Northern Cape province spent a much lower 56 per cent and initiated only 105 projects, while Gauteng province launched 1,296 projects (EPWP 2005: Annex B).
Maharashtra’s Employment Guarantee Scheme functions through an elaborate and multi-layered administrative structure. In addition to the Department of Revenue, operational departments such as irrigation, forestry and agriculture ensure that work will be available on demand, by drawing up advance plans for public works in groups of villages, which are then implemented using EGS labour. Moreover, there are official instructions, informal guidelines, extensive monitoring, unscheduled field visits and surveillance tours by officials at various levels, while the advisory and supervisory roles of non-official statutory committees oversee the functioning of EGS (Dev 1996). The involvement of politicians has had both positive and negative implications for EGS. While they can be important as mediators and also bring urgency and political will to EGS operations, they can also be disruptive, for instance by demanding new works in areas already well-served by EGS projects, in pursuit of their own political agendas.

The case of the JRY was very different from the EGS. A serious shortcoming identified with the implementation of JRY was that villagers were completely uninformed about any details of JRY funds sanctioned to their Panchayats. An evaluation found that only 39 per cent of the Panchayat heads had any exposure to JRY guidelines (MRD 1994). The JRY manuals were not even available in over 50 per cent of Panchayats all over India. JRY also bypassed the local Government bureaucracy, contractors and middlemen. This created management and operational problems that the EGS has managed to avoid.

- **How can local people’s participation in planning be ensured?**

There are strong general arguments to be made in favour of involving local people in the various stages of an infrastructure programme – including design, project selection and implementation and monitoring. There is a greater likelihood that such projects will meet local needs and circumstances, encouraging greater ownership which in turn positively affects participation rates, as well as the quality and maintenance of the infrastructure produced.

The entry point for the Dhaulagiri Irrigation Development Project (DIDP) in Nepal in 1989 was to secure sufficient, reliable irrigation water to small-scale mountain farmers, in order to increase food production and contribute to poverty alleviation (Lokollo 1999). Food production in most sub-projects implemented increased by 20-30 per cent. The implementation strategy used ‘popular participation’ which was demand-driven and employment-intensive. In order to sustain the new irrigation infrastructure, popular participation was conceived not only as involving farmers in construction and rehabilitation of irrigation schemes, but mainly as a means to develop institutional, financial and administrative units which a community needs to operate and maintain an irrigation scheme. Farmers and committee members have received relevant training to develop and improve local skills.

The Rehabilitation and Maintenance of District and Feeder Roads project in Mwanza, Tanzania has sought to rehabilitate and maintain a network of nearly 200 km of roads utilising labour-based methods, while creating capacity in the District Councils and in the private sector (Melgaard 2000). By 2000, some stretches linking fishing villages to vital arteries of the road network had already seen a three-fold increase in traffic, leading to increased economic activity. This success can be at least partly attributed to the sense of ownership and participation that were critical components of the project and made it feel like a local initiative by the people it affected.

In Bangladesh, labour-based infrastructure projects employ different forms of community participation in the choice of beneficiaries. The involvement of community organizations and adoption of objective criteria and well-defined rules and procedures act as a satisfactory screening mechanism to exclude unintended beneficiaries even if no explicit targeting mechanism is adopted by virtue of their comparative advantage (Mujeri 2002: 35). This formation of a broad coalition at the community-level also has the potential advantage of avoiding the conflicting claims of potential winners and losers of infrastructure interventions. Such participation also facilitates the operations and maintenance of infrastructure facilities by the local community.
Box 2. Community participation in contracting procedures in Sri Lanka

Sri Lanka provides an instructive example of effective community participation in the area of contracting procedures within a government procurement system. The government, through its National Housing Development Authority (NHDA), adopted an urban housing policy to initiate housing programmes and build amenities like wells in low-income settlements. A Community Development Council (CDC) in one area was unhappy with a well built by commercial contractors, so the CDC proposed that the next well should be based on a design developed according to the requirements of the community, and should be built by the community itself. The NHDA was receptive to this idea. As part of a demonstration project, it organized a workshop to review and discuss procedures for community construction contracts. One outcome of the workshop was a manual that was prepared to define and clarify procedures, and to train community groups.

The community contracting procedures were nationalised, and it thus became recognized and accepted to treat CDCs as possible contractors who could be awarded contracts for building amenities in low-income settlements. It was also agreed that any community-based organization that had been active for more than one year could register as a Council Community Contractor. This was great progress because previously, according to established procurement procedures, community organizations could not qualify for construction contracts as they lacked the necessary technical qualifications and financial resources (including equipment). There are several reasons why central government agencies and local authorities changed their policy and accepted Community Contracts as a procurement procedure. Chief among these are: it provides a cost-effective way of providing basic services and infrastructure in low-income areas; it involves communities in improving their own environment and facilitates community operation and maintenance arrangements; and it has proved to be a highly effective tool for working with communities on a range of government programmes.

Between 1985 and 1999, the NHDA issued more than 400 Community Contracts for infrastructure and housing works. These contracts included the construction of drains, toilets, sewerage systems and roads. Communities provide counterpart funding in the form of labour, cash or materials, while their elected representatives in the Community Development Councils are responsible for the management of the community contracts. In one project, the community also carried out supervision of on-site construction works, and the CDC carried out all construction work, with assistance from an NGO. Women in the community took a leading role in motivating people, collecting household contributions and daily supervision of the construction work. They also organized community meetings. One young community leader who was actively involved in the process from the beginning indicated that he had acquired useful new skills as a result.

Source: Jayaratne 2003

Uganda provides a successful experience of direct and consistent community engagement with the design and maintenance of physical infrastructure created by employment creation programmes. In western Uganda, local communities work together with government officials to identify problems on rural public works programmes, making amendments to improve their design or to better address local needs. This positive interaction between programme implementers and beneficiaries promotes a perception that the government is both responsive and accountable to local residents. Moreover, local people are aware of the significant economic and social changes that the roads constructed under the programme have brought to their communities, and this encourages them to liaise pro-actively with the relevant government ministry, to ensure these roads are well maintained and to derive sustainable benefits from their use. By means of ‘impact workshops’, communities identify who benefits most and who benefits least from the improved roads. People who live alongside the roads tend to derive the largest direct benefits, both in terms of improved access to markets (both for buying goods and for selling produce) and in terms of improved access to government services such as health centres and schools (ASIST Bulletin No.10, 2000).

A converse example is presented by the ‘Rural Access and Mobility Pilot Activity’ (RAMPA), which is being implemented within the framework of the Road Maintenance and Rehabilitation Programme in Malawi (Lema 2005). ‘Access profiles’ are being prepared to enable prioritisation of interventions...
and integration into District Development Plans (DDPs). The formulation of the first DDPs three years ago was supposed to have involved a consultative process. However, it has since become clear that these DDPs are little more than shopping lists that were produced on the basis of secondary data. Significantly, the level of community participation in the process was inadequate, which made the implementation of identified projects difficult since most of the pre-set priorities had to be changed after consulting local communities. Hence, an ‘IRAP’ process is now being introduced (see Box 3). IRAP has also contributed to the participation of local communities in the development of DDPs. A participatory approach has also been adopted in information and data collection in one district. This has enabled a shift of focus from the provision of infrastructure per se towards the understanding of the travel and transport demand characteristics of the target groups. This is key to addressing the real needs of the target communities, and also for optimizing local resources in the implementation and maintenance process.

**Box 3. Planning for participation: The Integrated Rural Accessibility Planning tool (IRAP)**

IRAP is an integrated local level, multi-sectoral planning tool developed by the ILO that defines the access needs of rural households in relation to the basic social and economic services that a household requires, and prioritising interventions to address these needs. The IRAP methodology entails local authorities working with rural communities to: (1) identify the access problems of local communities; (2) prioritise these problems and identify appropriate interventions; and (3) formulate programmes of action to address prioritised access problems. Specifically, the IRAP tool:

- considers all aspects of household access needs for subsistence, economic and social purposes;
- involves communities in different stages of planning procedures;
- is based on a thorough but easy to execute data collection system;
- uses households as the focus unit of the planning process;
- includes gender issues in its analysis; and
- gives high priority to protection of the environment.

Implementing the IRAP methodology involves a series of steps over a period of approximately six months for a Province and three months for a District, and results in comprehensive information on the location, condition and use of rural infrastructure and services; as well as defined and prioritised investments for access interventions that address the needs of rural communities. IRAP emphasises the building of local capacity and the use of local resources (material and human) in the implementation and maintenance of locally initiated projects. The application of appropriate technologies and labour-based methodologies that maximise local resource utilisation are therefore key features of the IRAP approach.

Source: *ASIST Bulletin* (2005)

Nayyer (2002) recommends increased participation of local people in planning, implementation and monitoring activities, in order to improve the effectiveness of India’s rural works programmes. Decentralised structures like the *panchayats* and *gram sabhas* (a body comprised of all adult members of the village) should also play a greater role, to make programme administration more accountable. While *panchayats* often reflect local-level power relationships and may therefore not represent the interests of the poor, the *gram sabhas* can play a critical role especially because they are required to meet regularly, request the accounts from the *panchayats*, monitor the physical progress of schemes and thereby develop a system of ‘social audit’. The emerging user groups in different sectors – like joint forest management committees and water user groups – also add another layer of accountability in the bureaucracy. The lesson here is to build on existing community institutions wherever possible, adding new functions to these structures as appropriate, rather than creating entirely new institutions. Similar conclusions were reached in a critical review of Indonesia’s *Padat Karya* (see Box 4).
Box 4. Insufficient community involvement in Indonesia’s Padat Karya

“Planners did not pay adequate attention to the need for a disaggregated database and supporting community-level structures to ensure proper targeting and sustainability. A centrally designed programme targeting the poor and unemployed with virtually no community participation in needs assessment, selection, implementation, or monitoring is unlikely to succeed.

- **Local governments must make sure that they develop projects appropriate to community needs and targeted to those in need.** A necessary condition for ensuring fair and adequate project selection and targeting is community involvement in assessing and implementing projects and in monitoring them for greater transparency.

- **The process of institutional strengthening requires that local institutions receive adequate funding and technical expertise.** Introducing special quotas for vulnerable segments of the populations (such as the poor and landless, women, and minorities) can make these institutions more representative. Representatives of civil society can also be included in village-level forums.”

Source: Islam et al. (2001: 64-65)

In Maharashtra, the delivery and management of EGS was found to be better in areas where voluntary organisations are active (Acharya 1990; Dev 1992), also where there is an active labour organisation (Bhoomi Sena and Deshpande 1988, cited in Dev 1996). Labour organisations also spread awareness of EGS among poor and illiterate workers, mobilised them to make demands on the administration to provide employment, and sometimes checked malpractices and leakages from the scheme.

- **Learning lessons**

Lesson learning is an important principle for any employment creation programme to practise, but this applies equally to lessons learned from within the programme itself, not only drawing on experiences from other countries. In decentralised employment programmes, like South Africa’s Expanded Public Works Programme (EPWP), design elements and aspects of implementation might vary greatly from one province to another, and there may be lessons to be learned and disseminated ‘horizontally’ – both lessons of success, to be replicated across provinces (see Box 5), and lessons of failure, to be avoided.

Box 5. Lesson learning and replication of best practices on South Africa’s EPWP

“One of the key focus areas of the EPWP is the replication of best practice programmes, and the Zibambele road maintenance programme of the KwaZulu-Natal Department of Transport has been identified as one such programme. This programme currently provides work for more than 14,000 people who maintain sections of the rural road network across the province. This programme is in the process of being replicated in the Eastern Cape and Mpumalanga.”

Source: EPWP (2005: 12)

Key factors for ensuring the sustainability of employment-intensive approaches include: the policy and legislative environment; technical knowledge and skills; appropriate planning systems; appropriate technical standards and skills; partnerships; and providing decent work (ASIST Bulletin No.16, 2003). However, the most important lessons for the design and implementation of successful employment creation programmes have to do with coordination issues, especially in large-scale decentralised government programmes. Although national programmes are authorised at the central level, effective coordination between central, regional and local levels of government is vital, because management occurs at the regional level and implementation is a local level function. Although decentralisation of design and management may be administratively rational and fiscally cost-effective, problems arise when there are inadequate links between the different tiers of decision-making. Drawing on von Braun
et al. 1991), the Urban Foundation (1994: 12) contends that seven issues need to be addressed if public works programmes are to be successful:

- choosing appropriate projects;
- improving the technical capacity of agencies to ensure that projects are technically sound;
- ensuring that logistical requirements are satisfied;
- strengthening the institutional capacity for designing and implementing programmes at both the central and local government levels;
- improving co-ordination between the ministries and local governments, and ensuring that there are trained middle management technicians and managers;
- improving co-ordination between relevant ministries; and
- coordinating the activities of ministries, donors, local administrations and communities.

The Employment Guarantee Scheme in Maharashtra has been credited with many achievements in the 30 years since it was introduced. Among its most notable achievements are the following:

1. its longevity, which reflects the long-term commitment of its managers and political leaders;
2. its financial sustainability, which is ensured because of its separate (earmarked) fund;
3. EGS workers have been organised and have displayed pockets of impressive collective strength;
4. significant quantities of supplementary income and employment have been generated;
5. the provision of ‘safety net’ employment in drought years has protected lives and livelihoods;
6. the assets created have contributed to agricultural growth, the dairy industry and horticulture;
7. the EGS has provided a model for rural employment creation programmes that other countries have sought to adapt or emulate, and its design is providing the basis of India’s recently enacted National Rural Employment Guarantee Programme (NREGP).

The EGS also has lessons to share with other employment creation programmes about management and administration. While there has been some misappropriation of EGS funds, mainly through wage manipulation and falsification, it is widely held that EGS is better administered than other anti-poverty programmes in India (Dev 1996). This is largely as a result of the scheme’s degree of transparency and external scrutiny, and the fact that various officials are also held accountable. For example, EGS sites are usually selected at Tahsil committee meetings and project plans are reviewed by senior officials in technical departments as well as the Tahsildar, the Collector and the Tahsil (Dev 1996). Furthermore, the public can also complain to the various EGS committees and to officials like the Collector in the Revenue Department who has authority over EGS implementation. Other anti-poverty programmes in India have dealt less effectively with corruption and administration problems. Evaluations of JRY, for instance, have reported mismanagement of funds, deviation from guidelines and limited programme performance (CYSD, n.d.). Resources have been siphoned off. An assessment of JRY conducted in five blocks of Uttar Pradesh (U.P.) revealed that as much as 40 per cent of expenditure shown in the records (on materials and wages) was actually lost as leakages.

3. Impacts on production

There are various ways in which agricultural production can be affected by employment programmes. On the positive side, infrastructure like roads, irrigation, water conservation and land development can help to raise agricultural productivity. On the other hand, if labour gets diverted from agriculture, this could have a negative impact on harvests. This section considers both sides of this argument, noting that the potential adverse effects of employment programmes can be avoided by careful timing, and presenting evidence that the income injected to agricultural economies by employment programmes can stimulate crop production in multiple ways.
• **What are the negative impacts of employment programmes on agriculture?**

In the early years of public works programmes there were concerns that rural labour would be diverted away from agriculture to work on employment programmes, undermining food production in contexts where these programmes had often been introduced explicitly to support food security. This concern was easily addressed through sensitive design – by providing employment in the off-season. Subbarao (1997: 6) notes that timing employment programmes for the non-peak agricultural period maximises the consumption smoothing or income stabilisation effects of these programmes. Conversely, income stabilisation effects were found to be relatively low in Kenya and Tanzania, where rural employment programmes were badly timed in that they coincided with the busiest agricultural period.

However, the displacement effect of public works on agricultural labour has arguably been overstated. For instance, although employment programmes typically provide temporary full-time employment, the timing of work activities does not completely crowd out the possibility of working on farm as well. Public works programmes in Ethiopia, for instance, tend to start in the early morning (6am), and break for the day around lunchtime, allowing workers plenty of time to tend their fields in the afternoons.

The EGS in Maharashtra has sometimes been criticised by farmers for reducing the availability of agricultural labour during the farming season. Especially in drought-prone areas, agriculture has lost labour to EGS because farmers are unable to pay the higher wages to attract labour away from EGS employment opportunities (Dev 1992: 50). On the other hand, a positive side-effect – from the perspective of employees rather than employers – is that competition from EGS has exerted upward pressure on agricultural wages. Moreover, others (e.g. Acharya 1990) have argued that EGS generally responds to the needs of both farmers and labourers by providing most employment during the off-peak season, so as to complement rather than compete with the demand for agricultural labour. This is a principle that employment creation programmes in general should seek to implement.

• **Can employment programmes have positive impacts on agriculture?**

Much evidence suggests that the income earned through employment programmes is partly invested in agriculture (e.g. fertiliser purchases), boosting production and also agricultural employment, because farmers working on employment programmes often hire labourers with their wages (an ‘employment multiplier’ effect). Reviews of labour-based infrastructure programmes in Bangladesh have found significant benefits to agriculture, including a doubling of fertiliser use and of land under irrigation by programme participants (Mujeri 2002: 39). Also, because feeder roads improve access to government services and to input and output markets, fertiliser prices were lower, fertiliser use was higher, and post-harvest paddy prices increased in villages where labour-based infrastructure programmes had constructed rural roads and other physical infrastructure (Ahmed and Donovon 1992: 17-18). The balance of evidence therefore suggests complementarities, not competition or ‘crowding out’, between employment programmes that inject cash into rural economies and the local agriculture sector.

Studies such as the comprehensive evaluation of food-for-work in Bangladesh have demonstrated that employment creation programmes can increase both agricultural output (a positive supply effect), and the local market for agricultural produce (a positive demand effect). On the supply side, employment programme participants used their wages to hire others, such as agricultural labourers to assist with their farming. On the demand side, programme participants spent much of their earnings on goods and services provided by the local economy, generating income for neighbouring farmers and traders. Demand for agricultural produce was further stimulated by a shift of some members of the workforce out of self-employment in farming into waged employment; thereby ‘graduating’ from food producers to food market-dependent consumers (see Box 6). A fourth and final boost to agricultural production

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3 This evidence comes from an evaluation of food-for-work in Bangladesh that was conducted by IFPRI and the Bangladesh Institute of Development Studies in 1983 (BIDS/IFPRI 1985). Though more than 20 years old, this remains a pioneering study and one of the few comprehensive evaluations of the impacts of a rural employment creation programme. One obvious implication is that more studies of this kind are long overdue.
came from the integration of isolated communities to towns and markets following the construction of feeder roads, which enhanced access to input and output markets and lowered transaction costs.

**Box 6. Positive impacts of public works on agriculture in Bangladesh**

“Agricultural production increased by an average of 27 percent and per capita household income by about 10 percent, as a result of direct and indirect effects of the project. More productive employment generated was substituted for very low productivity employment among rural households. Wage employment increased by about 13 percent while self-employment declined by about 10 percent. ... The study highlights the key role of improved infrastructure for rural growth and development.”


Both the rich and the poor derive benefits from the EGS in Maharashtra. For example, there have been improvements in agricultural land as a result of assets constructed or maintained under EGS activities. This has in turn created additional demands for labour in rural areas (Dev 1996: 241). Sathe (1991 in Dev 1996) argued that these assets have had positive impacts on both agriculture and non-agricultural activities, and increased labour absorption in the mainstream economy. To mention two specific examples, the Jawaharlal well scheme has benefitted both small and marginal farmers (MRD 1994, cited in CYSD, n.d.). Also, the use of EGS on private lands, including the farms of marginal and small farmers, has led to the development of horticulture in parts of Maharashtra.

### 4. Labour market impacts

Employment programmes can have profound impacts on local labour markets, either through affecting the supply and allocation of labour, or through influencing local wage determination, which in turn can affect the demand for labour. This section reviews the patchy evidence on impacts of employment programmes on labour demand and supply, local wage rates, labour rights and working conditions.

- **What are the impacts on labour demand and supply?**

  *Programa Jefes* is claimed to have reduced unemployment in Argentina by 5 per cent or more, but Galasso and Ravallion (2003) find that this is an exaggeration: about 40 per cent of programme participants were previously employed elsewhere, or were inactive but attracted into the workforce by the programme benefits, so the net gain in terms of unemployment reduction was 2.5 per cent. The important lesson is that establishing an employment creation programme can generate an increased demand for employment (i.e. an increased supply of labour in the workforce) so that many participants will not come from the intended target group. This makes the case for rigorous monitoring of the selection process and/or for stringent self-targeting (e.g. heavy work requirements or very low remuneration), but this contradicts the argument for ‘fair work’ principles to be introduced to employment programmes.

One principle adopted on South Africa’s Expanded Public Works Programme (EPWP) was that jobs should be created by substituting labour for machines. Because of very different levels of development across the provinces, opportunities for capital substitution varied enormously. In 2004/05, the increase in employment creation through the use of labour-intensive methods in Gauteng’s EPWP was only 10 per cent, whereas it was 600 per cent in Limpopo Province (EPWP 2005: 4). Gauteng is a heavily industrialised province centred around Johannesburg, with well developed high quality infrastructure, whereas Limpopo is one of South Africa’s poorest rural provinces, with severe infrastructure deficits and great scope for road construction using labour-intensive methods. “The EPWP’s goal is to create work opportunities (coupled with training) for a minimum of one million people (at least 40 per cent women, 30 per cent youth and 2 per cent disabled) in South Africa in the first five years of the programme” (EPWP 2005: 5). Most of this work is additional employment, but it is short-term – the average duration of employment on infrastructure projects is only four months. However, the provision of training is expected to raise the employability of EPWP participants in the long run. Also,
local contractors and supervisors are often obtaining longer-term employment through EPWP, as they move from project to project.

It is well established that labour-intensive and labour-based methods generate more employment than conventional methods which tend to be more capital-intensive. Sometimes these gains in employment can be very substantial. Using examples from ILO projects in Madagascar and Senegal, Majeres (2003, ASIST Bulletin No.15) shows that up to 13 times more jobs were created using labour-intensive methods in Senegal than by ‘conventional’ means. These jobs were also significantly cheaper – as much as 30 per cent cheaper in Madagascar.

In India, EGS employment peaks during the agricultural slack period between April and July and thus does not ordinarily interfere with normal agricultural operations and production. According to Khatu (2000), this involves some market regulation and choosing the right place and time for initiating EGS activities. In 1977/78, EGS accommodated 20 per cent of the total unemployment and underemployment in Maharashtra (Dev 1996: 237). Based on an estimate of unemployment among the ‘waged employed’ in 1987/88 at around 981 million person days, Dev (1992: 46) notes that since EGS provided around 67 million person days, it actually only covered about 7 per cent of unemployment among this group, or about 2.5 per cent of all rural workers in the state. Nonetheless, the incidence of unemployment did decline at a faster rate in Maharashtra than in the rest of India, particularly between 1983 and 1987/88. EGS provided about 100-180 million person days of employment per year in the early 1990s, in a state with a rural workforce of about 20 million people – i.e. about 5-9 days per work per person in the labour force. Different studies estimate the impact of EGS on unemployment to be between 10 and 30 per cent, depending on the assumptions and years selected. Micro-studies suggest that between 23 and 170 days per person per year have been provided by EGS (Dev 1996). One indicator of relative ‘failure’ of EGS might be the fact that the programme still continues after 30 years without a significant decline in the demand for unskilled work under the scheme. On the other hand, while EGS represents an important safety net for poor and vulnerable rural households, it cannot be expected to achieve sustainable poverty reduction on its own, without complementary development programmes.

India’s nationwide Jawaharlal Rojgar Yojana (JRY) programme, started in 1994, created nearly a billion person-days of work in that year, but only about 4 days of work for each person in the national labour force of nearly 400 million. As estimated in the Ministry of Rural Development’s own evaluation report for 1992, a JRY worker received an average of 3.81 person-days of employment, while the rest of the family got another 1.34 person-day each month (CYSN n.d.). In 1995/96, the highest number of employment was generated – nearly 10 lakh person-days. Until 1996/97, states had spent about Rs.252 million to create 6585 person-days of employment (Bharat n.d.). However, although there are some differences between states in terms of the achievements of the programme, it has made no significant impact on the incidence of unemployment. In fact, in terms of person-days of employment generated, there was a significant decline between 1996/97 and 2000/01. This may be partly due to the fact that, as of 1999, JRY became a rural infrastructure development programme without the stipulation that 60 per cent of the budget be spent on wages and 40 per cent on materials (Nayyer 2002). This had a direct negative impact on the extent of employment creation.

Both under JRY and EAS, the employment generated per person has been inadequate to bring about any meaningful increase in the earnings of the beneficiaries. An independent evaluation of the EAS found that 11 days of employment per person was generated in 1993/94 (MORD 1996, cited in Nayyer 2002: 10). Another evaluation estimated that, on average, 31 days of employment had been generated on EAS works, and each year about 25 per cent of those who registered themselves for work were employed. This shows that the programme was generally incapable of creating direct employment even in lean seasons. However, this varied from state to state. In certain areas, the programme has been able to meet the demand for work in lean seasons, while in others there is has been a need to scale up the programme. In Orissa, for instance, 52 days of employment were generated in an average year, but in Madhya Pradesh it was only 3 days.
• What are the impacts on local wage rates?

A consistent finding from the literature is that one impact of employment programmes is to exert upward pressure on local wage rates, for several reasons. Firstly, the diversion of local labour to employment programmes removes these workers from the workforce, reducing local labour supply. A second mechanism is through the effects of employment programmes on agricultural productivity and demand for agricultural labour. Thirdly, employment programmes can create awareness of workers’ rights and provide opportunities for collective action, strengthening labour bargaining rights and weakening the oligopsonistic power of powerful local employers (Nayyer 2002: 13). Experience with the Maharashtra Employment Guarantee Scheme (EGS) has shown that employment programmes can lead to a rise in local market wage rates. Elsewhere in India – including rural Andhra Pradesh, Bihar and West Bengal – employment programmes led to demonstrable upward pressure on minimum wage rates. This outcome is favourable in terms of income generation and poverty reduction, although the possible impact of such a rise in wages on the demand for labour also needs to be considered. When employment programmes are counter-cyclical to agricultural labour requirements, the additional work opportunities created during the lean season can prevent the market wage rate from falling as much as they would do in the absence of these programmes.

In discussing the poverty reduction impacts of PWP and LBIP, Mujeri (2002) notes that with PWP, a major contribution is on the impact on the labour market as a whole. “Given the high rates of un- and underemployment, these programmes create some stabilizing impact on the local labour market and contribute to ensuring a ‘floor’ to the wage rates of unskilled labour. The public works programmes in lean seasons have a positive effect on stabilizing rural wages and reducing seasonal fluctuations due to variations in labour demand in the rural economy” (Mujeri 2002: 38). These effects are somewhat limited by the short-term duration of employment offered, which participants generally perceive as “too inadequate to bring about any meaningful increase in the earnings” (Nayyer 2002: 10).

In a context of high rates of unemployment and underemployment such as Bangladesh, public works have had a stabilising impact on rural wages and reduced seasonal wage fluctuations due to variations in rural labour demand. Infrastructure programmes particularly contribute to mitigating food insecurity and unemployment among the extreme poor during the second lean season (September-October), which is more acute than the first (Mujeri, 2002: 38). Drawing on the study by Ahmed and Hossain (1990), Mujeri also notes the impacts of labour-based infrastructure programmes on income and employment: agricultural labour employed by landowners fell by 3 per cent; agricultural labour undertaken by the landless increased by 33 per cent; supply of non-agricultural labour increased by 30 per cent; landless women entering the labour force increased by 100 per cent. This suggests that public works programmes need to be targeted towards particular vulnerable groups in specific areas in specific months.

In the case of rural Andhra Pradesh, Parthasarathy (1995, cited in Nayyer 2002: 9) concludes that employment programmes led to upward pressures on local minimum wages. An evaluation of EGS by Gaiha (1997) revealed that the short-term impact of EGS on agricultural wages was small, but that the long-term effect was relatively large. Citing evidence from Bihar, Sharma (1995) shows that the JRY influenced the rural labour market and led to upward pressure on the agricultural wage rate. In a more recent survey of 36 villages in Bihar, it was shown that the presence of government work programmes led to market wage rates that were higher than in districts without these programmes. A cross-sectional regression analysis revealed that the percentage of beneficiaries covered has a significant and positive impact on the average daily wage rates within a village (Sharma et al. 2001).

• What are the impacts on labour rights and working conditions?

In Latin America, Chile and Peru pioneered the use of employment programmes in the 1980s, but in Chile these programmes were criticised by workers’ organizations as ‘make-work’ activities that produced no assets of lasting value. Moreover, participants on these programmes were stigmatised and afterwards faced difficulties in finding employment in the formal sector at market wage rates. This is
the opposite of what most employment creation programmes intend – to transfer skills and useful work experience to participants that will subsequently improve their job prospects. The case of Peru was rather different. Peru’s employment programme (PAIT) was ridiculed by its critics, especially by radicals who regarded the programme as politically motivated and manipulated, with the aim of providing some compensation to middle class Peruvians who were disadvantaged by structural adjustment programmes (e.g. civil servants made redundant by civil service reform). “Both programs had been effectively phased out by the end of the eighties, and have not been revived. It is suggestive that neither Chile nor Peru is presently implementing any public works-based employment generation program” (Márquez 1999: 10).

In South Africa, terms and conditions of employment on the labour-intensive public works programme had to be negotiated with labour movement actors. In much poorer countries like Ethiopia where employment programmes are implemented as social welfare or social safety net interventions, public works have been implemented with no consultation on basic design aspects such as the level and mode of payment, or the nature of the work. In South Africa, however, trade unions have insisted that employment programmes are employers who should provide workers with the same rights as formally employed workers. They have even demanded that programme participants are entitled to pensions, maternity leave, redundancy pay, and other rights normally enjoyed only by formal sector employees.

The ILO has prepared a Guide which is informed by international labour standards, and provides suggestions about how to include such standards in labour-based programmes. All partners should be involved in the joint definition of labour standards and working conditions if these are to be achieved. The Guide includes issues around recruitment; remuneration; workers rights and protection (Box 7). While some of these proposals may be difficult to implement in the short-term or in all countries and circumstances, the Guide notes that the long-term experience of previous projects strongly suggests that those which are consistent with these standards are more likely to achieve longer-term success and development objectives. ILO standards also represent an important benchmark for what should be done in the management of labour on employment-intensive works.

Because employment is a legislative right in Maharashtra, EGS has facilitated political action by the rural poor and made rural politicians more responsive to their needs by, at the very least, concentrating large numbers of workers in one place (Hirway et al. 1991, in Dev 1996: 242). EGS work programmes create an “enabling institutional environment” for trades unions, social activists and sympathetic politicians to mobilise for effective pro-poor action (Joshi and Moore 2000). On the other hand, Joshi and Moore argue that the EGS has lost much of its political support and is disliked by the bureaucrats who are required to implement it. The Government of Maharashtra has been taken to court several times over EGS issues, which does suggest that it is being held to account by citizens of the state, and that workers’ rights are being upheld through the statutory provisions of the EGS.

**Box 7. Labour Policies and Practices for Employment-Intensive Infrastructure Programmes**

The duration and termination of employment should be transparent. Recruitment should not be based on distinctions such as gender and ethnic or social origins. Indeed, special efforts should be taken to achieve a gender mix. Recruitment should not rely on forced labour, neither should people below the minimum age for employment in the particular country be recruited. It is important that the recruitment process and the terms of employment are transparent and are widely circulated. Workers and employers should have rights of association; they should be free to organize and join organizations of their own choice.

Remuneration should preferably be wholly in cash. In general, the wage rate should be set at around the minimum wage rate (if there is one), or the going agricultural wage rate for unskilled labour in the area. If the minimum wage rate is too high or too low, steps should be considered to change them. The wage system should not discriminate between women and men: they should be paid equally for work of equal value. In this regard, productivity-based remuneration is generally regarded as preferable to time-based remuneration. Where payment is partially in kind, the ILO and WFP have agreed on a general guideline that the value of the cash component should be at least 50 per cent of the wage. Wage payment should be protected – i.e. workers should be paid on time, regularly and in full for agreed and completed work and
attendance. If workers’ motivation, discipline and productivity, including attendance and conduct, are to be maintained with a disciplinary system, it should be transparent and fair.

Simple safety and health measures (e.g. provision of drinking water and the treatment of minor injuries) should be put in place to improve conditions on worksites. National social security protection should be complied with where it exists, and where it does not, social security compensation for work-related injury should be considered. Issues including maternity leave; severance pay; annual paid holiday; and sick leave are not usually considerations as they generally require a minimum qualifying period of employment, such as six or 12 months. Most labour-based infrastructure work is completed before this length of involvement.

Government also has certain responsibilities – e.g. adopting and enforcing appropriate labour clauses which focus attention on labour and social issues. Government can either execute works directly, or shift this role to the private sector and concentrate on policy formulation, creating an enabling environment (legal and administrative), as well as guiding, administering and controlling private contractors.

Source: Tajgman and de Veen (1998)

5. Asset creation

Most employment creation programmes have two distinct objectives: to create temporary jobs that transfer income to poor people; and to create durable assets that have lasting value. There are two aspects: assets created should be of reasonable quality (food-for-work projects, in particular, have been criticised for producing nothing of value), and assets created should be pro-poor. “Jobs created by the program are, by design, temporary, but a community can continue to benefit from well-developed infrastructure long after the employment phase is completed” (Weitz-Shapiro 2004: 13). A World Bank evaluation of employment programmes in Argentina went further, and argued that: “The cost effectiveness of workfare programs like Trabajar depends in large part on the value of the assets created through the subprojects” (World Bank 2003b: 3).

- What are the different types of assets created under employment programmes?

In Bangladesh in 1995/96, 63 million person-days of employment were generated by infrastructure programmes implemented by the Local Government Engineering Department. This figure rose to 110 million days in 2000/01. The LGED generated two major types of direct employment opportunities for the rural poor and for destitute women: employment in construction activities (the bulk of employment is created for unskilled and semi-skilled labour, both male and female, who are usually poor); and employment in maintenance and tree plantation (more stable employment is generated for groups of destitute women) (Mujeri 2002: 42). While indirect impacts are difficult to quantify, Mujeri contends that there is also likely to be indirect employment generation in several areas such as improved road transport, trading activities in growth centres, and rural farm and non-farm activities.

On Maharashtra’s EGS, only assets defined as ‘productive’ – those having a ratio of unskilled wages to equipment, supervision and skilled labour costs of 60 : 40 or higher – are included in EGS plans. Usually, a minimum of 50 workers are engaged for at least one month. There is a theoretical rule of thumb regarding the proportion of different types of assets under EGS (Khatu 2000):

1. Water conservation works (40 per cent of the total EGS budget): unskilled labour on medium and large irrigation schemes; small irrigation tanks; village tanks; percolation tanks; Jawahar wells;

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4 The Local Government Engineering Department (LGED) was established in 1992 under the Ministry of Local Government, Rural Development and Cooperatives. Two major functions of LGED are to provide technical support to rural and urban local government institutions; and to plan, implement, maintain and monitor infrastructure development projects in both rural and urban areas.
2. **Roads and other construction** (20 per cent of the total EGS budget): road construction works; flood control; other construction works;

3. **Agricultural works** (20 per cent of the total EGS budget): soil conservation in watershed areas; land development in irrigation command areas; horticulture;

4. **Forestry and social forestry** (15 per cent of the total EGS budget): afforestation on forest land; planting of trees on open plots, banks of canals, etc.

However, the EGS projects which have been selected have required more material components over time (Dev 1996: 235). There is some disagreement regarding the benefits of the assets created under EGS. While Acharya (1990) contends that the utilisation of assets has been unsatisfactory in several areas, suggesting that the assets were either inappropriate or poorly maintained, Sathe (1991) argues that many assets had a positive impact on agriculture and non-agricultural activities in rural areas.

An inventory of assets created under JRY was not maintained, and assets were not handed over to the departments of the State Government for maintenance. Between 1992/93 and 1998/99, between Rs.33 lakh and Rs.3 crore of the funds released for JRY remained unutilised (Bharat, n.d.). Some of the basic activities and assets created under JRY until 1998/99 are summarised in Box 8.

A survey conducted in 1992 revealed that of the total assets created under JRY, roughly 74 per cent were found to be good or satisfactory; 8 per cent were poor, and the remaining 18 per cent were either incomplete or not completed according to laid-down norms. The majority of assets created were found to be maintained (58 per cent) by village Panchayats. However, in about 18 per cent of cases, they were not maintained at all, by any agency. JRY workers were nearly unanimous in reporting that the assets created were useful for poor people; about 74 per cent of workers were also satisfied with the benefits received under the JRY.

### Box 8. Achievements of the JRY in India

- 8.56 lakh kilometres of rural roads constructed (expenditure of Rs.4,567 crore);
- 8.40 lakh hectares covered under social forestry (expenditure of Rs.736 crore);
- 1.27 lakh village tanks or ponds excavated (expenditure of Rs.393 crore);
- 11 lakh hectares of land developed (expenditure of Rs.135 crore);
- 7 lakh of drinking water wells dug (expenditure of Rs.530 crore);
- 2.45 lakh of school buildings constructed (expenditure of Rs.1,108 crore);
- 0.71 lakh Panchayat Ghars constructed (expenditure of Rs.350 crore);
- 1.75 lakh hectares covered under soil conservation activities (expenditure of Rs.143 crore).

Source: Government of India (2001: 17)

South Africa’s EPWP has been designed in a cross-sectoral way that recognises the value of different kinds of assets – infrastructural, economic, social, environmental and cultural – and identifies potential contributions of labour-based employment to all these sectors. In the first year of the EPWP (2004/05) the overwhelming majority of work opportunities created were in the Infrastructure sector (94 per cent), followed by Economic (3 per cent), Environment and Culture (2 per cent) and Social (1 per cent) sectors. Infrastructure also created most jobs per project (88 on average), while Social created the fewest (8 jobs per project).

The **Infrastructure** sector programme aims to meet its target of creating 900,000 work opportunities in the first five years of EPWP by focusing on construction, rehabilitation and maintenance activities that offer the best opportunities for labour-intensive methods. Planned projects include roadworks (re-gravelling 37,200 km of provincial and municipal roads), water and sanitation reticulation (31,600 km of pipelines), storm water (1,500 km of drains), and pavements (150 km) (EPWP 2004a). Other activities include trenching for electrification projects, and building maintenance.
The *Environment and Culture* sector programme aims to create 201,000 short-term jobs and provide training that will facilitate long-term employment. The sector intends using the EPWP to generate useful social outputs in the fields of environment, heritage, biodiversity and land care, through initiating projects that support sustainable land-based livelihoods and community-based natural resource management, rehabilitating natural resources and promoting eco-tourism (EPWP 2004b).

The *Social* sector programme is oriented towards the needs of people living with HIV/AIDS and its consequences (e.g. orphans). It aims to create 188,000 work opportunities and ‘learnerships’ for care-givers in the areas of home/community based care (HCBC) and early childhood development (ECD) (EPWP 2004c).  

Employment creation programmes in other countries – from Ethiopia to Bangladesh to China – have also tended to be dominated by the construction and maintenance of physical infrastructure. This is partly because such infrastructure is generally regarded as being an essential prerequisite for economic growth and rural development, and partly because these activities offer the greatest scope for mass employment of unskilled labour. China’s *Yigong-daizhen* programme is a case in point (see Box 9).

### Box 9. Large-scale infrastructure construction through labour mobilisation in China

In China in the late 1980s, the *Yigong-daizhen* programme (literally, “to offer job opportunities instead of sheer relief”) constructed an enormous amount of physical infrastructure throughout rural China. An explicit objective was to reduce rural poverty at the regional level, by improving infrastructure and access to social services in poor communities and thereby creating the conditions for regional economic growth. Projects selected therefore favoured large-scale infrastructure that would benefit entire districts and communities, rather than providing direct benefits to individual households. Using labour-intensive methods and limited technological inputs, the achievements of the programme are impressive. Between 1985 and 1990, over 130,000 kilometres of rural roads and 8,000 bridges were constructed, 10,000 villages were connected to roads, and drinking water was supplied for 21 million rural people. The *Yigong-daizhen* programme had the advantages and disadvantages of operating in a centrally planned economy. Projects were well organised and efficiently run, but workers had no rights and few benefits. Labour was easily mobilised (i.e. conscripted), approximately half of the works were undertaken on a ‘voluntary’ (i.e. unpaid) basis or remunerated in kind, with food rations or coupons redeemable for designated commodities (e.g. food or cloth) from state-owned shops. Although the direct benefits of the programme were low (or even negative, since workers contributed much of their hard labour without compensation), and leakages were high (since the infrastructure benefited poor communities rather than poor individuals), the improvement of rural roads and water supplies had an unquantifiable but clearly positive and lasting impact on poverty reduction in rural China.

Source: Zhu Ling and Jiang Zhongyi (1995)

- **Do the assets created have a pro-poor orientation?**

A consistent complaint about public works programmes has been that the assets they create are either worthless (not useful, low quality, or deteriorate if not maintained) or do not benefit the workers who constructed them. This is most obvious in cases of large-scale infrastructure that is used by wealthier people rather than by the poor, such as airports and highways. (On the other hand, the indirect benefits of such infrastructure to the poor living in the vicinity are usually underestimated.) Accordingly, a principle was introduced in many programmes, that the benefits of public works should accrue directly to the workers. Projects were selected that benefited poor communities (e.g. feeder roads that linked villages to larger markets), disadvantaged groups (e.g. afforestation projects to provide woodlots and reduce women’s fuelwood collection time), and poor individuals (e.g. vegetable gardens).

An important further point is that assets are only useful to the poor if they are of reasonable quality, and if they are maintained. There are various formal mechanisms for trying to ensure quality of the

Note that the *Economic* sector programme of the EPWP was not available at the time of writing.
assets. In Bangladesh, LGED is involved in implementing infrastructure development programmes in several sectors. The scope of work undertaken by LGED shows its emphasis on ‘quality’ infrastructure construction. During 1997-2001, quality improvements in rural infrastructure stock in the country, such as the construction and maintenance of paved and earthen roads and bridges, accounted for 67 per cent of total expenditure by LGED. Indeed, maintenance per se, is regarded as an integral part of the life cycle of an infrastructure project, and is carried out to provide employment to the poor and keep the infrastructure in good condition. Design manuals (e.g. earthwork manual, road structure manual, road pavement design manual; schedule of rates and unit cost analysis) were formulated to emphasise sound design practices for construction of high quality infrastructure; a Quality Control Manual has also been adopted. The implementation of infrastructure development activities are also accompanied by material testing and quality control measures to ensure technically sound, durable and economic structures (Mujeri 2002: 27).

Questions have been raised regarding the beneficial impacts on the poor and on rural development of assets created by employment creation programmes throughout India. An early study of the EGS (PEO 1980) found that the benefits of EGS assets had mainly gone to medium and large farmers, while small and marginal farmers accounted for only 21 per cent of user households. However, Dev (1996: 230) argues that this claim is overstated, and that it is important that some benefits do go to the rich if they are to continue supporting EGS through taxation. Furthermore, the Jawaharlal well scheme under the EGS has benefited both small and marginal farmers. Under JRY, 20 per cent of funds were earmarked to the Million Well Scheme (MWS) for the purpose of providing open irrigation wells for SC/ST farmers. However, this provision was entirely violated in the mid-1990s (MRD 1994, cited in CYSD, n.d.). The development of horticulture in Maharashtra has been possible mainly because of the use of EGS on private lands, including that of marginal and small farmers.

A related point is the poor maintenance of the assets created under EGS and JRY, which arises as a result of delays in handing over completed works to Zilla parishads for maintenance, and a lack of funds allocated for maintenance. On the other hand, sustained improvements have been observed in the livelihoods of participants when they derive personal benefits from the assets created, as reflected in the fact that their dependence on wage employment declines over time (Ganesh-Kumar et al. 2004). In these circumstances, programme beneficiaries have a stake in the maintenance of such assets, and the long-term impacts of these assets are likely to be both substantial and sustainable.

6. **Sustainability of poverty reduction**

The impact of any intervention can be defined as “the difference between the outcome indicator with the program and its counterfactual value for participants in the absence of the program” (Galasso and Ravallion 2003: 15). Very few impact assessments of employment programmes have been conducted that follow this rigorous approach. In particular, most evaluations tend to assess the direct impacts of the programme on participants in the absence of a non-participant control group, which makes it impossible to isolate programme impacts from the counterfactual. Evaluations also tend to assume that all income transferred is additional income, which fails to account for opportunity costs (the income or production forgone by participating in employment programmes rather than working on the farm or elsewhere, which can be significant and substantially reduces the net value of income transferred).

In addition to the immediate wage income that labour-based programmes transfer to participants, these programmes also aim to generate long-term benefits – through the assets created, training and skills received, and institutional capacity building. Clearly, a programme’s overall success must assess the extent to which it is able to transfer all these benefits. This section is concerned with considering the long-term impacts of the incomes transferred, assets created and skills transferred.
Do the incomes transferred have a long-term impact on poverty reduction?

The immediate poverty-reducing impact of employment creation programmes is through the income transferred (in cash or in kind) to workers employed on these programmes. It follows that this impact is directly proportional to the scale of the programme (the number and duration of jobs provided), the proportion of the budget allocated to labour costs (also known as the ‘alpha-ratio’), and the level of income transferred (the wage rate). An evaluation of Botswana’s public works programme in the 1990s found that “the temporary nature of income did not translate into appreciable investment at the household level” (Tesfaye 1995: 151). Conversely, in a cash-for-work programme in Zambia, a direct relationship was established between the level of income earned and the proportion of that income invested in livelihood activities and asset purchases. Workers employed for less than one month tended to spend their wages entirely on basic consumption (e.g. a sack of maize), while others who were employed for longer (up to one year) hired labour, purchased fertiliser and started or expanded small business enterprises (Devereux 2002b: 667).

This presents policy-makers with a difficult trade-off. At the household level, “tiny transfers equal tiny impacts, but moderate transfers can have major impacts” (Devereux 2002b: 672). At the aggregate level, however, employment programmes are intended to reach large numbers of poor people, and dividing the budget into smaller portions (e.g. by job rotation) allows more people to benefit. Also, enabling some people to accumulate wealth from an employment programme while their neighbours are excluded risks stratifying communities economically and breeding resentment and social unrest.

Evaluation studies comparing the incomes of participant and non-participant households in Burundi indicated that participating women had 20 per cent higher incomes, which was mainly associated with their incomes from a public works programme (Keddeman 1998: 14). In Bangladesh, Mujeri (2002: 37) contends that, while there was some reduction in extreme deprivation for participants, overall there was little change in their poverty status. This is partly a result of the debate about whether it is better to maximize coverage at low wages or to guarantee that some of the targeted poor are provided with acceptable wage levels. In contexts like Bangladesh, where there is a high prevalence and severity of poverty, there is a strong argument to be made in favour of wider coverage at a relatively low wage rate. In Argentina, Fachelli et al (2004: 15) estimated that participants on Programa Jefes had incomes US$ 40 per month higher than non-participants Jalan and Ravallion (1999) estimated an income of US$ 100 more per month for the same programme.

Different studies estimate the proportion of EGS workers in Maharashtra who live below the poverty line at between 62 per cent and 90 per cent (Dandekar and Sathe 1980; Dev 1990). Dev (1996) notes that it would have been virtually impossible for poor EGS workers to cross the poverty line at the wage rates of the mid-1990s, since EGS wages have never been higher than subsistence levels. Micro-studies reveal that the contribution of EGS to total household income ranged from 21 per cent in 1988 to 65 per cent in 1983 (Dev 1996: 239). Datt and Ravallion (1992) found that the foregone income from employment in EGS was about 25 per cent of gross earnings. The National Sample survey rounds revealed that as a percentage of the rural population, poverty in Maharashtra declined from 45 per cent in 1983 to 41 per cent in 1987/88 and to 38 per cent in 1993/94 (Khatu 2000: 8). However, the decline in poverty in Maharashtra has been no faster than the national average (Dev 1996: 238). Hirway (2004) notes that there has been no significant impact on poverty reduction and unemployment in Maharashtra which, in terms of poverty incidence, ranked ninth (out of fifteen) major states in India compared to its seventh position in 1973/74. Between 1973/74 and 1993/94, there was a 32 per cent decline in the incidence of poverty in Maharashtra, compared to a national decline of nearly 34 per cent. While it has not been very successful at helping people to “cross the poverty line”, the EGS has made a significant impact on reducing the severity of poverty. Datt and Ravallion (1991) point out that EGS has given rise to a substantial decline in the severity of poverty – from 5 to 3.2 per cent. As a result, many have concluded that EGS functions more like a relief programme than a poverty alleviation programme (Ganesh-Kumar et al. 2004). This view is reinforced by the fact that employment adjust to fluctuations in demand over seasons and years, especially drought years.
The seasonal and inter-annual stabilising effects of EGS employment on household income is a highly significant positive contribution – possibly as important for the poor and vulnerable as raising average income. A comparison of landless villages found that those in which EGS was operating had 50 per cent less fluctuations in income streams than those in which EGS did not operate. The existence of an insurance element to EGS can also be vital, even if the increase in income and employment is not significant. In a study of Ahmednagar, it was found that the direct transfer benefits to the EGS participants were high and, given the lack of alternative employment opportunities, the income stabilisation effects were also substantial (Nayyer 2002). Without EGS, many of the poorest would not have had an income. Another study also observed that EGS projects generated net income gains to participants, and that these direct transfer benefits led to a reduction in poverty (Gaiha et al. 2001, cited in Nayyer 2002). However, a shortage of funds meant that participation was less than it would have been, given the extent of the demand for work.

In an evaluation of EAS (Nayyer 2002), 75 per cent of beneficiaries derived income benefits, 22 per cent were able to save more, while the others were able to spend more on health, safe drinking water, and nutrition. Hence, the EAS was viewed as having a positive impact on the quality of life of the poor. On the other hand, another evaluation between 1995-97 showed that the income from EAS was not enough to enable poor households to cross the poverty line (Government of India 2001: 27). In the JRY, of one rupee spent, only 14 paise was likely to reach the poor via net wage transfers (MRD 1994, cited in CYSD, n.d.). Although there are some differences between the states in terms of the programme’s achievements, the average amount of wage income received through the JRY have not made much impact on the levels of living, savings, or assets of the workers.

Mujeri (2002) notes that an ADB survey conducted in Bangladesh in 1998 showed that the wage impact of rural roads was positive, with impacts on the rural wage rate more favourable in roadside villages than interior villages: 13 per cent during boro paddy harvest, 10 per cent during boro paddy transplantation and 9 per cent during the week of the field survey. As noted elsewhere, employment programmes have been found to put upward pressure on agricultural wages in various parts of India (Nayyer 2002), which implies sustainable long-term gains in earnings for agricultural labourers.

In South Africa, roads projects initiated in two provinces in 2000 (before the current EPWP started), showed significant net impacts on beneficiary incomes in surveys conducted in 2003. In Limpopo, it raised average monthly income per adult by R120, and by R73 in KwaZulu Natal. In KwaZulu Natal, household incomes were 30 per cent higher than they would have been without the Zibambele programme (ODI 2004). In Limpopo, average household incomes may have been between 30 and 50 per cent higher. In over half the households, there was evidence of higher expenditure on periodically purchased items such as clothing, cycles, agricultural tools, and on transport, education, debt repayment, financial savings and burial society subscriptions during project participation.

In terms of scale, there is enormous potential for reducing poverty through employment creation. It is no coincidence that the global poverty headcount is estimated at 1.1 billion, while approximately 1.0 billion people (one-third of the global workforce) are unemployed or underemployed. Poverty and unemployment are causally related, and employment creation programmes have the potential to address both problems simultaneously. Labour-based infrastructure programmes can contribute to labour absorption in contexts where the population and labour force are growing faster than the economy is creating jobs, while employment-based safety nets can provide a crucial source of employment and short-term income in contexts where livelihoods have collapsed (e.g. following a drought that results in widespread harvest failure).

In Africa following the 1980s droughts, 23 per cent of Botswana’s workforce was employed on the ‘Labour-Based Relief Programme’,6 and 30 per cent of total employment in Cape Verde was provided by public works (Drèze and Sen 1989). Following the financial crisis in Latin America in the late 1980s, public works programmes provided employment (Ferraz and Landry 1994).

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6 In 1986, Botswana’s Labour-Based Relief Programme provided three million days of paid employment to 74,000 workers, out of a total workforce of 320,000.
1990s, *Trabajar* and other employment programmes in Argentina provided labour-intensive public works employment to 900,000 people, or 14.3 per cent of the total labour force (Márquez 1999: 9). Following Argentina’s financial crisis in 2002, unemployment among low-skilled workers exceeded 30 per cent, and the government responded by increasing the budget allocated to employment programmes. Between 2001 and 2003, employment on workfare programmes increased from 90,000 to 2 million, and the government claimed that this active labour market intervention had reduced unemployment from 21.5 per cent to 15.6 per cent (Fachelli *et al.* 2004: 1). This assumed, however, “that all entrants to the Jefes program were unemployed before, which is not true” (World Bank 2003a: iii). The actual impact on unemployment was somewhat lower than this, though still significant and positive.

**Box 10. Employment creation potential on rural road works in Cambodia**

“The employment potential for labour-based techniques is very high. … Labour based rural road works require nearly 5,000 unskilled workdays per km as opposed to 200 workdays on an equipment-based operation. … It is estimated that using labour-based methods to carry out a programme of rural road upgrading, combined with labour-based maintenance of the existing maintainable road network could generate between 3.7 and 6.7 million days of work per year… Taking the maximum figure, this is equivalent to 33,000 full time jobs, and would create opportunities for 100 rehabilitation contracts and 270 maintenance contracts per year.”

Source: Munters (2003: 7, 45, 48)

In terms of the proportion of budget allocated to labour costs, even on labour-based infrastructure programmes this is relatively low. In Cambodia, for instance, only 37 per cent of total costs of labour-based rural road works went on wages for unskilled labour and 11 per cent was paid to skilled labour (Munters 2003: 43). In Malawi, a feasibility study for a national public works scheme concluded that: “The proportion of total project costs spent on wages is unlikely to exceed 40 per cent for the duration of a five year project” (Scott Wilson 1999: 43). Labour costs tend to be higher on labour-intensive employment programmes that maximise employment creation. On Labour-Intensive Public Works in Botswana, for instance, “labour cost constitutes at least two-thirds of the total variable cost” (Tesfaye 1995: 156). Raising this proportion is possible even on labour-based programmes, but there is a trade-off – the quality of assets created is compromised. This implies that the direct poverty impact of labour-based employment creation programmes is substantially lower than labour-intensive programmes and, say, unconditional cash transfer programmes, when 80 per cent or more of the total budget is transferred to beneficiaries. On the other hand, labour-based employment programmes also create more sustainable assets that can generate indirect poverty benefits, as discussed below.

- **Do the assets created have a long-term impact on poverty reduction?**

While there is a lack of information about the impact of rural infrastructure on poverty reduction per se, rural roads in particular have definite benefits. They can influence poverty by creating new employment opportunities (especially in the non-farm sector), increasing the volume of different forms of traffic; reducing the costs of transport; improving the cultivation of value-added products, increasing crop diversification, and profitability (Mujeri 2002: 39). There is some early evidence to suggest that infrastructure in general has a significant impact on the incomes of the poor (Ahmed and Hossain 1990; in Mujeri 2002). LBIPs in Bangladesh had various poverty reduction impacts, such as an increase in household income from crops of 24 per cent; an increase from livestock and fisheries of 78 per cent; and an increase from business of 17 per cent.

Road traffic has increased a great deal in rural Bangladesh in recent years, largely as a result of the improvements in roads. This is particularly true for non-mechanized transport modes (e.g. bicycle, bullock-cart, rickshaw, rickshaw-van) which are mainly used by the poor. On earth roads, the share of motorised modes of transport was 45 per cent for freight and 12 per cent for passengers; this increased to 73 per cent and 39 per cent respectively after these were developed into paved roads. There have
also been reports of increases in traffic volume of about 200 per cent for goods and 100 per cent for passengers (Mujeri 2002: 40). Transport charges are also related to the surface and quality of roads. Average per unit charges are highest on earth roads and lowest on bitumen roads. It was found that transport charges also generally tended to decline when roads were made smoother.

In Tamil Nadu, the construction of a road has been calculated to have had an *ex post* financial rate of return of 62 per cent, largely as a result of reductions in travel distance and costs, particularly the costs of transporting silk cocoons which were a means of income generation (Keddeman 1998). Although they have certain limitations, *ex ante* studies of the impacts of irrigation projects can make certain useful projections. Thus, in Nepal and Tanzania, such studies predicted significant long-term impacts in agricultural production (e.g. a doubling of yields). While subsequent surveys in Nepal have indicated smaller benefits, the impacts have nonetheless been considerable.

In West Bengal, a labour-intensive irrigation project focused on storage of water and its distribution to all farmers through feeder channels and lining of canals. A number of training and production centres were also established to promote non-farm activities. In the second phase, there was diversification into forestry, fishing, animal husbandry and wasteland development. The irrigation facilities and other sectoral activities that were created provided long-term sustainable employment and durable assets (Nayyer 2002). The project’s success was largely attributed to the participation of local people, and a detailed plan which reflected available resources and local priorities.

In South Africa, some labour-based projects created infrastructure which improved the quality of life of the community in various ways (Adato *et al.* 1999). In the town of Clanwilliam in Western Cape province, which had flooding problems since the 1950s, a storm-water drainage project relieved the community of a health hazard, the foul smell from standing water, and floodwaters annually damaging homes. The rehabilitation of a local road in a Cape Town township, which had previously been muddy and flooded during the rainy months, led some people to improve their homes, put up garden fences and plant gardens. The road, together with the storm-water drainage, improved local health conditions, while the sidewalks that were built provided children with safe places to play and walk. In a small town, Lutzville, the community hall that was constructed has provided a meeting space for community committees, church services, and pre-school and after-school care programmes; this has increased the social cohesion of the community.

The EGS has frequently been criticised for placing more emphasis on employment generation than on the creation of durable assets (Dev 1990: 51). In the first years of EGS, 93 per cent of total expenditure was directly related to ‘drought-proofing’, which reflects the genesis of EGS. However, there has been a shift in emphasis in the composition of expenditure. For example, while spending on roads was only 6 per cent in 1974/75, it rose to 40 per cent in 1985/86, reflecting public pressure to focus on road works. (Since 1987/88, a Government Order imposed a maximum level of 25 per cent for road works. There was a broad consensus in Maharashtra state that roads are relatively unproductive compared to land development works, especially since roads often get washed away during the rains). One possible reason for the lack of durable assets is inadequate planning for selection of assets – there have been repeated and premature work closures, and new works being started while others were still incomplete. However, Sathe (1991) concludes that many of the assets created did have positive impacts on rural agriculture and non-agricultural activities, resulting in the absorption of labour into mainstream employment and a decline in demand for EGS employment. On the JRY, instead of assets which use and enhance local resources (e.g. social forestry, soil and water conservation, water harvesting and irrigation structures), while simultaneously generating work and income, road-building and other construction activities have been favoured (CYSD, n.d.).

- **Do the skills transferred have a long-term impact on poverty reduction?**

South Africa’s EPWP emphasises training and capacity building in all of its sector plans. There are different training courses and models in the different sectors (DPW 2005). Thus, for example, its Social Sector Plan aims to provide accredited training and to link this explicitly to exit opportunities
for beneficiaries. The labour-intensive Infrastructure Sector Plan intends to provide a generic 10-14 day training course that will consist of accredited unit standards on ‘General Life Skills’, ‘HIV and AIDS Awareness’, and ‘Labour Markets and the World of Work’. Workers will also be provided with information about opportunities in learnerships and internships, and further education and training opportunities. However, the EPWP should be cautioned by the relatively limited long-term benefits of the training of another public works programme in South Africa.

The survey of impacts of a roads project in Limpopo in South Africa found that beneficiaries became unemployed again when the project ended. The job-related technical training received did not as a rule lead to greater subsequent employability, or even self-employment. The high unemployment among former participants reflects the excess supply of unskilled and semi-skilled labour in the local labour market. The ineffectiveness of training is ascribed to the fact that that the skills imparted are not in short supply in the South African economy. Only 12–14 per cent of programme participants had set up or expanded enterprises; this was largely because of the poverty of the local economy and lack of access to capital for business development. The effect of temporary public works employment on the wider local economy has therefore also been short-term in nature. Temporary incomes were largely spent on higher consumption, part of which brought income benefits to local producers of goods and services while the project lasted. There is also some indirect long-term benefit to the local economy from easier access due to the better maintenance of rural roads, but this was not quantified.

Adato et al. (1999) note that there were varied results regarding the capacity-building aspect of labour-intensive public works in the Western Cape, and that it is not possible to quantify these benefits. The intention was that the capacity of community organisations would be built through participation in these projects, and that they would then be able to apply for and manage new development projects in the future. In some projects, participants reported that, because there had been no skills training and no community member had been on the project committee, the only people who had benefited were the engineers and contractors. However, on another project, some limited capacity was built because sub-contractors were given management training and administrative responsibilities in addition to the technical skills, and for the first time were managing money and employees. Other communities reported that because they had served on project committees, they had learned skills such as writing applications and progress reports. In the most successful project in Langa near Cape Town, the ‘Clean and Green’ (CAG) project built the capacity of a local NGO called Tsoga. After CAG, Tsoga was able to and responsible for the conceptualisation, funding applications and management of a wide range of new projects, including an ongoing ‘cleaning and greening’ project, environmental education, community gardening, and literacy training.

With respect to training received and the question about whether participation improved post-project employment prospects, Adato et al. (1999) found that the number of those in employment doubled in the year after participation ended. Most participants (including contractors) believed that the training and experience they received gave them an advantage over those who did not. In the Langa project, about 70 per cent of workers found employment for various periods of time with the Cape Town city council. In another project, 46 per cent of workers found employment after the project; half of this work was related to skills they had learned on the project. Certain kinds of projects (e.g. those in the building industry) led to a greater potential than others (e.g. roadworks) of finding work after the project. This largely relates to the specific skills that were transferred – e.g. roadworks transfer skills that can mainly be used on other roadworks, which is useful when similar opportunities exist (as there currently are in South Africa, where road maintenance is being privatised). The building industry, on the other hand, transfers skills which are transferable to a variety of other projects. Clearly, the type of labour-based projects that are selected at the outset is critical for post-employment employment, and should reflect an understanding of the needs and opportunities of the local economy. Government, the private sector and NGOs should also play a coordinated role in helping participants find alternative job opportunities after the project. The reason that participants on the Langa project were so unusually successful in finding work was because they approached their local councillors for assistance in finding work with the city council – indeed, councillors noted that the absence of a post-project
‘networking system’ for follow-up opportunities was a limitation of the on-the-job training that was offered.

Interestingly, while workers on South Africa’s EPWP receive ‘on-the-job Hard Skills Training’, they also take several short training courses, including: ‘Life Skills’: ‘HIV/AIDS Awareness’, ‘Managing My Personal Finances’, ‘Career Guidance’, and ‘Environmental Awareness’ (EPWP 2005: 6). This concept of providing training that is unrelated to the work itself but equips the worker with useful skills and knowledge is worth considering in employment programmes elsewhere, though the actual content of this training will vary according to the local context. In India, for instance, HIV/AIDS is less of an issue than in South Africa, but perhaps other modules could be introduced instead. For instance, linking participation on employment programmes to enrolment on adult literacy classes (possibly provided on-site, before or after the working day) could improve the employability of programme participants, by equipping them with functional literacy and basic numeracy skills. The EPWP also offers ‘learnerships’ in conjunction with employment on its employment programmes, which are designed to provide certificated skills and competencies to supervisors and contractors to the EPWP that will be recognised by other private and public sector employers (see Box 11).

**Box 11. Commitment to training on South Africa’s EPWP**

“Training is a critical part of the EPWP. According to the Code of Good Practice for Special Public Works Programmes as gazetted by the Department of Labour, it is a requirement of the EPWP that beneficiaries should undergo at least 2 days of training out of every 22 days worked. The Guidelines for the Implementation of Labour-Intensive Infrastructure Projects also require that managers of labour-intensive projects be trained in order to build capacity to manage EPWP projects at the required scale.”

‘Learnerships’ are also offered: “A learnership combines work-based experience with structured learning and results in a qualification that is registered within the National Qualifications Framework (NQF) by the South African Qualification Authority (SAQA). A learner who completes a learnership will have a qualification that signals occupational competence and which is recognised throughout the country. Each learnership consists of a specified number of credits and takes at least one year to complete.”

Sources: EPWP (2005: 6); EPWP (2004c: 4)

In Bangladesh, labourers are given training by LGED before commencement of the work. Training covers social awareness, technical and job-related skill development and management. In addition, when women are employed to do maintenance and tree plantation, they are given training and social development inputs on income generation. The Rural Maintenance Programme (RMP), which employs women as labourers and supervisors for a period four years, provides them with training and assistance for self-employment after completion of the contract. Under the EGS in Maharashtra, by contrast, skills training, if provided at all, is only on a negligible scale (Hirway 2004: 5121).

A final point is that employment programmes can be designed to incorporate ‘conditionalities’ that are intended to achieve other forms of long-term impacts. In Argentina, eligibility for employment on the Programa Jefes de Hogar is conditional on proof that the workers’ children are attending school, and are receiving appropriate medical treatment such as vaccinations (Fachelli et al. 2004: 3). This kind of conditionality is typical of many conditional cash transfer schemes, such as Progresa in Mexico, but it is unusual on employment creation programmes. It is certainly worth considering on employment programmes elsewhere, not least because the economic and social value of investing in children’s education and health status in the long-term cannot be underestimated.

7.  Gender considerations

Labour-based employment creation programmes have as their primary objective poverty alleviation through the provision of employment and productive assets to poor communities. Since women are disproportionately represented among the poor in most countries, there are clearly issues regarding the
extent to which employment programmes actually reach and benefit poor women. Experience has demonstrated that there are several considerations and trade-offs around efforts to reach women. These include: What are the implications and efficacy of having gender quotas? Should differently graded work be provided for women and for men? Are the assets created of direct value to women?

- **Women’s access to labour-based employment programmes**

A consideration of women’s access to work opportunities needs to be understood in the specific context of women’s circumstances, in order to understand the likely determinants and influences of their participation in labour-based programmes. Such an analysis should be context-specific in order to identify critical factors in a given socio-cultural milieu – e.g. cultural prohibitions to women’s work outside the home, or the household gender division of labour and responsibilities. Drawing on various international experiences, this section is therefore concerned with understanding the factors that determine women’s participation in labour-based programmes – both programme-specific factors (e.g. the nature of the work) and non-programme related factors (e.g. cultural norms). It therefore addresses specific issues which have been shown to affects women’s participation rates.

One school of thought argues for gender quotas as a method of ensuring that women have guaranteed fair access to employment programmes. In South Africa’s EPWP, the programme guidelines originally specified a gender target of 60 per cent female participation, but this was amended to ‘at least 40 per cent women’. A breakdown of data after the first year of the programme revealed that 38 per cent of the work opportunities created were taken up by women (EPWP 2005) – close to the amended target of 40 per cent, but much lower than the original target of 60 per cent. In a forerunner of the EPWP, the Labour-Intensive Public Works programme, there was an emphasis on female participation, but no actual gender targets, in programme documentation. Furthermore, because the programme lacked a formal selection process with standardised agreed criteria, different projects in different areas devised their own methods of selection, many of which discriminated against women. An evaluation of LIPW projects in Western Cape Province found that the overall average for women’s employment days was 23 per cent, and concluded that there was scope for greater participation of women (Adato et al. 1999: 206).

Sceptics often argue that gender quotas are impossible to achieve on workfare programmes because the nature of the work is incompatible with women’s physical capabilities. For instance, infrastructure projects such as road maintenance or dam construction tend to involve heavy manual labour. In many cases, including in Ethiopia and Zambia, a simple way around this was found: work was categorised as ‘light’, ‘moderate’ or ‘heavy’ and women and men worked together in gangs, with men taking on the heavier tasks (e.g. breaking stones and compacting the road surface) and women taking the lighter tasks (e.g. head-loading baskets of stones from the quarry to the roadside). Even then, in the Zambian case, the arduous nature of the work norms on a road-building cash-for-work project compelled women to ‘subcontract’ men with ox-carts to help with moving stones from a quarry to the road site, in exchange for half their cash-for-work income. Nonetheless, this kind of problem is amenable to being solved through better design. Another version of this position makes the case for women-only projects. In Bangladesh, for instance, the Rural Maintenance Programme successfully employs over 50,000 rural women to maintain 60,000 miles of earthen roads. However, in contexts where women are prohibited from working outside the home, these options are clearly not available.

- **Determinants of women’s participation on employment programmes**

One of the main obstacles preventing or limiting women’s participation on labour-based programmes is their domestic (productive and reproductive) responsibilities. In Africa, women who participate in employment programmes are generally young and unmarried, or married without children, reflecting the fact that women’s low participation in labour programmes is often due to their childcare burdens (Dejardin 1996: 11). In the Ravuma roads improvement project in Tanzania, the main reason given by non-participants for not participating, despite a desire to do so, was lack of time. There are, however, some programmes that have attracted married women with children. In a Zambia road project, women
simply brought their babies to the site, carrying them on their backs while they worked, or brought an older child along to look after the baby, and breastfed their babies between programme tasks. This has potentially negative implications for older children’s school attendance, and the programme is open to criticism for condoning a form of child labour. Rather than ‘allowing’ women to bring their children to the worksite, child-care provision should instead be formalised and institutionalised on employment programmes. Women who are labour-constrained (e.g. older women or women with disabilities) could take responsibility for child-care at worksites, and could be remunerated for this work along with other programme participants. Alternatively, married women can reorganise their household activities, or arrange for other family members to take over some of their domestic tasks. In Burkina Faso, women from larger households were more able to participate in infrastructure programmes, because household tasks could be rotated among female relatives. Where this was not possible, women used part of their public works earnings to pay others to carry out their domestic duties in their absence.

An additional dimension of women’s time constraints is the relative convenience of the employment programme. Subbarao (1997) notes that women’s participation in employment programmes is sensitive to flexibility in both timing and location of work. In other words, programmes need to take account of women’s household responsibilities (particularly child-care) by, for example, appropriate timing of the work (e.g. when children are at school) and convenient location (e.g. near the home). Paying attention to these aspects in the design phase – ideally by consulting with local women and involving them fully in the selection and design of labour-based projects – can significantly increase women’s ability to participate.

Gender-sensitive recruitment strategies can facilitate women’s entry into employment programmes. The channels that are often used for informing the local population of available jobs are traditional village or community meetings or municipality offices. However, women are often largely excluded from these spaces. It is therefore important that available jobs are also advertised in places to which women have access – such as health centres (Tajgman and de Veen 1998). Male household members should not be relied upon to provide women with information about employment opportunities on programmes. Therefore, programmes need to make a conscious and concerted effort (e.g. targeted publicity campaigns) to reach and encourage women before a programme starts. Local institutions and culture should also be engaged with sensitively. In a afforestation project in Rwanda, an intensive information and recruitment campaign, specifically aimed at attracting women to participate, led to hundreds of married women turning up to work when the programme was implemented (Dejardin 1996: 16).This was in marked contrast to other projects where pro-woman recruitment strategies were not adopted, and the number of female recruits was much lower. This example also demonstrates that women and men have different considerations or needs. For example, while it might be acceptable for men to be informed of opportunities at short notice, this can constrain women’s participation because they need notice to reorganise their domestic responsibilities or seek permission from their husbands.

The nature of the work also has a direct impact on women’s participation. In Argentina’s Jefes programme, although (male) heads of household were implicitly targeted, the female participation rate was 69 per cent (Galasso and Ravallion 2003). This was a direct consequence of the nature of the social and community-oriented nature of some of the work offered – e.g. working in community kitchens, which was more attractive to women than to men. On the other hand, Indonesia’s Padat Karya programmes had low participation rates for women (19 per cent) compared with men (81 per cent) (Sumarto, Suryahadi and Widyanti 2001). This is largely a result of the heavy physical labour required on most projects, and because the programme was targeted at household heads, which, in the Indonesian context excluded most women by definition. Interestingly, although (male) heads were also targeted in Argentina, that cultural context allowed greater flexibility in defining a ‘household head’. Even within a country, different labour-intensity work requirements and circumstances can influence women’s participation differentially. In Malawi’s Public Works Programme, women’s participation in road rehabilitation contracts was 42 per cent (which exceeded the gender target of 40 per cent), but only 27 per cent in bridge-work contracts (Lwanda and Esterhuizen 2005). In certain districts, women’s participation was low because of hard soil conditions – which made activities involving digging and earth-moving physically difficult for women – and the onset of rainy season gardening.
activities (an aspect of agriculture dominated by women in Malawi). Attention must be paid to the
timing of public works projects in relation to the timing of women’s farming activities in rural
contexts.

Labour-based programmes need to reflect an understanding of women’s particular needs in both their
design and implementation. Some programmes have recognised and met the needs of breastfeeding
and pregnant women. It was recommended on a Botswana feeder roads project, for instance, that
breastfeeding mothers be entitled to a total of 35 minutes a day for breastfeeding in addition to their
lunch break, without prejudice to their pay (Dejardin 1996). Similarly, in a Zambia rural roads project,
supervisors adopted the understanding and practice that young mothers would periodically be allowed
to stop work in order to breastfeed their babies.

Women should be involved in a variety of different tasks. Where local gender norms do not allow for
women’s involvement in labour-intensive labour, it might be strategic to use the traditional gender
divisions of labour as an entry point. Gradually, women’s tasks on the programme might be expanded
to include ‘non-traditional’ tasks. In Burkina Faso, while women were initially involved in carrying
sand and gravel, awareness and training sessions eventually enabled women to make cement blocks, a
job originally reserved for men (Dejardin 1996). Women also began working with wheelbarrows
instead of headloading. However, all changes and decisions should ultimately be left up to the women
themselves. In addition to women and men having equal access to employment, and being getting
equal pay for comparable tasks, they should also have equal access to higher level supervisory and
management jobs (de Veen 1999). In Botswana, after the first women were put in supervisory and
technical positions, an increasing number of women were interested in attending courses for gang
leaders, technical officers and assistants (Dejardin 1996).

In South Africa’s public works programme, Adato et al. (1999: 208) found that there was a widely
held perception of what constituted ‘women’s work’ and ‘men’s work’. When work was regarded as
men’s work, fewer women applied, and committees were also less likely to employ them if they did.
Infrastructure projects were largely believed to be unsuitable for women. On other projects where
there was female participation, women were only doing lighter unskilled tasks such as sweeping,
loading and clearing, and none of the skilled jobs like brick-making. The evaluation suggests that the
type of work that attracts women should be determined and given consideration in project selection.
On projects where concerted efforts were made to explicitly encourage women’s participation, these
sentiments were ultimately internalised by workers and supervisors who accepted the practice. Indeed,
where women were doing non-traditional jobs, attitudes and gender stereotypes did sometimes change
– e.g. in one project, a supervisor said he had come to actually prefer hiring women than men because
they were hardworking and capable (Adato et al. 1999). Interestingly, ‘new’ projects such as clearing
alien vegetation showed high female participation rates. This was probably because there were no
preconceptions about whether such activities could be termed ‘women’s work’ or ‘men’s work’.

On Maharashtra’s EGS, the percentage of female participants has always been substantial, and has
gradually increased over time – from 41 per cent in 1979 to 53 per cent in 1987 (Dev 1996: 235).
Other sources have estimated the proportion of women working on EGS to be between 39 per cent and
64 per cent (PEO 1980; Dandekar 1983; Datar 1988). Indeed, in parts of rural Maharashtra, EGS was
regarded a “programme of women”. Deolalikar and Gaiha (1993 cited in Dev 1996) concluded that
EGS was well targeted by both gender and poverty: large numbers of participants are young female
agricultural workers with low levels of schooling, who are household heads and come from
low-income, low-asset households. Using panel data collected at regular intervals from 1975/76 to
1983/84 in four villages, Deolalikar and Ghai (1996 cited in Swamy 2003) show that 90 per cent of
both male and female EGS participants were already active as agricultural labourers in the wage
labour market. However, male participation in the EGS as a percentage of the male wage labour force
was 21 per cent, while it was only 9 per cent for females (Swamy 2003), suggesting that EGS
employment is less attractive for women, even when they are already in the wage labour market.
Specifically, females from medium or high castes are significantly less likely to participate than
women from other castes, while men from medium or high castes had a higher probability of
participation relative to other castes. Age has a much stronger negative effect on female than on male EGS participation, possibly reflecting time constraints due to women’s child care responsibilities. On the other hand, female household heads are more likely to participate than male household heads, which may be related to a higher rate of poverty among female-headed households. EGS employment is favoured by women because work is locally available, manual and often related to natural resources with which they are familiar. However, women still face constraints to participation, including inadequate provision of women- and child-friendly measures, such as maternity benefits and child care facilities at work sites (Hirway 2004).

Women’s participation rates on other employment creation programmes in India have generally been lower than on the EGS. A survey conducted in 1992 (reported in Government of India 2001) noted that, of the total employment generated under JRY, the share of women was only 20 per cent, whereas the programme guidelines stipulated that 30 per cent of employment opportunities should have been earmarked for women. The survey also revealed that in certain states like Andhra Pradesh, Kerala, Maharashtra, Tamil Nadu and Pondicherry, there was some disparity in the average daily wages paid to male and female unskilled workers. Again, the JRY guidelines stipulated that there should be no discrimination in the wage rates paid to women and men.

- **Gendered payments on employment programmes**

The design of an employment programme and the wage system that is chosen can result in unintended discrimination against women participants. As noted above, women might be channelled towards taking only certain jobs (and men others), and if the programme designers set different wage rates for different tasks, women will be paid less because women’s work is generally ‘lighter’ than men’s work. Alternatively, women are sometimes allowed to work shorter hours than men, in recognition of their heavier domestic duties (this innovation was implemented on the Employment Generation Scheme in Ethiopia), but once again, this can lead to suggestions that women should earn lower pay than men. However, where women and men are contributing jointly to completing a project, and especially if they work for the same number of hours, women should be paid equally to men. Otherwise, the programme risks contravening the ‘Equal Remuneration Convention’, which requires work of equal value to be rewarded with equal pay, even if the work undertaken is different. For example, the wage of an earth-carrier (often done by women) and an earth-digger (often done by men) should be the same because both activities are essential to completing an excavation job (see Box 12).

**Box 12. Equal pay for different work: The Equal Remuneration Convention in Bangladesh**

Bangladesh has approved ratification of the Equal Remuneration Convention of 1957. “The Convention requires the ratifying State to declare a policy of equal remuneration for men and women for work of equal value. It requires also that Government take action in pursuance of this policy, with the aim of achieving equal pay for work of equal value throughout the economy. The issues related to women’s earnings discussed in this report are classic of the issues meant to be addressed by the Convention. That is, the situation where women are performing work activities different than men and are paid less then men, despite the fact that the women’s activities are of equal value to those performed by men. The equality of the value of the women’s work in this case, i.e. carrying of earth, can be clearly imagined if one considers an earthwork project without people carrying earth. The carrying work is equal in value to the digging work as one cannot go on without the other. And for this, women should be paid as men.”

Source: Shone and Tajgman (1997: 66)

Alternatively, single-day task rates could be set whereby both the wage and the work norm are fixed. Setting a task that can be finished by most women and men within 6-8 hours eliminates the problem of one sex being paid more at the end of the day (because they have completed more tasks), even if some individual workers (e.g. women) have to work longer for the same pay. Another consideration is the gender composition of work groups. There is an argument that some task-work should take place in mixed-sex groups, so that people with different physical capabilities (i.e. women and men, but also older and younger workers) depend on each other to complete the task. This can help further to avoid
possible discrimination. In the case of the EGS, female and male workers are paid a uniform piece-rate (Dev 1996), even though women in the agriculture labour market in Maharashtra are generally paid less than men for the same kind of work (e.g. weeding). The EGS actively discourages sexual barriers and gender-based discrimination, and has reportedly increased women’s self-confidence and improved their status in their families (Datar 1987 cited in Dev 1996).

In terms of the mode of payment, poor female-headed households may actually prefer payment in food rather than cash if purchasing food has high transactions costs (Dejardin 1996: 14) – if payment in cash necessitates time and transportation to and from the market. They may also consider monthly payment (whether in cash or food) a disincentive to participation in employment programmes if daily sustenance for themselves and their families is their immediate concern. They would then prefer to work as casual labourers which pays at the end of each day.

In Malawi in the late 1990s, two employment-based safety nets programme were running alongside each other – one implemented by WFP, one by the Malawi Social Action Fund (MASAF) – often in the same communities at the same time. WFP’s food-for-work programme paid food rations to their workers, while the MASAF cash-for-work project paid workers in cash wages. A survey found that women were over-represented on the food-for-work programme, while men occupied most places on the cash-for-work projects. Devereux (1999) argues that, far from women choosing food-for-work because they preferred payment in food (in order to better feed their families), women were effectively forced into food-for-work because men preferred cash wages – they saw payment in food as socially stigmatising – so men monopolised the cash-for-work opportunities. If women are willing to work for food despite preferring cash wages, and if more women than men therefore participate in food-based employment programmes, the question arises about the trade-off between reaching larger numbers of women (a gender equity goal) and the ethics of offering payment in food (to improve self-targeting).

While there is little gender disaggregated wage impact data, increases in women’s income is widely reported to improve the health and education outcomes of children and entire households. Drawing on data from three rural sites in Niger, Brown et al. (1994: 1216) found that an increase in women’s participation in public works programmes resulted in an increase in weight-for-age of children. There was no impact with increased male participation. An increase in total household female labour supply also improves child nutrition whereas for men, there is a negative direct impact of increasing total labour supply. They conclude that, for poorer households, increasing the share of female employment has positive impacts on child nutrition above its impact of increasing calorie availability, despite any reductions in child-care time. Male participation has no direct impact on child nutrition, but leads to a decrease in household per capita calorie availability, which has a negative impact on child nutrition.

**Benefits to women of assets created**

There is a dearth of gender-specific analysis of the potential impacts of infrastructure. A contextual understanding of local gender relations and gender access to and ownership of various resources such as land are important in determining and analysing the types of assets that women and men benefit from. Thus, we need to recognise women’s near-universal responsibility for domestic reproductive activities, which make access to and availability of natural resources such as firewood and water of greater importance to them than to men. As a result, women would tend to prefer that labour-based infrastructure projects create assets such as boreholes and woodlots. Men, on the other hand, might emphasise improved access to markets and would therefore favour assets such as road construction and maintenance. Clearly, decision-making regarding the selection of labour-based programmes is critical, but to what extent are women represented and heard on the relevant decision-making bodies?

Lack of local involvement and participatory decision-making are often cited as reasons for the failure of development projects in general. Without women’s inputs in selection, design and implementation of employment creation programmes, the risks of failure (especially with respect to meeting women’s needs and circumstances) are similarly high, because they could not possibly take account of women’s and men’s different needs and expectations *vis-à-vis* various kinds of infrastructure. In recognition of
these gender differences, some initiatives have explicitly included women in the selection of local-level projects. The Sierra Leone wells construction project set up village committees consisting of five people representatives, which initially would have been village elders (Dejardin 1996). However, as a result of the project’s negotiations with the communities, two female representatives were included. Unfortunately, because the women, other committee members and villagers had neither initiated this nor been prepared by the project staff, the women representatives were silent members and contributed little, which was not surprising given their roles and status in the community in general. This example suggests that, where the project has certain gender objectives which are at odds with local gender norms, they need to be preceded or accompanied by social mobilisation and awareness training.

Women’s representation and participation are, however, still limited in decision-making and project selection, especially for infrastructure projects which are still regarded as predominantly ‘men’s work’. When women are involved in community committees, the experience is variable, with women sometimes being passive non-participants and at other times vocal and dominant. A positive case in point is the Western Uganda Road Maintenance Capacity Building Project, which had as its objective the rehabilitation and routine maintenance of selected gravel trunk roads, and involved substantial community participation. Road committees were established which comprise local leaders of villages and parishes along the road plus women, youth and other sub-county representatives (Leyland 2000). Women played a much stronger role on these committees than in the Sierra Leone case.

The Rural Transport Study (RTS) in Zimbabwe sought to improve access to transport in two districts. A number of access interventions were selected by a consistent process of community participation which specifically sought and used the views of women, since they bore most of the transport and travel responsibilities (Lema 2003). Footbridges, footpaths and borehole construction were among the interventions implemented. These interventions clearly had direct positive implications for women, in terms of enhancing their access and reducing their travel time to fetch water. Women have greatly benefited from the boreholes and footpaths, because they do 95 per cent of water collection by head-loading.

Finally, while the evaluation of South Africa’s Labour-Intensive Public Works programme did not do a gender disaggregated assessment of impacts of the works created, it did note that women participants started community gardens after receiving the appropriate training, and then sold their vegetables and flowers for cash – a direct income benefit from this employment programme (Adato et al. 1999).

8. Conclusions

This final section draws three general observations from the survey of experiences presented in this paper, then extracts lessons concerning the range of design and implementation issues discussed.

Firstly, while the experiences of other countries with employment creation programmes is instructive and informative, each programme is designed and implemented in a particular context, and the impacts of each programme are highly context-specific. There is no guarantee that a programme that was successful (or unsuccessful) in Argentina or South Africa will succeed (or fail) elsewhere. Any lessons (or ‘non-lessons’) that are drawn for employment creation programmes from this cross-country review must therefore be drawn with caution, and carefully adapted to various diverse local circumstances between and even within countries. One useful ‘lesson on lesson learning’ from South Africa is that successful experiences can be replicated across provinces, but that mechanisms for sharing and learning these lessons should be integrated into programme design. It is equally important to build in mechanisms for learning from mistakes and approaches that fail to achieve the intended objectives: ‘learning from failure’ is as important as ‘learning from success’.

Secondly, an exhaustive literature search revealed a surprising dearth of detailed and credible evidence on the impacts of employment creation across the world. We can only speculate on the reasons for this. One likely factor is that the primary objective of employment creation programmes is to provide
low-cost jobs to large numbers of poor people. Accordingly, a common design principle is that a high ‘alpha-ratio’ should be achieved (i.e. as high a proportion of the total budget as possible should be transferred to workers as wages or rations). This leaves very little budget to allocate to a rigorous evaluation of impacts. Typically, the budget line item for M&E (monitoring and evaluation) is for supervision of workers and monitoring progress against targets (such as number of jobs created) and work norms (such as kilometres of road constructed). The broader impacts of the programme on agricultural production, labour markets, and so on are rarely prioritised or rigorously evaluated. One notable exception is a comprehensive evaluation of food-for-work in Bangladesh in the early 1980s. More studies of this nature are urgently needed, especially given the renewed interest in employment creation programmes as a social protection intervention in recent years.

Thirdly, an important fact to bear in mind is that the employment programmes reviewed in this paper were established under different conditions, for a variety of reasons and with a range of objectives. For instance, employment creation programmes were set up in Argentina and Indonesia as emergency responses to macroeconomic crises, in Bangladesh as a response to chronic food insecurity, and in South Africa as a response to mass unemployment. This diversity of experiences means that there is no generic blueprint for designing and implementing employment creation programmes; instead, programmes need to be tailored to the specific contexts and objectives in which they are introduced. This also implies that lessons from experiences elsewhere should be drawn with caution.

- **Lessons on funding and costs**

Employment creation programmes are expensive to run, and very poor countries need international assistance to meet the costs. However, where these programmes are financed out of national resources, they tend to have more domestic political support, and are not subject to external technical advice that may be inappropriate to local conditions. It can cost anything between US$ 1 and US$ 8 to create each job offered. On the other hand, labour-based infrastructure programmes are between 10 per cent and 30 per cent cheaper than equipment-intensive alternatives, while creating 2 to 5 times more employment. In this sense – provided that useful and durable infrastructure is constructed or maintained – employment creation programmes are generally a cost-effective way of providing social protection to poor citizens.

- **Lessons on targeting**

Employment programmes have a number of self-targeting features, including the work requirement, the level of payment and the mode of payment. However, adjusting each of these to achieve targeting objectives must be done sensitively. Making the workload too heavy excludes women and people with limited labour capacity. Setting the wage rate too low discourages the non-poor, but it also reduces the poverty impact of the programme and can be considered unethical – or even illegal if it falls below the legislated minimum wage. Paying workers with food rather than cash is often criticised as patronising, and in some cases discourages men from registering for work. Other types of targeting mechanisms can also be applied, including indicator-based targeting (setting quotas for categories such as women, female-headed households, or the landless) and means testing (targeting the poorest community members). Although indicator-based targeting is easy to implement, most indicators are not robust (they do not accurately identify the neediest – not all female-headed households are poor) nor are they comprehensive (many male-headed households may be poorer than some female-headed households). Means testing is very difficult to implement, since programme officials do not have the necessary information about household incomes and assets. One solution to this information asymmetry is to involve communities in the selection process, for instance by adopting community-based targeting. Apart from these technical considerations, all approaches are susceptible to political manipulation.

- **Lessons on mode of payment**

Although the ‘cash or food?’ debate remains unresolved in public works programmes, the consensus of opinion increasingly favours cash wages rather than food rations, for ethical as well as economic reasons. In general, cash is considered less stigmatising and stimulates production and trade, whereas
food aid can create disincentives and dependency. On the other hand, commodity-based payment has clear advantages where the value of cash varies either geographically (over space) or temporally (over time). If, for instance, food prices are higher in certain areas (e.g. in remote villages), or if they rise significantly during the annual ‘hungry season’, then a cash wage is worth more to some people than others, and its real value will also erode substantially at times of year when food prices are highest. In these circumstances, payment in food rations might be the only way of ensuring equal payment to all programme participants across the country at all times.

• Lessons on institutional requirements

Large-scale employment creation programmes require effective designated institutions to manage them at central level and to implement them at local level. At the central level, one major challenge is to coordinate a national or state-level programme across the various sectors, agencies and ministries involved. At the local level, a major challenge is variations in implementation capacity across districts or provinces, which can lead to wide discrepancies in the programme’s performance and impacts. Where employment programmes are expected to respond to unpredictable fluctuations in demand for employment, the institutional requirements are greater: the capacity to expand or contract work programmes rapidly implies more flexibility than is usually associated with government agencies.

• Lessons on participation

Employment programmes achieve better results when they are designed and implemented with the full participation of the local people who are the intended beneficiaries or programme participants. A fully participatory design process would begin with a joint assessment of needs, so that the works selected to be undertaken match local communities’ perceptions of their priorities and are demand-led rather than supply-driven. Ideally, the programme would be designed and implemented in collaboration with local institutions that are truly representative and are already well established, so that the community has a genuine sense of ownership over the process and the products of the programme. In the Indian context, it is important to set up or strengthen the right kinds of institutions (e.g. gram sabhas, gram panchayats, workers’ organisations and co-operatives) at the local level which involve people in the process of decentralised decision-making, planning and implementation (Hirway 2004). Alternatively, local committees should be formed and their capacity to contribute as equal partners to the programme (e.g. in terms of selecting participants, monitoring progress and ensuring that assets are maintained after completion) should be strengthened. The Integrated Rural Accessibility Planning tool (IRAP) is one model for achieving local participation in project planning, implementation and maintenance.

• Lessons for impacts on production

The concern that rural employment creation programmes could undermine agricultural production, by diverting labour away from farming, has been addressed in many employment programmes by timing them to coincide with the off-season, when under-employment is high and public works can help to stabilise income and consumption throughout the year. There are also many ways in which income earned on employment programmes can contribute positively to agriculture: (1) by investment in agricultural inputs (like fertiliser and seeds); (2) by generating additional employment (if workers on rural employment programme hire labour to work on their farms); (3) by increasing demand for agricultural produce (because of the incremental cash in the local economy); and (4) by integrating isolated communities to towns and markets (through the construction and maintenance of rural feeder roads and bridges). These multiplier effects are significant and positive, though difficult to quantify.

• Lessons for labour market impacts

Depending on their scale, employment creation programmes can substantially reduce unemployment. It must also be noted, however, that these interventions in the labour market can increase the demand for employment, attracting people who would otherwise not be considered as job-seekers. The net reduction in unemployment will therefore be somewhat less than the incremental job opportunities created, depending on how well targeted the programme is. In particular, where gender quotas are
introduced on employment programmes deliberately to increase female participation in the workforce, thousands of jobs can be provided for women, without making any difference to unemployment levels.

Even if the wage offered is relatively low, employment programmes can exert upward pressure on local market wage rates, in many ways: (1) by reducing the supply of ‘excess labour’, which allows employers to pay exploitation wages; (2) by establishing a ‘floor wage’ that employers have to uphold; (3) by transferring skills and expertise that upgrade workers’ earning power in the labour market; or (4) by encouraging workers to mobilise to negotiate better wages and working conditions. On the other hand, badly designed programmes can also be disempowering and socially stigmatising, and in some cases public works participants have found it more difficult to secure formal employment afterwards.

- Lessons for asset creation

Although public works programmes were initially perceived simply as a self-targeting mechanism for transferring income to the poor, it is now accepted that the assets created are equally important. Most assets produced by employment creation programmes fall in the category of physical infrastructure – feeder roads, dams and bridges, school buildings and community centres. Reasons for this include: (1) physical infrastructure is a prerequisite for rural development; (2) poor rural areas invariably have severe infrastructure deficits; (3) the direct and indirect benefits of these assets are often pro-poor; (4) infrastructure projects typically generate more employment than other types of projects.

Apart from physical infrastructure, employment programmes have also produced ‘environmental assets’, including community-based natural resource management (CBNRM), re-afforestation, soil and water conservation, and eco-tourism. While this sometimes requires creating assets on private land, such works should, as a rule, only be undertaken when genuine public works are exhausted, and part of the costs should be recovered from the private asset owners (Hirway 2004). However, there should also be a consistent focus on strengthening the asset base of small and marginal farmers.

Recently, ‘social sector’ activities such as support to AIDS carers and orphans have been incorporated within employment programmes, which broadens the pool of potential participants beyond those able to perform heavy manual labour. Such projects also have the advantage of supporting broader social objectives, in addition to providing economic opportunities for individuals. The general lesson to draw is that employment creation programmes, if innovatively designed, can produce a wide range of assets that potentially have both immediate and lasting value to individuals, communities, and society as a whole.

- Lessons for sustainable poverty reduction

The direct poverty-reducing impact of any developmental intervention is a function of the amount of resources transferred to the poor. On employment programmes, this is determined by the number of poor beneficiaries, the wage each receives and the length of time they are employed. A dilemma faces programme designers: to maximise poverty coverage by spreading the budget widely but thinly, or to maximise poverty reduction by concentrating the budget on fewer beneficiaries. The former strategy (employing large numbers of people for low wages and short periods) reaches more poor people but risks dissipating resources on immediate consumption with no sustainable impacts. The latter strategy (employing fewer people at higher wages for extended periods of time) allows programme participants to invest in production and assets, but can create resentment and tensions with excluded neighbours.

The assets created by employment programmes can also contribute to sustainable poverty reduction, provided that: (1) these assets generate real economic benefits (e.g. a road that reduces transactions costs for traders, or an irrigation project that raises crop yields); (2) that the poor derive at least some of these economic benefits; and (3) that the assets are maintained so that the benefits do not disappear.

Apart from income and physical assets, two further categories of resource transfer that can contribute to poverty reduction are human capital and institutional capacity. The first relates to the training that participants receive, both ‘on the job’ training that provides practical skills in, say, road construction
or borehole maintenance, but also *life skills* training that is sometimes offered alongside the works, for example in HIV/AIDS awareness, personal financial management, literacy, or nutrition education. There might even be an argument for making this type of training a condition for participation on the employment programme. The second category relates to supporting or building institutions at the local (community and/or district) level, for instance by providing training in project management and bookkeeping skills to members of the committees that are responsible for aspects of project planning, implementation and maintenance. Transferring this knowledge and these skills is a permanent benefit that could contribute to sustainable poverty reduction, at both the personal level (by *enhancing the individual’s employability*) and the community level (by *strengthening local institutional capacity* to address local development needs).

Following the EGS, Hirway (2004) recommends training and capacity building (including on gender sensitivity) for the government and *panchayat* machinery, to enable them to implement the NGREP effectively. NGREP workers should also receive training in skills such as dairy farming, soil and water conservation, horticulture and agro-processing to enable them to produce skill-intensive assets which are transferable to subsequent non-EGS employment.

- **Lessons on gender aspects**

Efforts to target women on employment creation programmes (e.g. with gender quotas) are typically designed to enhance women’s independent access to work opportunities and food or cash income. It is important that these design choices take account of the local socio-cultural context. Crucial questions to consider in a pre-programme assessment phase include: (1) Are women already active in the labour market, or are they constrained from working outside the home? (2) Will women retain control over their earnings, or be required to hand over this income to their husbands? (3) Will the time and labour requirements of the employment programme place intolerable extra burdens on women’s workloads?

Programmes that involve women as workers should be sensitively designed so as to take consideration of women’s domestic responsibilities (e.g. recognising that many young mothers will be breastfeeding by allowing time for this during the working day); their differential physical strengths and capabilities (e.g. grading tasks ‘moderate’ to ‘heavy’ and assigning the heaviest tasks to men); and ensuring that tasks are considered ‘culturally appropriate’, while not reinforcing discriminatory gender stereotypes. Moreover, women should not be paid less for performing different tasks to men – or even for working different hours because of their heavier domestic workloads – the principle of equity underlying the Equal Remuneration Convention should be upheld. Encouragingly, there are some intriguing examples of employment creation programmes where women have started undertaking semi-skilled tasks (e.g. brick-making) that were previously reserved for men, which also positively affects their subsequent income-earning potential. Finally, at least some of the assets created on employment programmes should explicitly meet women’s needs (e.g. locating boreholes and woodlots near the community, to reduce women’s ‘drudge time’ collecting water and fuelwood). All of these positive gender impacts can be achieved only if women are fully involved in institutions that take decisions about the design and implementation of employment creation programmes.

- **Lessons on lesson learning**

Finally, it is striking when reviewing the literature on employment creation programmes how few comprehensive evaluations and impact assessments have been conducted. As noted above, a report on food-for-work in Bangladesh conducted 20 years ago (BIDS/IFPRI 1985) remains one of the few holistic evaluations of the impacts of a large-scale rural employment programme. Similarly, although many papers have been written on the Employment Guarantee Scheme in Maharashtra, these tend to focus on particular aspects of programme implementation, rather than a wide-ranging assessment of the economic, political and social achievements and limitations of the EGS. As Ganesh-Kumar *et al.* (2004) note, there has not been a recent, independent comprehensive evaluation of the functioning and impacts of EGS, and one is long overdue.
It is strongly recommended that implementation of employment creation programmes is accompanied by the establishment of monitoring systems that monitor programme performance, focusing especially on management and administration. Such monitoring systems should be complemented by regular evaluations that identify various impacts of the employment programme – both positive and negative – on participating households and communities. Together, the monitoring and evaluation systems should allow lessons to be learned and shared for improved management and maximum positive impacts, both of the programme itself and for the benefit of employment creation programmes elsewhere.
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Annex 1

Argentina: The *Trabajar* and *Jefes* Programmes

Within Latin America, “Argentina is the country with the most varied set of employment generation programs, comprising a combination of public works and subsidies to private employment” (Márquez 1999: 10). Since the 1990s, the Government of Argentina has implemented a series of employment programmes as social safety net interventions in the labour market. The largest of these programmes – *Trabajar* I, II and II, and *Plan Jefes y Jefas de Hogar Desocupados*, and *Programa de Emergencia Laboral (PEL)* – are discussed here.

A. *Trabajar* I, II and III

In response to a rapidly rising unemployment rate, the Government of Argentina, with financial and technical support from the World Bank, introduced *Trabajar II* and *Trabajar III* in 1997. These were greatly expanded and reformed versions of a previous programme, *Trabajar I* (Ravallion 2002a), with funds distributed from the Ministry and Labour and Social Security (MTSS) to the provinces. The criteria for distribution to the provinces was vague under *Trabajar I*, but was clearly specified under *Trabajar II* and *Trabajar III*. During the latter two programmes, the inter-provincial allocation of spending was changed from a largely political process to an explicit calculation of the number of poor unemployed workers in each province.

*Trabajar II* also emphasised the creation of assets of value to poor communities. Poverty measures were included in budget allocation rules from central government, and in the selection criteria for sub-projects. The poverty focus was also made clearer to provincial administrators. In *Trabajar II*, small infrastructure projects were proposed by NGOs, municipalities and the provincial government, who had to cover the non-wage costs. The projects had to be viable by a range of criteria, and were given priority according to how well targeted they were to poor areas, the benefits they were likely to bring to the local community, and how much the area had already received from the programme.

*Trabajar III* was very similar to its predecessor in design, one difference being a greater emphasis on the quality of sub-projects, to ensure that the assets created were of lasting value to the communities. Targeted at the poor unemployed, *Trabajar III* funded wage payments to programme participants for work on small infrastructure projects. Thus, the programmes had two objectives: to provide short-term work paid below the minimum wage rate (the monthly wage was A$200 while the national minimum wage was between A$300 and A$350) to unemployed poor workers, and to help repair and develop local infrastructure.

*Trabajar* infrastructure projects included the construction or major repair of schools, roads, health centres, sanitation infrastructure, electricity and gas networks. Although the specific type of projects permitted varied slightly across the 3 versions of *Trabajar*, tasks like cleaning or regular maintenance were explicitly not eligible for programme funding. Eligible projects had to make extensive use of unskilled labour, employ less than 100 workers, and require 3-6 months of work. Workers could only join the programme if they were not receiving unemployment benefits or participating in any other employment or training programme. The low wage was intended to be a self-targeting mechanism, and to ensure that workers would take up regular alternative work when it became available.

**Limitations and challenges**

Assessing *Trabajar II*, Jalan and Ravallion (1999) reported a low level (15 per cent) of female participation in the first six months. They also suggest that the programme may inadvertently have targeted middle-aged household heads – possibly a legacy of *Trabajar I*, which had explicitly targeted this group. Their analysis also found that average gains were very similar for women and men, but
were higher for younger workers. They therefore argue that higher female participation would not have enhanced average income gains, but would have worsened the distribution of the gains. Higher participation by the young would have raised average gains, but would also have worsened the distribution.

More positively, a high proportion of the families of participants were poor: 76 per cent of people living in the households of participating workers had a household income per capita that placed them among the poorest 20 per cent of the national population (Ravallion 2002a). Drawing on findings from a World Bank project, Ravallion (2002b) notes that ex post impact assessments of the programme found that 80 per cent of programme disbursements were received by the poorest 20 per cent of families in terms of income per capita, and that the programme therefore performed better in terms of pro-poor targeting than any other social programme run by the central government. Using post-intervention data and applying propensity score matching techniques, Jalan and Ravallion (1999) estimate the net income gains from Trabajar to participating workers at 50 per cent of the gross wage gains, or $100. Fachelli et al. (2004: 15), however, suggest a figure of $40, or 20 per cent of the benefit, explaining the difference being due to the fact that Jalan and Ravallion’s estimation was for 1997 and that they used a different database.

The programme expanded and contracted over the course of the three versions, with annual wage payments to beneficiaries averaging $77 million under Trabajar I, rising to $160 million under Trabajar II, then falling to $98 million under Trabajar III (Weitz-Shapiro 2004). Analysing the impact of the expansion and contraction on reaching the poor in different provinces, Ravallion (2002) notes that the expansion of the programme between Trabajar I and Trabajar II was associated with a more pro-poor allocation of funds geographically, while the contraction between Trabajar II and Trabajar II was associated with a less pro-poor allocation. This probably reflects the influence and pressures of the local political economy, and differential patterns of power in society in general and in programme decision-making in particular, particularly when an economy contracts. In other words, it would not have been politically prudent if cuts were made only in non-poor provinces, especially given the fact that the programme already favoured poor areas. Thus, lower disbursements or cuts in spending (e.g. during economic crises) can result in worse performance in terms of reaching poor areas. Nonetheless, because Trabajar provided low-wage work targeted to poor communities, the direct benefits are likely still to have benefited the poor, even after the cuts. The low wage rate and targeting criteria of these programmes actually helped protect the poor from cuts. Trabajar was carried out over a period of six years and only ended in 2002 when it was replaced by Plan Jefes y Jefas (hereafter Jefes).

B. The Jefes Programme

Given the severity of the economic crisis in Argentina at the end of 2001, the government’s explicit aim for the Jefes programme was to reach a larger target group (viz. households with unemployed heads and dependents) than Trabajar. The full title of the programme is Plan Jefes y Jefas de Hogar Desocupados – literally, ‘Programme for Unemployed Household Heads’. An interesting innovation with Jefes was a requirement that participants had to prove that their children were attending school and receiving essential healthcare, such as immunisation. Jefes was initially advertised as a ‘universal’ programme – it was available to anyone within the eligible population. Unlike its predecessor, Jefes did not have an explicit poverty focus. However, because of the projected budgetary cost, a genuinely universal programme was not sustainable. A counterpart work requirement was introduced in early 2002, with the aim of ensuring that the transfers reached those in greatest need. The programme emphasised and recognised certain kinds of activities as “socially useful”. Participants were required to do 20 hours of basic community work, training activities, school attendance or employment in a private company with a wage subsidy for six months.

One distinguishing feature of the programme’s institutional design is its decentralised model of administration. The federal government provides the funding, general guidelines for the execution of work projects, and some auxiliary services for managing the programme. These services include
maintaining a national registry of programme participants, as well as databases that track all projects that have been proposed, approved, denied and completed. All these databases are publicly available, thereby increasing transparency and reducing corruption. However, the actual administration of the programme is primarily executed by the municipal governments. The municipalities are responsible for assessing the urgent needs and available resources of their communities, and for evaluating the projects proposed by local NGOs.

**Box 13. Plan Jefes y Jefas de Hogar Desocupados**

| Type of programme: Jefes is an emergency workfare programme. Unlike its predecessor, Trabajar, the Jefes programme was originally intended for heads of households only. The programme is funded by the national government and run by the Ministry of Labour. |
| Stated objectives: To provide financial assistance to household heads with children in order to guarantee the Family Right of Social Inclusion, ensuring (1) the school attendance and health of children; (2) access of beneficiaries to formal job training and education; and (3) their participation in productive projects or community services. |
| Implementation: The implementation of the programme is decentralised through municipalities and communes, in collaboration with the corresponding municipal or communal council. These councils are responsible for the monitoring, transparency, and implementation of the programme. The municipalities assign the activities to be undertaken by programme beneficiaries in return for the financial assistance they receive. These activities can also be proposed by any public or private non-profit organisation. |
| Intended beneficiaries: Male or female household heads with children who are either 18 years of age or younger or disabled. Likewise, households in which the female head, spouse, concubine, or cohabitant partner of the male household head suffers from serious health conditions are also eligible. To receive benefits, the household member must provide standard set of information and supporting documentation (birth certificate, national identification number) to the municipal employee handling the registration. The beneficiary is supposed to sign a statement swearing that the information provided is correct. Before making the monthly payments, cross-checks with other data bases are done using the ID number to ensure that the beneficiary is not participating in another programme of the Ministry, receiving unemployment insurance, having a formal sector job, or receiving a cash transfer from another programme of the national Government. |
| Benefits: Monthly payments of 150 pesos. |


**Limitations and strengths**

There are signs that the non-poor and other ‘ineligibles’ have been actively participating in the Jefes programme. About 10 per cent of the benefits went to participants with a monthly income of more than $150 which was the programme wage in 2002, which suggests that they were taking on additional work (Fachelli et al. 2004). Furthermore, the ‘average’ Jefes participant is female (69 per cent of participants, compared to 43 per cent for all economically active adults), not a head of household (57 per cent of participants), married, and has eight years of schooling (Galasso and Ravallion 2003: 11). The large number of female programme participants suggests a flexible definition of ‘household head’ (Ridao-Cano 2003). One reason for women’s high participation rates may be a result of the type of work that is offered – e.g. work in community kitchens, which is more appealing to women than to men. Another reason may be that many households have chosen to allow the wife to participate in the programme while the husband attempts to find private sector work.

While the expanded Jefes programme absorbed 2 million unemployed by mid-2003, and accounted for 7.5 per cent of the current expenditures of the national government, it only reduced unemployment by a maximum of 4 per cent (World Bank 2003). However, Galasso and Ravallion (2003: 25) estimate that the programme only reduced Argentina’s unemployment rate by about 2.5 per cent, less than previous estimates that assumed that all Jefes participants would otherwise have been unemployed.
While nearly 80 per cent of participants reported working the required number of hours, very few use the education, training and private sector employment options. While participants are required to prove the school attendance and health status of their children, in practice programme administrators do not collect this information. Weitz-Shapiro (2004) also reports that Jefes has been accused of maldistribution of funds, among them the revelation that 20 employees of the Ministry of Labour, which administers the programme, were receiving payments through the programme.

On the positive side, however, four months after implementation, indigence rates among participating households had fallen by nearly 25 per cent and among individuals by over 18 per cent (Tcherneva and Randall Wray 2005: 16). Targeting has also improved, with more than 40 per cent of participants living below the indigence line (Fachelli et al. 2004). Furthermore, compliance with key eligibility requirements (e.g. households containing children under the age of 18 and presentation of an ID number) has improved gradually since the programme’s beginnings. Ridao-Cano (2003: 11) estimated that the proportion of ineligible participants is less than 20 per cent. At a poverty line of around 100 pesos per month, the poverty rate amongst Jefes participants fell from about 82 per cent to 70 per cent due to the programme. At a poverty line around 50 pesos, the poverty rate among participants fell from 51 per cent to 29 per cent (Galasso and Ravallion 2003: 22). Thanks to the programme, 8 per cent of participants escaped poverty, while it would have been 5 per cent without the programme. However, an extra 10 per cent of participants would have fallen into extreme poverty in the absence of the programme. While the programme had a small effect on the overall poverty rate, it had a more significant positive impact on the incidence of extreme poverty (Galasso and Ravallion 2003: 22).

Overall, the Jefes programme does appear to have contributed to social protection during the crisis. The programme has also provided much-needed services and small infrastructure projects in poor communities, with most projects successfully completed and operating (Tcherneva and Randall Wray 2005: 14). Finally, the programme has also broadened the meaning of work, by remunerating social activities such as family care and community involvement.

B. Programa de Emergencia Laboral (PEL)

The Ministry of Labour also operates another employment programme, Programa de Emergencia Laboral (PEL), with a design very similar to that of Jefes – the monthly benefits are the same, but it includes some beneficiaries who do not qualify for Jefes. It is a transitional employment programme aimed at facilitating employment and training of unemployed workers, especially female heads of households with low professional skills, who do not benefit from other Ministerial programmes or unemployment allowances (ILO, n.d.). At least 60 per cent of the beneficiaries of this programme must be women. The programme promotes projects of public and social utility for the community, such as the internal maintenance of public buildings, production of goods, environmental projects, and social services directed at vulnerable groups.

PEL is implemented through national, provincial and municipal government, and local NGOs. These agencies present project proposals to the Ministry that have a minimum duration of 3 months and a maximum of 6 months. Participants receive an allowance, and insurance for civil responsibility, health and labour accidents, and specific vocational training aimed at the development of personal, market and social aptitudes to improve their entry into the labour market and prepare them for future employment opportunities, including self-employment. The National Women’s Council contributes to the programme through dissemination, assessment and evaluation of results, as well as in the design of specific training modules.
Annex 2

Bangladesh: Public Works and Labour-Based Programmes

1. Public Works Programmes

The major employment programme in Bangladesh is the Food for Works (FFW) programme, which consists of a variety of programmes and projects that develop and maintain rural infrastructure while providing employment to the rural poor. It is implemented by several ministries with donor assistance. The Government implements several FFW programmes using its own resources, such as the Rural Infrastructure Reform programme, while major donor-supported FFW programmes include the Rural Development (RD) programme supported by the World Food Programme (WFP) and other donors, and implemented by various government departments.

Beneficiaries are selected according to a self-targeting mechanism. Relatively low wages and heavy physical labour requirements discourage the non-poor from enrolling. For each project, there is a Project Implementation Committee (PIC) comprising 7 to 9 community elites with the Chairperson of the Union Parishad as the head. The PIC assesses each project’s priority value, feasibility and likely benefits. Workers are paid around 5-6 kg of wheat per day of work.

The Rural Maintenance Programme (RMP) is similar to the FFW projects, and is implemented by Union Parishads and LGED with assistance from CARE Bangladesh. It has the dual objective of maintaining rural earthen roads and providing employment, with a cash wage and training to destitute women. Each of the 4,100 Union Parishads covered by RMP is responsible for the maintenance of a 20 km stretch of rural road by a ‘Road Maintenance Association’ (RMA) comprising 10 destitute women. Quality monitoring is undertaken by a Union Parishad member. RMP work has been undertaken on nearly 75 per cent of rural earthen roads in the country. An average of 60,000 destitute women per year have been supported by the programme (Sobhan, 1998 in Rahman, 2000). The Rural Maintenance Associations negotiate and self-manage maintenance activities issued from union parishads.

The Union Parishad and a Project Implementation Committee oversee beneficiary selection. Eligibility criteria include being divorced, separated, or otherwise destitute; being 18-35 years of age; and being fit enough to do the required physical work. Participating women are enrolled in a 4-year programme of RMP work and training, during which they are paid Tk.43 per day as wages (a quarter of one percent is retained as compulsory savings on their behalf). During the last year of the project cycle, the women are given more intensive training in basic business management to help them self-support income-generating activities after graduation from the project.

Targeting

Mainly using self-targeting, the programmes are designed so that only the (hard-core) poor (or at least very few of the non-poor) have incentives to participate – e.g. by paying a low wage rate. However, to address the leakages and mis-targeting that do occur in PWPs, Mujeri (2002) argues for the adoption of more restricted targeting criteria which emphasise means testing more than self-targeting. However, Mujeri acknowledges that mis-targeting can really only be minimised through the institutionalisation of participatory processes (e.g. a functioning participatory local government structure) and greater information sharing at the local level. In order to make PWPs more effective, he also makes a case for geographic targeting of more resources to areas with greater need (e.g. those classified as areas of high food insecurity) and those with low infrastructural facilities.
Impacts

Public works programmes contribute to mitigating the seasonal food insecurity and unemployment problems of the hard-core poor in Bangladesh, particularly during the second acute lean season. They also create certain welfare facilities for the rural poor, together with expansion of rural production and marketing through small infrastructure construction. Thus, public works programmes that are duly targeted to specific regions, in particular months, and towards particular vulnerable groups, can contribute significantly towards helping the poor in gaining better access to food and income.

Limitations and Strengths

The public works programmes essentially provide short-term employment opportunities to the hard-core poor for physical infrastructure development during slack periods in the agricultural production cycle in the rural economy. These programmes have several limitations, such as: poorly designed and badly maintained infrastructure; infrastructure which tends to provide more benefits to the relatively rich; and no access to long-term income. However, public works programmes do offer income and employment entitlements to the hard-core poor at times when they are most vulnerable. There are also attempts, albeit limited, to build awareness among the poor and help them pursue alternative options within current asset and production structures.

2. Labour-Based Programmes

The Rural Infrastructure Development Strategy identifies four main areas of focus:

- To develop growth centre connecting roads (FRBs) which connect the identified growth centres to upazila headquarters and nearest all weather roads;
- To develop rural roads (R1 and R2) that connect villages with growth centres and feeder roads;
- To provide drainage structures (e.g. bridges and culverts) on rural roads; and
- To create market structures and facilities in growth centres.

The emphasis is on minimal new construction and improving the wide but poor existing infrastructure network in the rural areas. The present rural road network in Bangladesh was largely expanded by the end of the 1970s using public works programmes (e.g. Food-for-Works and other rural development programmes). Many problems of existing rural roads network are due to poor quality of construction because of the relative neglect of proper quality engineering design and implementation during their construction.

Targeting

Despite the fact that ‘fair’ wages are paid to participants, the adoption of a participatory process and active involvement of concerned stakeholders along with a transparent and pragmatic selection process, can be effective in screening out unintended beneficiaries. The formation of a broad coalition at the community-level may help to counterbalance the conflicting claims of potential winners and losers of infrastructure interventions. Partnership with community organisations also has other spill-over effects, such as better operation and maintenance of infrastructure facilities. Labour-based infrastructure programmes highlight the provision of basic services aiming at sustained rural growth through productive use of infrastructure assets.

Institutional Arrangements

The Local Government Engineering Department (LGED) took several innovative measures that were specifically aimed at ensuring quality and management of its programmes.

1. A Geographic Information System (GIS) unit was established in the early 1990s for developing a **nationwide spatial database on rural infrastructure** and enhancing the institutional capability of planning and monitoring of LGED’s programmes.
Union and Upazila Plan Books have been prepared for selection of priority infrastructure development projects, containing criteria and a scoring range for selection of schemes based on technical, socio-economic, environmental, participatory and other relevant aspects.

Design manuals (e.g. earthwork manual, road structure manual, road pavement design manual, small scale water resource scheme design manual, standard specifications, items of work, schedule of rates and unit cost analysis) have also been prepared to emphasise sound design practices for construction of high quality infrastructure.

Several innovative features have been adopted by LGED in terms of implementing infrastructure programmes. The mode of construction involves contractors and Project Implementation Committees (PICs). The PICs consist of 5-7 members consisting of Union Parishad Chairman and members, and community representatives including at least one woman member. In addition to contractors and PICs, Labour Contracting Societies (LCSs) have been used since the early 1980s as a new and innovative mode of construction. The LCSs are used to directly involve and provide employment opportunities to the landless and destitute women in infrastructure construction and maintenance, eliminate intermediaries and ensure fair wages to the participants.

The labourers are given training by LGED prior to commencement of the work covering social awareness, technical and job-related skill development and management.

As an important management function, LGED carries out progress monitoring as well as effect and impact monitoring and evaluation within the Logical Framework Analysis (LFA).

Implementation of infrastructure development activities by LGED has been accompanied by material testing and quality control measures, to ensure technically sound, durable and economic structures. A Quality Control Manual has also been adopted.

For efficient planning, implementation and operation/maintenance of infrastructure facilities, LGED uses community participation processes and involves Local Government Institutions (LGIs), NGOs, beneficiary groups, and the private sector. As a part of participatory process, various user committees such as Labour Contracting Society (LCS), and Market Management Committee (MMC) are formed and involved.

**Impacts**

A direct impact is the immediate cash income from participation in project activities. Mujerri (2002) estimates that the proportion of income of wage labour from rural infrastructure projects may only be between 12-18 per cent of total project cost, which suggests great potential for increasing the labour-intensity (and hence the wage bill) through adjustments in technologies, without compromising on quality and efficiency. In addition, improvement in infrastructure reduces costs and effort of transport and marketing, increases farm-gate prices, and facilitates access to modern inputs and services. Several studies (Ahmed and Hossain, 1990) indicate strong links between rural infrastructure expenditure (or stock of infrastructure) and changes in income and quality of living in rural areas. For example, LBIPs do have various poverty reduction impacts, including increases in household income from crops, livestock; and off-farm businesses. Similarly, development of rural markets and growth centres reveals positive benefits, including increases in the number of transactions, permanent and temporary shops; reduction in spoilage; and increase in market turnover.

**Limitations and Strengths**

Two main features distinguish LBIPs from infrastructure created under public works programmes: the infrastructure assets are more durable; and the nature of the assets tends to benefit the poor (at least along with the non-poor), both directly and through promoting growth and rural-urban linkages. These programmes also avoid the tendency of PWP to economise on materials and quality, and to neglect maintenance requirements. However, there are some limitations and lessons suggested by LBIPs particularly with respect to their poverty reduction impact. Firstly, the scale of the programmes, both in terms of resource allocation and coverage of the target population, is rather small compared to the extent of the problem that exists in rural Bangladesh. Secondly, although these programmes are
successful in reaching the hard-core poor and *alleviating poverty* in the short-term, their long-term poverty impact in terms of *reducing poverty sustainably* is rather limited.
Annex 3

Indonesia: Padat Karya

1. Poverty Alleviation Programmes in Indonesia in the Pre-Crisis Period

There were several poverty alleviation programmes in Indonesia in the pre-crisis period: viz. ‘P4K’ which started in 1979, IDT (Inpres Desa Tertinggal) which started in 1993, and Takesra/Kukesra. Their objectives were respectively to increase incomes of small farmers through self-help groups and organize them to gain access to credit; to accelerate poverty reduction in less developed villages; and to intensify poverty alleviation efforts (Setiawan, n.d.). Other interventions to help the poor included minimum wage policies targeted to urban areas, and special efforts in the areas of water supply and sanitation. Over the last two decades, the government made considerable progress in reducing the number of people living in poverty. However, efforts became more difficult between 1990 and 1997.

Although the Indonesian government had historically largely believed in general economic growth to lift people out of poverty, the onset of the economic crisis forced it to reassess this strategy. The sudden alarming increase in poverty made it imperative that some special assistance measures were put in place for those who were most vulnerable and at risk. As Indonesia had never developed an effective social security system to protect the poor during periods of sudden economic shock, there were grave fears about the social consequences of the crisis, especially as there was a surge in the prices of basic commodities such as foodstuffs during 1998 and real wages fell by about a third (Perdana and Maxwell 2004). In mid-1998, the government announced a package of Social Safety Net (SSN) programmes designed to cover the following areas: employment (emergency job creation schemes to provide work opportunities for the poor); food security (to provide certainty over both the availability and affordability of the rice staple throughout the country); education (special assistance to poor families and poor schools); and health (a package of measures to ensure that public health-care services were accessible and affordable for the poor).

2. Employment Creation Programmes (Padat Karya)

Emergency job creation measures to provide assistance to those who had lost their employment in the formal sector as a result of the crisis was one of the first areas of focus in the government’s official 1998/99 Social Safety Net programme. There was no single job creation programme, but a variety of disparate programmes grouped together under this category. Some of them had started before the economic crisis, while many more were quickly started in 1998. What all these programmes had in common was that they theoretically drew on labour-intensive methods, widely referred to as Padat Karya,7 to undertake small-scale village-based infrastructure or public works projects, thus providing opportunities to local unemployed or under-employed labour. Since its launch in 1998, Padat Karya has expanded to comprise 13 sub-programmes, involving 8 executing agencies, and reaching more than 300 districts.

Limitation and strengths

A detailed assessment of the effectiveness of this programme was made by AusAID (1998), which reported six main weaknesses: (1) failure to reach women; (2) limited community consultation; (3) no NGO involvement; (4) non-transparent mechanisms; (5) no long-term positive impacts; and (6) no capacity building component. Another study to evaluate the implementation of Padat Karya was undertaken by URDI (1999). In general, the study found similar weaknesses as the AusAID study.

7 The term Padat Karya is used widely throughout Indonesia to describe small-scale village infrastructure activities using labour from the village community.
There is a view that the magnitude of unemployment is so overwhelming that employment creation schemes are no match for the numbers seeking jobs (Ahmed 1999). Only 10 per cent of the unemployed can expect to obtain jobs in these schemes. While open unemployment following the crisis is estimated at over 9 million workers, the emergency employment schemes can find jobs for only 2 million.

Some of these labour-intensive programmes using the Padat Karya label were hastily developed by sectoral or line ministries to absorb recently retrenched workers, especially in rural areas. In the first year of the Social Safety Net programme, Padat Karya programmes were announced by ministries such as Forestry, Religious Affairs and Public Works, all of which had little or no previous experience or record of accomplishment in social welfare assistance. It has also been suggested that certain ministries took the opportunity to capture a share of the budget that had been set aside for this form of social expenditure. It was not surprising, therefore, that many of these programmes were widely criticised for their poor performance; indeed, many did not last more than a few months.

For one thing, there were numerous reports in the Indonesian press of poor and hasty project planning, inadequate or non-existent monitoring and supervision, and unsatisfactory implementation. Many of these projects were reportedly selected without adequate consultation with the local community, especially the poor, and those who were most in need of even short-term employment opportunities. As a result, much of the work on these Padat Karya programmes was not ‘productive’. Second, there were also frequent complaints that a large proportion of the funds were being diverted into materials and equipment.

However, as noted above, there were also other programmes operating that were not intended to be part of the government’s official Social Safety Net programme, but which also applied Padat Karya principles. Some of these were longer-term development programmes that had started before the crisis. This includes the second phase of the Village Infrastructure Project, a programme funded by a World Bank loan, to deliver assistance to 2,600 poor rural villages throughout Java and Sumatra. It was scheduled to continue until December 1998.

In addition, during the second half of 1998, and continuing in some locations into the early months of 1999, a community-managed emergency programme known as the Padat Karya Desa Programme (PKD) was operating in nearly 2,000 villages in four eastern Indonesian provinces. These villages were identified as suffering from drought and experiencing food crop failures and low village food stocks. The programme was initiated by the Ministry of Home Affairs (Bangda and Bappenas), funded by a World Bank loan package, and directed at rural villages that had been seriously affected by the 1997/98 El Niño-related drought. Drawing on both geographic and administrative targeting criteria, the selected villages were supposed to be among the poorest.

The PKD programme provided a grant of Rp.50 million to each targeted village to finance labour-intensive works, principally through the upgrading of rural roads and related infrastructure. With a wage rate of Rp.5,000 per day, each village would be able to finance 7,000–10,000 labour days, which is the equivalent of 300 persons employed for approximately 25–30 days. Key to the PKD programme was the rapid release of funds directly to rural communities through a fast disbursement mechanism, on-site provision of TA through contracts with local NGOs and engineering firms, and strong emphasis on local ownership of and community participation in all sub-projects. At least 70 per cent of the grant was to be used for wages. No more than 26 per cent of the grant could be used for materials and/or equipment rental, while no more than 4 per cent of the grant could be used for village-level implementation and administration costs.

Implementation and Technical Guidelines were prepared and issued to the provinces and kabupaten. Contracting of local firms for field engineers and local NGOs for village facilitators was undertaken to provide at least one village facilitator per 10 villages, and one field engineer per 20 villages. PKD information posters and pamphlets were distributed in target villages, and PKD orientation and dissemination activities were conducted at the district, sub-district, and village levels.
Box 14 below draws on Swisher’s evaluation of PKD (1999), in which he notes that its performance was highly variable across the 2,000 villages where it was implemented.

**Box 14. Padat Karya Desa (PKD)**

<table>
<thead>
<tr>
<th>Village selection:</th>
<th>There was much greater community interest and participation in PKD in villages that had significant drought conditions and lack of off-farm employment opportunities.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adequate training, orientation, and socialisation:</strong></td>
<td>Implementation of PKD was better in villages in which provinces and districts had conducted effective training, and district, sub-district and village orientation and socialisation in a timely, thorough and open manner.</td>
</tr>
<tr>
<td><strong>Transparency:</strong></td>
<td>Implementation was better in villages that were informed of the concept and objectives of PKD by posters and pamphlets distributed throughout the village, and where the entire community had participated in the selection of activities and the planning and implementation of the project.</td>
</tr>
<tr>
<td><strong>Coordination and communication among facilitators, field engineers and field project managers:</strong></td>
<td>Implementation was significantly superior where the village facilitator, field engineer, and project implementation officers worked well together in a coordinated and cooperative way.</td>
</tr>
<tr>
<td><strong>Co-ordination and communication among Bappeda Tk. I, local NGOs, and local engineering firms:</strong></td>
<td>More villages were successful in completing their project activities in provinces and districts where these three groups worked closely together with clear and open lines of communication.</td>
</tr>
<tr>
<td><strong>Active supervision by Bappeda Tk. I and II:</strong></td>
<td>Throughout the implementation phase of the PKD project, feedback was generated by community members, facilitators, field engineers, local NGOs, local engineering firms, and local government. Where Bappeda Tk. I and II usually responded quickly and effectively to such feedback, the PKD programme operated more effectively at the village level.</td>
</tr>
</tbody>
</table>

Source: Swisher (1999)

All the programmes discussed above were poorly planned. Their efficacy was also compromised by both the targeting mechanism and the wage rate. The targeting criteria that were used in many of the Social Safety Net labour-intensive programmes were often poorly formulated. This applies particularly to the group of schemes that were hastily conceived by the sectoral ministries in mid-1998.

**Targeting**

A common feature of all Padat Karya-type programmes was ‘self-targeting’ or self-selection, largely through the wage rates which were supposed to be set well below prevailing minimum wage rates. However, Sumarto, Suryahadi and Widyanti (2001) reveal that only 8.3 per cent of poor households (defined as households in the lowest quintile of per capita expenditure) were covered by these programmes in the 6 months before February 1999. Meanwhile, 70 per cent of those who took part in Padat Karya activities were from non-poor households, although participation did drop off among these households. The overall result was a targeting ratio of only 0.88. The wage rates were actually not far below average wages for agricultural labourers, which helps to explain the participation of so many of the non-poor. There were also low participation rates for women (19 per cent) compared with men (81 per cent), which probably reflects the overwhelmingly heavy physical labour demanded by these programmes.

**Administration**

Although the programme required increased levels of cooperation between the layers of government, this was often compromised by tensions between provincial and district levels of authority (Perdana and Maxwell 2004). Central government also had to realise the importance of incorporating some local decision-making in programme design, and that it was often impossible to implement centralised directives in the field.
**Monitoring and reporting**

Monitoring was neither systematic nor consistent, with PDM-DKE (mentioned below) receiving a disproportionate amount of attention while other programmes were neglected.

### 3. New Initiatives

The above Social Safety Net schemes were considered emergency responses to crisis, that were not comprehensively planned, and as a consequence were subject to serious errors in both their design and implementation. Several new initiatives were then developed to avoid the earlier mistakes. Two of the three new initiatives being implemented are:

The Kecamatan Development Programme (KDP) has concentrated on addressing the needs of rural communities in combating poverty. It focused on providing support to both private sector economic activities as well as public infrastructure development. Although KDP was initiated before the crisis, it was subsequently reoriented to mitigate the negative impacts of the crisis in rural areas.

Another important social safety net programme is *Pemberdayaan Daerah dalam Mengatasi Dampak Krisis Ekonomi* (PDM-DKE) – literally, ‘Empowering the Regions to Overcome the Impact of the Economic Crisis’ – which uses a community-based approach to generate employment and income among those hardest hit by the crisis. The programme consisted of block grants delivered through a decentralised disbursement process, under the supervision of district-level committees and village implementation teams. These block grants were intended for local infrastructure improvements that would generate temporary employment opportunities using labour-intensive methods, and for the creation of revolving funds to provide credit to the poor and unemployed to support income-generating small-scale business activities. The size of the funds made available to villages varied from Rp.10 million to as much as Rp.1 billion, depending on the size and estimated numbers of the poor and unemployed. Villages already receiving assistance under the Kecamatan Development Programme (KDP) were excluded. This programme was conceived as one of the centrepieces of the government’s social rescue package.

However, the PDM-DKE soon attracted considerable negative attention as one of Indonesia’s worst safety nets. There were allegations of corruption and political involvement in the run-up to the 1999 national elections (Perdana and Maxwell 2004), and there were also delays in disbursing programme funds. The only specific analysis of this programme was a rapid appraisal conducted by a team from SMERU in late 1998, when the administrative preparations and structures were being put in place at local level. This qualitative field survey examined the operations of the PDM-DKE in 13 villages in six districts across four provinces. It revealed some of the serious targeting anomalies that were already becoming apparent. In most study areas, recipients were required to hold a valid local KTP (residence registration and identity paper), although this was not specifically required by the official programme guidelines (SMERU 1999).

According to PDM-DKE guidelines each village had to form a Village Activity Implementation Team. However, in many villages, there was little attempt to get representatives of poor neighbourhoods on the Team. Moreover, in all 13 villages visited, all Team members were male. Village facilitators were mostly chosen directly by Teams without consultation of the community, as required by programme guidelines. The orientation and dissemination process was too hasty and simplistic, especially with regard to the village Teams, facilitators and communities. In one village, the coordination team and management consultants conducted a brief orientation of only 2-3 hours for village leaders.

Although the intended beneficiaries of the programme were the rural and urban poor and unemployed, the selection of infrastructure projects depended mainly on district and local officials and there was little evidence that poor communities were consulted. Most commonly selected projects included roads, drainage, buildings, and bridges. The SMERU team noted that a number of road improvements were to be located near the houses of village leaders. There were also strong indications that excessive
amounts of money were being used for materials and equipment, instead of labour costs. The level of female participation was low, because the specified target is the head of the household – women in Indonesia are not generally classified as household heads – and because the selected physical activities were not designed to attract women.

Curtain (1999) found that the operational mechanism implemented to transfer $1 under the Social Safety Net programme to the bottom 15 per cent of the poor in Indonesia costs over $3, possibly due to corruption, collusion and nepotism. If (hypothetically) all these practices were eliminated through 100 per cent effective monitoring, without an extra dollar, the benefits of the Padat Karya programme to the poor would be extended by 4 to 5 times.

Partly in response to the shortcomings of the government’s Social Safety Net programmes, local civil society (NGOs and community organisations) initiated the Community Recovery Programme (CRP) in mid-1998 to respond to needs identified by poor communities in a rapid, transparent and inclusive manner. There are at least three reasons that make the CRP more promising than the SSN schemes.

(9) The CRP was designed to have longer-term and broader goals than the SSN programmes, which focus more on immediate short-term and income support for the unemployed, but do not adequately address important issues in poverty alleviation such as capacity building, gender issues, and the roles of NGOs.

(10) The CRP and SSN programmes have different delivery mechanisms. The SSN programmes rely mainly on the existing top-down bureaucratic framework, although the PDM-DKE does try to combine top-down and bottom-up planning mechanisms. The PDM-DKE also used management consultants or oversight consultants in monitoring implementation, but it is not clear whether NGOs can be involved in this programme. The CRP, which is totally managed by NGOs, creates a more direct link between the funding agencies and the beneficiaries.

(11) The SSN programmes, particularly PK 1, have limited long-term positive impacts, particularly with regard to capacity building for the poor and NGOs. (The PDM-DKE is still subject to further monitoring, as the programme is still in its infancy). However, since the delivery mechanism is so complex and rigid, there is a strong possibility that many deficiencies will occur. The CRP seems to have better prospects for capacity building, because it allows direct involvement of both NGOs and local communities.

However, despite its limitations, the evidence suggests that Social Safety Net interventions probably prevented an additional 7-11 per cent of the population from sliding below the poverty line (Islam 2002).
South Africa: Expanded Public Works Programme (EPWP)

The Expanded Public Works Programme (EPWP) is a nationwide programme which seeks to draw significant numbers of unemployed into the productive sector of the economy, gaining skills while they work and increasing their capacity to earn income. The EPWP started in April 2004, and aims at addressing unemployment in the short- to medium-term. In the long-term, the strategies are to increase economic growth so that the number of net new jobs created starts to exceed the number of new entrants into the labour market, and also to improve the education system so that the workforce is able to take up the largely skilled work opportunities which economic growth will generate.

Under the EPWP, all government departments, provinces, municipalities and parastatals involved in infrastructure provision will be required to take steps to increase the employment creation resulting from their infrastructure programmes, where technically and economically feasible. There will be a particular focus on relatively simple infrastructure which is particularly amenable to the introduction of labour-intensive methods, and where the most additional work opportunities can be created – e.g. rural roads, municipal roads, and water and sewer pipelines. There are huge backlogs of these types of infrastructure in historically disadvantaged rural areas and municipalities where unemployment is also particularly high. Provinces and municipalities should identify those projects that can absorb much local labour and design them using labour-intensive methods. Existing labour-intensive programmes and projects that are aimed at creating employment opportunities were placed under the EPWP umbrella as of 1 April 2004.

1. EPWP Targets

The programme has a target of providing employment opportunities and training to at least one million unemployed people in the first five years (2004–2009). Because the EPWP is only one year old, this section discusses the proposed design. The EPWP is under the overall control of the Department of Public Works, but is a truly cross-Ministerial programme. It has been divided into four sectors – infrastructure, economic, environment and cultural, and social – with each sector cross-cutting a number of government departments and one department nominated to lead. Work opportunities are to be created in each sector.

- Infrastructure sector: Increasing the labour-intensity of government-funded infrastructure projects

There will be large-scale programmes using labour-intensive methods to upgrade rural and municipal roads and municipal pipelines, and storm-water drains. People living in the vicinity of these projects will be employed by contractors to carry out the work. In addition, 500 ‘emerging contractors’ will be put through Construction Education and Training Authority (CETA)-registered ‘learnerships’ to gain the necessary skills to build this infrastructure labour-intensively. The Department of Public Works (DPW) will arrange access to finance for these learner contractors. Labour-intensive infrastructure projects under the EPWP involve using labour-intensive construction methods to provide employment opportunities to local unemployed people; providing training or skills development to these workers; and building cost-effective and quality assets.

- Environmental sector: Creating work opportunities in public environmental programmes

The environmental sector will involve unemployed people working on projects to improve their local environments, under programmes such as the Department of Agriculture’s ‘Land Care’ programme, the Department of Environmental Affairs and Tourism’s ‘People and Parks’, and the Department of...
Water Affairs and Forestry’s ‘Working for Water’. A target of 200,000 new employment opportunities has been set for this sector for the next five years.

- **Social sector: Creating work opportunities in public social programmes**

  The social sector will involve the employment of people by NGOs and CBOs to work on home-based and community-based care programmes and early childhood development (ECD) programmes. These programmes will be co-ordinated by the Departments of Social Development, Health and Education.

- **Economic sector: Developing small businesses and cooperatives**

  The economic sector activities will develop small businesses and cooperatives, including utilising general government expenditure on goods and services to provide the work experience component of small enterprise learnership programmes. The social and economic sectors will be formulating their targets for work opportunities to be created shortly.

The conditions of employment of workers on EPWP projects will be governed by the Code of Good Practice for Special Public Works Programmes. Framework Guidelines for the design of labour-intensive infrastructure projects have also been distributed to municipalities and other stakeholders.

2. **Funding**

The EPWP infrastructure projects will be funded through the Provincial Infrastructure Grant (PIG) and Municipal Infrastructure Grant (MIG) that will be allocated to provinces and municipalities by the Treasury. Funds for EPWP programmes will be allocated to national departments, provinces and municipalities through the normal budgeting process. Of the R45 billion that has been allocated to the conditional municipal infrastructure grant over the next 5 years, R15 billion will be spent on labour-intensive construction methods. The Department of Public Works does not have a fund for EPWP projects. Municipalities will identify infrastructure projects that are amenable for labour-intensive methods. The MIG will have conditionalities – e.g. that activities such as low volume roads, trenching, storm-water drains, and pavements be done using labour-intensive methods.

3. **Institutional Arrangements**

The EPWP cuts across all government departments and all spheres of government. All government bodies and parastatals are required to make a systematic effort to target the unskilled unemployed. They will therefore formulate plans for utilising their budgets to draw significant numbers of the unemployed into productive work, so that workers gain skills while they work, in order to increase their chances of getting out of the marginalised pool of unemployed people.

The national Department of Public Works (DPW) will be responsible for overall coordination of the programme. The DPW will also formulate and co-ordinate EPWP programmes in the infrastructure sector, building on existing initiatives in various provinces. The Department of Environmental Affairs and Tourism will be responsible for coordinating implementation of the EPWP in the environment sector through its programmes such as ‘Working for Water’. The Department of Trade and Industry will be responsible for co-ordinating the EPWP in the economic sector, including initiatives such as ‘incubator’ programmes for small businesses which obtain work from government and community-based income-generating projects. The Department of Social Development will be responsible for formulating and coordinating EPWP programmes in the areas of food and nutrition, social and personal services (such as home-based care for people living with HIV/AIDS, and early childhood development). The national sector coordinating departments will be required to provide regular reports to Cabinet regarding progress with the implementation of the EPWP in each sector.
Although the EPWP is driven from the national government level, provinces and municipalities will be the primary project-implementing bodies for the EPWP. They will be supported by the national government departments responsible for coordination of each sector.

**Management and monitoring**

Management at the project level rests with the employer and owner of the asset created – usually a municipality or province. The municipality and/or province will be responsible for the correct implementation of projects. Municipalities and provinces would be required to report on EPWP key indicators to DPW through monitoring systems put in place by DPW and the Department of Provincial and Local Government (DPLG). DPW will also put provincial project managers in place who will coordinate EPWP provincially. All provinces will also have a provincial structure that will manage and monitor the implementation of the EPWP at the provincial level.

**Implementation and management capacity**

The DPW recognizes that there might be insufficient labour-intensive expertise. Contractors will need to be trained in the use of labour-intensive construction methods. The Department of Public Works and the Construction Education and Training Authority (CETA) will select 750 emerging contractors countrywide to go onto learnerships to become qualified to build and maintain these types of physical infrastructure using labour-intensive construction methods. Government’s increasing expenditure on labour-intensive infrastructure programmes will sustain these contractors in the long-term. Work is also underway to put in place the required SAQA-approved unit standards, qualifications, assessment instruments and training materials, and to ensure that training providers have the necessary capacity to provide the required training programmes for the supervisory and managerial staff of contracting and engineering firms. The key staff of contractors and consulting engineers will be required to undergo special NQF-accredited training programmes in labour-intensive construction. The DPW has also put in place Guidelines for appropriate designs for labour-intensive infrastructure programmes. These Guidelines give guidance on contract documentation and design checklist activities suitable for labour-intensive methods.

**Training of EPWP workers**

For the Infrastructure sector, workers employed on EPWP projects will be required to attend a 10-day training course in respect of the Code of Good Practice for Special Public Works Programmes. This training will equip participants with skills which will enhance their ability to obtain an income after the projects have been completed. The Department of Labour will fund these training programmes and assist with their implementation.

**The wage rate**

Because the EPWP cross cuts across sectors and departments, there is no standard EPWP wage rate. Municipalities and provinces must be guided by the prevailing minimum wage in their area and by ongoing poverty relief projects. Because the aim is not to displace workers from existing employment to new EPWP projects, legal provision is made for EPWP projects to pay below the minimum wage.

4. **Conditions**

First, we consider the main aspects of the ‘Code of Good Practice for employment and conditions of work for Special Public Works Programmes’, which governs the conditions of employment of workers on EPWP projects. These include:

**Beneficiaries of special public works programmes (SPWPs)**

While the beneficiaries should be unemployed individuals from the most vulnerable sections of disadvantaged communities who do not receive any social security pension income, there are specific
participation targets for single and female-headed households, women, youth, people with disabilities, households coping with HIV/AIDS, people who have never worked, and those in long-term unemployment. Proposed targets are 60 per cent women; 20 per cent youth (18-25 years of age); and 2 per cent disabled.

**Selection of Workers**

The local community, through all structures available, must be informed of, and consulted about, the establishment of any SPWP. Additional selection criteria are: people from households where the head has less than a primary school education; people from households that have less than one person in full-time income-generation; people from households where subsistence agriculture is the main source of income.

**Duration of Participation**

Because SPWPs seek to provide as many people as possible with the opportunity to participate, no person (except in the case of pregnancy) may be employed for more than 24-months within a 5-year cycle.

**Payment, hours of work and attendance**

In general, payment rates should take into account wages paid for comparable unskilled work in the local area by sector. While the rate should offer an incentive and reward for work to ensure reasonable quality of work, it should not be higher than the average local rate, which would recruit people away from other longer-term employment. Significantly, men, women, disabled persons and the aged must receive the same pay for work of equal value. Tasks must be set based on a 40-hour week in which the workers work five 8-hour days. A ‘no work-no pay’ rule must apply except in special circumstances.

**Training**

Because training is a critical component of SPWP, every SPWP must have a clearly defined training programme, with a minimum of 2 days training for every 22 days worked. A minimum of the 2 per cent of each project budget should be allocated to funding training, with a recognition that training needs will be higher at the start of a project and will tail off as projects become more established. Where possible, sustainable training should be ensured through certification. Funding for training may be sourced from, *inter alia*, the project budget or donors.

4. **Analysis**

On the positive side, seven comments can be made:

(1) An examination of the Guidelines indicates that the EPWP has a generally progressive approach, and has taken on board in its design and objectives good practice from international experiences as well as key debates in labour-intensive employment creation.

(2) The EPWP is designed so that projects fall under the remit of specific ministries and sectors. This has the advantage of implicitly recognising that different projects need different technical capacity, modalities and tools, rather than a one-size-fits-all approach which treats very different projects in the same way.

(3) This structure suggests that a specific ministry has responsibility for the various projects which are located within its sphere of activity. This means that EPWP projects are integrated into ministry activities as appropriate, and that the ministry as a whole will contribute to projects.

(4) On a related point, this avoids the danger of EPWP projects being ghettoised if they are simply located in a designated department or enclave where it can lead to less integration. So, although the Department of Public Works is notionally responsible for overall co-ordination of EPWP projects, different ministries or departments all have individual responsibility for their projects.
The EPWP’s goal is to create work opportunities (coupled with training) for a minimum of one million people by 2009. The original targets in the Guidelines have been amended to at least 40 per cent women, 30 per cent youth and 2 per cent people with disabilities. A breakdown of data for 2004/05 shows that the work opportunities created thus far are already approaching their target quotas, consisting of 38 per cent women, 41 per cent youth and 0.5 per cent people with disabilities.

A constructive process is already underway that stresses the importance of learning horizontally across programmes within sectors. One of the key focus areas of the EPWP is the replication of best practice programmes across provinces. The entire EPWP contractor learnership programme, for example, is based on the experience of the programme in Limpopo province. The DPW is also establishing demonstration projects to overcome the perception that labour-intensive methods are more difficult to manage, take longer, are more costly, and result in inferior quality products. A number of programmes are running successfully and could be expanded or replicated elsewhere.

Current exercises in horizontal learning also have the potential to be broadened out. For example, in addition to best practice workshops and lessons, it might also be possible for the various stakeholders to learn from challenges and limitations. This will make it possible to identify and address programme-specific, sector-specific, ministry-specific and province-specific problems.

Despite these strong positive features, the EPWP also raises some illustrative challenges and lessons. First, although the programme is still very new and has had little time for institutionalisation, an early examination of its operation would seem to suggest that there are some differences in the capacity of various provinces and sectors to implement and deliver. For example, there appears to be variable additional employment creation in different provinces. The average increase in employment creation in Gauteng province is 10 per cent, while the average increase in employment on the roads programme in Limpopo province is 600 per cent. This might be linked to the degree of labour-intensity of the production methods used, and/or to the uneven implementation capacity of different ministries.

Other possible reasons for differences across provinces are more fundamental and difficult to address. Some provincial and municipal administrations have severe capacity constraints, so that implementing projects to the technical specifications as defined in the Guidelines is simply beyond their ability. In these circumstances, the objectives of the programme might be unrealistic at this stage. Some other provinces have skewed spending patterns and priorities (e.g. they appear to be spending more on consultants fees for technical expertise than on participants’ wages). These provincial differences are largely the result of the differences in capacity that are inevitable in a decentralised system of local government. This has clear implications for India which has a comparable system of government which is likely to throw up similar inter-state differentials.

An audit of EPWP compliance with DPW Guidelines after the first year of the programme concluded that “overall compliance was relatively low” (EPWP 2005). Although no specific details are provided, let us consider the extent to which the gender conditionality is complied with. By the end of March 2005, agreements for 1326 learnerships had been signed under the EPWP Contractor Learnership Programme. However, despite the proposed target of 60 per cent women, of the learners selected to date, only 29 per cent are female. This relates to a point above regarding the practicality of meeting some of the objectives – in this case, gender targets. The reason might, for instance, be that there are currently just not enough female SMME contractors in South Africa to participate for learnerships.

Second, there remains a difficulty in mainstreaming the EPWP across government ministries. There is an ongoing need to correct the tendency for the EPWP to be seen as a Department of Public Works (DPW) programme, rather than as a cross-sectoral programme that is owned and implemented by the whole of government. Conversely, there is a risk that ministries might exploit the EPWP in order to access cheap labour, or to pass responsibility for works that fall under their mandate to the EPWP.

Finally, it has been suggested that, since the EPWP currently reaches less than 3 per cent of the unemployed in South Africa, it should be massively scaled up, allocated additional resources, and
provide not just short-term employment but medium-term employment opportunities for significant numbers of people (McCord 2004). McCord also notes that, in countries where employment has been provided to more than 20 per cent of the unemployed, these programmes have offered sustained employment combined with development inputs like micro-credit, savings and income generating schemes.
**Issues in Employment and Poverty Discussion Papers**

1. Azizur Rahman Khan: Employment Policies for Poverty Reduction (November 2001)
3. Rohini Nayyar: The Contribution of Public Works and Other Labour-Based Infrastructure to Poverty Alleviation: The Indian Experience (September 2002)
18. S.R. Osmani: The role of employment in promoting the Millennium development goals (October 2005)
19. Azizur Rahman Khan: Growth, employment and poverty: An analysis of the vital nexus based on some recent UNDP and ILO/SIDA studies (October 2005)
21. Tilman Brück and Katleen van den Broeck: Growth, employment and poverty in Mozambique (January 2006)