



FIRST ITEM ON THE AGENDA

**Thematic evaluation report:
Employment-intensive investment
and poverty alleviation****Introduction**

1. The theme of this paper was selected by the Officers of the Committee on Technical Cooperation. In order to provide the backdrop and the overall context, the paper begins with a brief overview of the ILO's strategy, objectives and activities in the promotion of employment-intensive investment as an instrument for the reduction of poverty and creation of decent work. This is followed by a review of project and programme evaluations which made assessments of the extent to which objectives related to the theme of this study had been met; some of the lessons learned; and some ideas and approaches for future work in the area. The appendices contain an overview of the involvement in employment-intensive investment programmes; a list of evaluation reports; and a list of evaluated programmes and projects considered for thematic evaluation.
2. The thematic evaluation is mainly based on the findings of actual evaluations that were undertaken of programmes and projects; it includes 13 external evaluations conducted by independent consultants and/or donors and four internal evaluations undertaken by ILO officials or technical advisers. In general terms, the evaluations provided valuable information regarding relevance, efficiency and effectiveness, but were weak on overall impact. Evaluations were generally carried out towards the end of the lifetime of the projects, while impact should normally be assessed 5-10 years after the termination of external support. With a view to providing supporting evidence or drawing more general conclusions, this review has therefore also relied on studies which relate to projects and programmes not primarily included in the evaluation.¹

¹ See: Keddeman, W: "Of nets and assets: Effects and impacts of employment intensive programmes – A review of ILO experience", SETP 1, ILO, 1998, and Devereux, S., 2001: "From workfare to fair work: The contribution of public works and other labour-based infrastructure programmes to poverty alleviation", Issues in employment and poverty, Discussion Paper No. 5, Employment and Reconstruction Department, ILO, 2002.

The strategy²

3. Through its support for labour-based investment policies and programmes in the infrastructure sector, the ILO's objective is to reduce poverty and promote economic development and social progress in developing countries by generating productive and decent employment.
4. The strategy pursued in this respect is based on an opportunity provided by the sheer weight of the infrastructure sector in national economies. It has been estimated, using World Bank figures, that infrastructure represents about 20 per cent of total investment in developing countries, and from 40 to 60 per cent of public investment. Inputs from international financing institutions and donor agencies in these countries generally account for more than 50 per cent of public investment, and often up to 80 or 90 per cent in the least developed countries. Around 40 per cent of loans from financial development agencies are for the infrastructure sector.
5. Much of this investment is concentrated on projects which require capital-intensive technology, such as major bridges, highways and dams. While these investments undoubtedly promote national development, they have little immediate impact on employment and incomes at the poorest levels of society. Yet there are areas of infrastructure, and particularly feeder roads, drainage, sewerage and water supply systems, forestry, soil and water conservation, land development, small-scale irrigation and building, in which the use of locally available materials with a higher input of local labour is not merely viable, but offers a number of clear advantages. For example, conclusions drawn from pilot and large-scale programmes carried out in countries as varied as Cambodia, Ghana, Laos, Lesotho, Madagascar, Rwanda, Thailand and Zimbabwe show that labour-based approaches:
 - are between 10 and 30 per cent less costly in financial terms than more equipment-intensive techniques;
 - reduce foreign exchange requirements by between 50 and 60 per cent; and
 - create between three and five times as much employment for the same investment.
6. Comparisons between equipment-intensive and labour-based technologies used in the road sector, which are well documented, show that the cost of equipment in capital-intensive projects represents around 80 per cent of the total investment, with only around 10 per cent for labour. Where the labour-intensive option is selected, equipment tends to represent between 30 and 40 per cent of the cost, with labour accounting for between 50 and 60 per cent. Although less well documented than the road sector, viable labour-based alternatives to conventional technologies also exist in other sectors as detailed in the paragraph above.
7. Based on the proven viability of employment-intensive approaches in appropriate circumstances, the ILO has developed two main delivery methods designed to optimize their social impact. The first of these involves implementation by small enterprises and the second consists of a community-based approach. In recent years, emphasis has again been placed on the adoption of employment-intensive methods in times of crisis, i.e. natural

² The ILO's strategy for combating poverty and promoting decent work through employment-intensive investment is explained in greater detail elsewhere. See, for example, GB.273/ESP/4/1, which is still broadly relevant.

disasters such as Hurricane Mitch, and in conflict-affected countries, to provide safety nets and help in the reintegration of ex-combatants through reconstruction programmes.

8. In the case of private sector implementation, the basic elements of the ILO approach, which has been developed over several decades and is now broadly accepted by many donors and governments, are the following:
 - the development of a system of tendering and contracting which favours local small enterprises using employment-intensive techniques, allowing these enterprises access to public contracts and offering them certain guarantees (including the timely payment of their fees), as well as introducing minimum labour conditions for the employment of workers (such as guaranteed minimum wages, non-discrimination, the prohibition of forced and child labour, guarantees of freedom of association, safety and health conditions and employment injury insurance), thereby ensuring that the employment generated is “decent” in accordance with the ILO’s definition of the term;
 - the establishment of the necessary capacity at the government level, based on the above tendering and contracting system, for the broader implementation of employment-intensive infrastructure programmes including, in the most advanced cases, the institutionalization of the approach through the creation of employment and investment policy units at the interministerial level, with steering committees that include the social partners (such as in Namibia and Uganda, shortly to be followed by Mali and Senegal);
 - the provision of training to the government officials concerned, engineers and consultants, small enterprises wishing to tender for contracts and workers, as well as the development of courses in universities and colleges on the relevant labour-based techniques;
 - the provision of the necessary equipment to the enterprises involved (normally on the basis of a loan, to be repaid over the course of the contract);
 - the organization of participants, including the enterprises, workers and consultants concerned.
9. This system, which is designed to be continued once the initial pilot projects have been completed, ensures the creation of decent work opportunities based on the observance of a series of minimum labour standards. These opportunities are targeted at previously excluded segments of the population, who are often not in formal employment, including a high proportion of women and rural workers, and are therefore instrumental in combating poverty in vulnerable social groups. The system also leads to the creation and development of specialized small enterprises within the formal economy, which, before the ILO’s intervention, mostly operated at the border between the formal and the informal economy.
10. In the case of community-based approaches to infrastructure works – a more recent aspect of the ILO’s activities in this area – the emphasis is on developing the organization and negotiating capacities of local communities, producers and service providers. The investment is in equipment and support, including plans, technical advice and ownership structures. In these cases, poverty reduction is not normally achieved through the creation of paid employment, but through the benefits of the infrastructure created and its collective ownership. The capacity developed at the governmental and municipal level is intended to be used for the more widespread replication of the initial projects. The community organizations created for the purposes of carrying out infrastructure projects remain in place for their management and maintenance and have proven to be useful for the introduction of other collective initiatives, such as health insurance.

11. The promotion of women's interests is given priority at all levels of these interventions, based on the objectives of equal pay for work of equal value; equal access to jobs and individual work operations; and equal access to training, particularly for higher technical and supervisory functions which, when performed by women, facilitate the recruitment of unskilled women workers. Special criteria are used for the selection of investment schemes of priority concern to women, such as access to productive resources, land development, water, firewood, rehabilitation of health centres and schools. In this connection, emphasis is also placed on the inclusion of women on committees, such as those of community-based organizations, village development committees and economic interest groups.

Programme objectives

12. Based on the strategy described above, the ILO's activities in the field of employment-intensive investment programmes focus on four major objectives, namely:
 - I. *Promote the development and application of employment-friendly policies for public investment in infrastructure at the national, regional and international levels.*
 - II. *Promote small enterprises in the construction sector (labour-based contractors) and private sector execution of public works using locally available resources in an optimum manner, combining job creation in the infrastructure sector with improved and decent working conditions.*
 - III. *Promote organization and collective negotiation at the small enterprise and community levels in labour-based works in urban and rural sectors, and improve access of deprived communities to productive resources and social services.*
 - IV. *Provide assistance to social safety nets and labour-intensive employment schemes for direct job and asset creation in reconstruction programmes following man-made or natural disasters.*

Evaluation results

13. This section reviews the evaluation exercises considered for this report. As indicated earlier, it also takes into account the findings in other related reviews and studies. It examines the extent to which each of the programme objectives outlined above had been attained.

- I. **Promote the development and application of employment-friendly policies for public investment in infrastructure at the national, regional and international level**

14. This objective involves both the adoption of employment-intensive investment policies at the national level and, clearly, the implementation of the corresponding programmes by national organizations. At the policy level, it is therefore encouraging to note the recent adoption of labour-based approaches as official government policy in the cases of the Philippines, Namibia and South Africa. These policies are set out in Executive Order No. 94, April 1999, of the President of the Philippines, and in *Establishing the policy direction and institutional framework to implement labour-based equipment-supported infrastructure programme; green paper on labour-based works policy*, Ministry of Works, Transport and Communication of Namibia, April 1999, and a subsequent white paper

endorsed by the Namibian Parliament in 2000. The South African Government is currently introducing the use of targeted procurement for civil works as an instrument to promote socio-economic policy and employment.

15. In addition, other governments in Africa and Asia are increasingly incorporating employment creation through employment-intensive works as an instrument to address poverty in their policy documents, including Poverty Reduction Strategy Papers (PRSPs).³ Several West African governments, including Guinea, Senegal, Mali, Mauritania and Togo, have requested support for the preparation of employment and investment policy units at the level of their planning, economic and finance ministries. Similar requests for support have been received from governments in Latin America, including Ecuador and El Salvador. Although detailed policy proposals and outlines of action plans have been prepared and endorsed by the governments concerned, it has not been possible to mobilize all the resources required to continue the provision of consolidated support, particularly in view of the fall in UNDP funding for ILO technical assistance.
16. With reference more specifically to the application of the labour-based approach in national programmes in order to secure poverty reduction on a large scale, it should be borne in mind that this objective is very ambitious in countries with a weak capacity and requires continued involvement over a long period of time, as illustrated by the example of Mozambique (see box).

Mozambique

Labour-based methods for road construction were first established in Mozambique through a pilot project in the early 1980s. Following the Peace Accord in 1992, these methods were applied in a national programme designed to rehabilitate roads in virtually every part of the country. In the process, the Feeder Roads Programme (FRP) has been transformed from a stand-alone programme into an integral part of the Directorate of Regional Roads in the Mozambique National Road Administration.

The use of labour-based methods in the FRP has resulted in the creation of about eight million workdays of employment in Mozambique. More than 40,000 people from rural areas have worked on the programme. The average participation of women is currently 19 per cent.

The FRP has established a labour-based training programme. Courses have been developed for a wide range of worker grades, including foremen, supervisors, store men and tractor mechanics. Nearly 5,000 workweeks of training have been provided since 1993.

Source: *Reopening Mozambique: Lessons learned from the Feeder Roads Programme*, UNDP, 2002.

17. Moreover, it is rare for evaluation reports to cover a sufficiently long period to be able to measure the long-term impact of ILO interventions at the country level. In this respect, the independent evaluation carried out in 1998⁴ reported that “Progress has been made, but the weakness of many member States (especially in sub-Saharan Africa and South Asia) in terms of competent and motivated staff complicates capacity development; as does the still widespread view that labour-based techniques are backward in some sense. On the other hand, some States such as Cambodia, Laos, Lesotho and South Africa have firmly embedded the design and implementation of the [employment intensive programmes] within the government structure as have, partially, Kenya and Ghana through their rural roads programme”.

³ See ASIST Africa: *Self-evaluation report, July 2001-June 2002*, ASIST Africa, ILO, Harare, 2002 and the *ASIST Asia-Pacific: Annual progress report*, ILO, Bangkok, 2002.

⁴ See Hopkins, M.: *An independent thematic evaluation: ILO’s Employment Intensive Programme*, ILO, 1998.

18. ASIST Africa, the regional support programme of the EIIP (Employment-Intensive Investment Programme) funded by a consortium of donors, also reports increased capacity by local governments to plan and implement labour-based works in countries such as Zambia and Zimbabwe.⁵ The Department of Rural Roads in Lesotho has adopted labour-based methods for road construction and maintenance. Malawi has successfully introduced integrated rural access planning into the local-level planning system and the implementation of access interventions is taking place in two rural districts in Zimbabwe. Departments in Botswana, Lesotho, Mozambique and the United Republic of Tanzania are increasingly using labour-based techniques to increase the delivery of services. In Asia,⁶ there are indications that capacities in countries like Cambodia, Laos, Nepal and the Philippines have been enhanced through the institutionalization of the approach. Capacity creation is often initiated by requests for advice from member States. Accordingly, the ILO has studied and advised on labour laws and practices in relation to public works in Botswana and South Africa. In French-speaking Africa, there has been close collaboration with the AGETIPs (World Bank supported social funds, now operating in 18 French- and Portuguese-speaking countries) on labour-based contractor training and capacity building.
19. However, the longer term objective of the mainstreaming of the employment-intensive approach in national investment programmes and policies is clearly the most difficult to attain. The introduction of labour-based contractors and of small contracts often clashes with the interests of equipment-based contractors. It may also be difficult to convince politicians: the fact that forced manual labour on public works was a common feature in colonial times still casts a shadow over the approach. The case of Uganda, where the ILO has been active in promoting the employment-intensive approach for many years, originally on a reconstruction programme and more lately on a policy advisory project,⁷ illustrates the difficulties involved. Despite the approach being endorsed by the social partners and key technicians, the final evaluation report concluded that “the objectives were about changing the minds of decision-makers and this is always a lengthy process”. Yet, despite these problems, Uganda now has a national programme to carry out all road maintenance using labour-based methods, thereby creating thousands of jobs.⁸
20. At the international level, a number of comprehensive studies have proved the labour-based approach to be valid,⁹ and perhaps the most significant result of the ILO’s activities over the years in this field has been its adoption by a large number of international development agencies, including DANIDA, World Bank, SIDA, NORAD, Swiss Development Cooperation and the UK DFID (the major joint donors to ASIST), which have their own labour-based infrastructure works. They all benefit, directly or indirectly, from the policy and conceptual work undertaken by the ILO, with the result that labour-

⁵ See ASIST Africa: *Self-evaluation report, July 2001-June 2002*, ILO, Harare, 2002.

⁶ See ASIST Asia-Pacific: *Annual progress report*, ILO, Bangkok, 2002.

⁷ See GoU/ILO: Uganda: *Terminal evaluation mission: Support to the Labour-Based Policy Promotion Committee, UGA/97/M02/DAN*, ILO, 2001.

⁸ There is a special assessment of the road sector work in Uganda in the SETP 6: Gary Taylor and Moses Bekakye: *An opportunity for employment creation: Labour-based technology in roadworks – The macroeconomic dimension, Uganda, 1999*.

⁹ Including von Braun, J. et al.: *Employment for poverty reduction and food security*, IFPRI 1995. Stock, E. and de Veen, J.: *Expanding labour-based methods for road works in Africa*, World Bank Technical Paper No. 347, 1996 and World Bank: *World development report on infrastructure for development, 1994*.

based approaches are increasingly becoming an integral part of the development efforts of these agencies.

21. In this context, it should be added that one of the basic means used to promote the adoption of the labour-based approach is the dissemination of guidelines. Many of these have been produced over the years, of which a number of recent publications should be mentioned, including the *Guide on EIPP labour policies and practices* and the *Guide on EIPP capacity building for contracting in the construction sector*. Both are published in English, French and Spanish, and are currently being translated into Chinese and Russian. *Urban employment guidelines* was published in 1998, while *Community contracts in urban infrastructure works* and *Employment-intensive reconstruction works in countries emerging from armed conflicts* were published in 2001. A guide on *Food as an incentive to support vulnerable households and communities in securing and improving their assets* has been prepared for publication in 2003 in collaboration with the World Food Programme (WFP). One interesting example of promotion through the dissemination of guidance is the translation of two central guidelines into Chinese, for dissemination, at the request of the national authorities, down to the district level in western China.

II. Promote small enterprises in the construction sector (labour-based contractors) and private sector execution of public works using locally available resources in an optimum manner, combining job creation in the infrastructure sector with improved and decent working conditions

22. The first stage in promoting the execution of investment programmes by small enterprises is to create an enabling environment. This is naturally related to the policy work mentioned above, but also involves more specific activities, such as the adaptation of the contracting system. Both national and international procurement systems often act as barriers to labour-based techniques and small local contractors by setting stringent pre-qualification criteria, which tend to exclude smaller enterprises. The changes made to the contracting system therefore include reducing the size of tenders to permit the participation of small contractors and introducing clauses relating to labour standards to ensure that the work created is decent. This has been done in countries such as Botswana, Cambodia, Ghana, Kenya, Madagascar, Mozambique, Nicaragua, South Africa, Togo and Zambia.¹⁰ Particular success has been achieved in introducing the generalized use of labour-based contractors in maintenance work. A start has also been made through pilot projects in introducing a small contractor system for the routine maintenance of roads in Ecuador and Bolivia.¹¹
23. The ILO has also been active in influencing the contracting procedures of donors. In Laos and Cambodia, standard bidding documents were prepared for large Asian Development Bank programmes for labour-based rural roads. Based on experience gained and lessons learned from country-specific project evaluations, the programme is currently launching a global inter-agency effort to review and modify the contracting procedures of development agencies, such as the World Bank, the Asian Development Bank, DFID and the European

¹⁰ ASIST Africa, op. cit. and ASIST Asia-Pacific, op. cit.

¹¹ See ILO: *Promotion of employment-intensive technologies in public investment in Bolivia, Ecuador and Peru*, progress report for 2001, Geneva, 2002.

Union. The training of small contractors and the development of credit facilities for the acquisition of plant and equipment is an integral part of programmes in countries such as Mozambique and Zambia, but has also been included in smaller projects in urban areas. The approach has proven successful; in Mozambique 20 contractors were established between 1995 and 2000, reopening 2,000 km of roads in the process of on-the-job training. The long-term viability of these contractors largely depends on the Government's commitment to mainstreaming the employment-intensive approach in its regular public works investment programme. In Ghana, for instance, several years after ILO technical assistance ended, the number of active labour-based contractors had more than doubled. This is due to the fact that a high-level decision had been taken to use labour-based approaches in major parts of the regular rural roads maintenance and rehabilitation programme, once again illustrating the need for strong linkages between programme implementation (such as small contractor development) and policy development.

III. Promote organization and collective negotiation at the small enterprise and community levels in labour-based works in urban and rural sectors, and improve access of deprived communities to productive resources and social services

24. In addition to the involvement of the social partners at the national and international levels in developing and improving the techniques used by the ILO to promote employment-intensive investment programmes, it is an important objective of the ILO's activities in this area to strengthen local organizational and negotiating capacities. This applies to both programmes executed by small enterprises and community-based projects. The ILO also advocates the creation of tripartite steering committees for employment-intensive policy promotion units in the ministries responsible for investment decisions. One such unit, the Labour-based Policy Promotion Committee was set up in Uganda in 1997; it appears to have been particularly instrumental in integrating employment policy into the Government's comprehensive poverty reduction strategy.
25. In programmes executed by the private sector, local organizations of workers, enterprises and consultant engineers have been promoted. In particular, labour-based contractor associations have been formed in several countries, including Cambodia, Ghana, Lesotho, Madagascar and Zambia. These associations are active in securing access to public contracts, negotiating effective payment systems and engaging in social dialogue on labour issues.
26. Where the community-based approach is adopted in local projects, such as those in Lesotho, Mali, Nepal, Nicaragua, the United Republic of Tanzania, Togo and Uganda, a general principle is that the works undertaken should provide obvious economic and social benefits to the users. Local needs and accessibility problems can only be identified with the full involvement of the communities concerned. Community-based works therefore have to be demand driven, or in other words, based on requests for support from the beneficiaries. Such works involved productive investments in rural areas, like irrigation facilities in the United Republic of Tanzania (Pemba) and forestry in Mali or community investments in urban areas such as markets, roads, drains and sanitation in the United Republic of Tanzania and Togo.
27. Moreover, experience has shown that employing community members as workers is not enough to secure community ownership. Involving communities in contract arrangements and in defining the rights and responsibilities of all the parties involved has proven to be

more effective. This corresponds with the finding of the independent evaluation of the Hanna Nassif (Dar-es-Salaam) community-based settlement upgrading project:¹² “In unplanned urban environments the promotion and use of labour-based methods and community contracts ensures positive effects and impacts for the local community.” In the case of Pemba (the United Republic of Tanzania),¹³ it was also found that, in order to ensure proper ownership, the most important activity is the organization and participation of the beneficiaries. Once this has been attained, the physical construction work is easy to achieve.

28. Based on its previous experience, the ILO has developed a contract approach for community-based infrastructure works,¹⁴ as well as an infrastructure planning and prioritization tool known as Integrated Accessibility Planning.¹⁵ This approach, with its emphasis on local organization and capacity-building, has been promoted through workshops and training in Cambodia, India, Laos, Malawi, Philippines, South Africa, the United Republic of Tanzania, Uganda, Zambia and Zimbabwe. Demonstration activities, combining the planning tool and actual works, are ongoing in Cambodia, Indonesia, Laos and Zimbabwe with promising results. The Government of Malawi also wishes to use the planning tool at the national level and UNDP is implementing a local government project to support its implementation.

IV. Provide assistance to social safety nets and labour-intensive employment schemes for direct job and asset creation in reconstruction programmes following man-made or natural disasters

29. The ILO has for many years responded to a growing number of requests for assistance to reconstruct damaged infrastructure and provide safety nets for the affected population in member States affected by conflict or natural disasters. During the 1990s, the ILO was involved in large reconstruction programmes in Cambodia, Mozambique and Uganda, and more recently in the post-Mitch project in Nicaragua. Since the creation of the InFocus Programme on Crisis Response, close collaboration has been maintained between the ILO's activities in the fields of infrastructure programmes and post-crisis interventions.
30. Project activities have focused on rural roads, irrigation, schools, urban drains and agro-forestry. The major components of these interventions have consisted of capacity-building for decision-makers and technicians, as well as skills training for workers. These activities have been very successful and have generated considerable employment and income among poor people in the countries concerned. The infrastructures created have responded to needs and are of good quality. In all of these countries, the ILO has maintained its presence after the completion of the reconstruction phase and, as a result, enjoys

¹² IT Transport, et al.: *Independent evaluation: Hanna Nassif community-based settlement upgrading, Phase II, Kinondoni District, Dar-es-Salaam, the United Republic of Tanzania*, ILO, 2001.

¹³ GoZ/EU/ILO: *Tanzania: Evaluation report, Pemba small-scale irrigation project, consolidation phase*, ILO, 2001.

¹⁴ ILO: *Community contracts in urban infrastructure works*, Geneva, 2001.

¹⁵ ILO: *Rural transport and accessibility: A synthesis paper. RATP No. 1*, Geneva, 1998 and ILO: *Accessibility planning and local development, RATP No. 2*, Geneva, 1998.

considerable leverage for extending policy advice and influencing investment decisions. Most recently, the post-Mitch project in Nicaragua has produced good results, although on a smaller scale, in the context of urban reconstruction.

The Cambodia experience, 1991-97

Since 1992, the ILO has been supporting the national Employment Generation Programme in Cambodia. The target groups include women, the rural poor, demobilized soldiers and internally displaced persons. The principal achievements include:

- generation of 2.7 million workdays of direct employment, of which 43 per cent were for women;
- rehabilitation of six irrigation systems and the organization of water user groups;
- rehabilitation of 475 km of roads and the maintenance of 565 km of roads;
- rehabilitation of the World Heritage Site of Angkor;
- adoption by the Government of the labour-based approach; and
- introduction of labour-based technology courses at the Institute of Technology.

Source: *From destruction to reconstruction: The Cambodia experience (1992-97) using employment-intensive technology*, Mike Shone, ILO, 2001.

Conclusions

Global impact

31. The potential of the labour-based approach to be cost-effective and at the same time generate employment and reduce poverty has been widely established and accepted. Through the application of labour-based methods, more employment is generated and more infrastructure may be constructed for the benefit of the poor. However, the real success of the approach lies in its implementation on a large scale. The Indian Rural Employment Programme originally inspired the ILO. This programme was initiated in the 1950s and continues to operate successfully on a nationwide basis, providing safety nets for millions of poor people.¹⁶ In countries like Ghana and Kenya, where the ILO initiated activities in the 1970s, efficient national organizations are implementing labour-based works at the national level without further ILO involvement. Moreover, a number of other countries, as well as donors, are implementing large-scale works and are able to do so on the basis of appropriate policies, institutions, skilled human resources and funds. At the overall level, the ILO's employment-intensive infrastructure activities are therefore judged to have had a positive impact.
32. Nevertheless, in a number of cases political instability has meant that the ILO's involvement with labour-based programmes has come to an end. This is the case in Sudan, where there was a considerable programme in the 1980s, which ended because of the instability in the early 1990s and the resultant loss of donor support. The impact of that programme is therefore probably limited to the skills acquired by the managers,

¹⁶ Nayyar, R., 2002: *The contribution of public works and other labour-based infrastructure to poverty alleviation: The Indian experience*, Issues in employment and poverty, Discussion Paper No. 3, Employment and Reconstruction Department, ILO, 2002.

technicians and workers involved.¹⁷ A similar situation exists in Burundi, Rwanda, Sierra Leone and the Democratic Republic of Congo, and it looks as if another case may be arising in Zimbabwe with the withdrawal of international donors. This is having a strong negative effect, since the majority of labour-based activities in the country are externally financed.

Income effect and targeting

- 33.** In order to target the poor and the un- and underemployed, the wage level in labour-based works is generally set around the established national minimum wage levels. These groups were indeed reached in several countries where comparisons of household incomes demonstrated that workers on these programmes come from the poorer categories of the population.¹⁸ In cases of large food deficits in areas affected by created or natural disasters, a reduced cash wage has been supplemented with a food ration, normally in collaboration with the World Food Programme in what is known as the “Food for Work” approach. In these cases, there is no doubt that the workers employed were among the poor.
- 34.** The employment offered in rural areas is normally short-term with the intention of transferring income during the time of year when there is little agricultural work to be found and the majority of the working population is underemployed. In tropical countries, this normally coincides with the dry season, when the poor suffer the most because food becomes scarce and costly. The average employment period is often around 100 days; with an estimated average daily wage level of \$1.5, this implies a transfer of \$150 per participant. In rural areas of developing countries, this is a sizeable income transfer which lifts many households above the poverty line.¹⁹ The participation of women varies. In Madagascar, for example, their participation rate was 25 per cent in a rural roads project, but reached 70 per cent in urban rehabilitation and maintenance activities.

Indirect effects

- 35.** Sizeable indirect employment and income effects have been documented. Procurement of local materials and the local spending of the salaries of workers are mentioned in several evaluation reports as being of great importance in generating additional income through a multiplier effect.²⁰
- 36.** In contrast, the opportunity cost, or the income lost from other activities as a result of participation in labour-based works, has a negative effect. By locating works in poorer areas and timing the interventions correctly, it is possible to reduce the opportunity cost. Studies have produced a wide range of estimates of income losses caused by giving up alternative work, from as little as 10 per cent for women in a very poor and isolated village

¹⁷ The ILO has, however, recently returned to Sudan with technical assistance through a US\$5 million programme, confirming the interest of the policy-makers to continue the approach; the impact of the earlier programmes could still be observed.

¹⁸ See Keddeman, *op. cit.*, p. 26.

¹⁹ See Devereux, *op. cit.*, for examples of income and employment effects and targeting in other countries, not analysed by this evaluation (notably Bangladesh, Botswana, Cape Verde and India).

²⁰ See Keddeman, *op. cit.*, pp. 16-17.

in India, to close to 100 per cent in Thailand.²¹ However, in the latter case the benefit for participants was to obtain employment near home rather than having to migrate on a seasonal basis.

Benefits and beneficiaries of infrastructures

37. The benefits depend on the type of infrastructure created and its location. In the case of the road sector, which consumes the largest investments, the economic benefits include savings in transport time and costs and are reflected in increased traffic volumes. The positive effects on poverty are generally related to increased economic growth and access to social services, which benefit all members of society. Employment-intensive investment programmes are generally carried out in relatively poor areas, where there is a substantial amount of surplus labour, and some poverty targeting is therefore implicit. However, roads, schools and health posts are public goods, which benefit all the residents in an area.
38. In urban areas, the ILO is primarily involved in infrastructure development in informal settlements. Such settlements are normally characterized by being very poor. An in-depth evaluation of the impact of upgrading drains in Uganda found that the completion of a main channel, in addition to the employment and income generated, brought about a reduction of waterborne diseases, an improvement in housing and latrines and important increases in the land and rental values.²²

Overall assessment

39. In this respect, it is interesting to note the conclusion of the external evaluation of the employment promotion component of the DANIDA programme funding made available to the ILO:

The development of the EIIP programme concept has been ongoing for more than 25 years. During this period the programme has become more focused, more detailed and improved in design. As it stands today the EIIP can deliver a detailed project design, complete with choice of technology parameters, equipment specifications, modules for small contractor and community involvement, application of labour standards, job descriptions, training material, planning, monitoring and evaluation tools, and a pool of experienced project managers, technicians and consultants. This is a unique situation in the world of development and development assistance, where paradigms generally have changed significantly and rapidly in other development sectors.²³

40. Employers, governments and workers all have an interest in the ILO's work in the field of employment-intensive investment programmes and its focus on poverty reduction. It responds to the needs of the un- and underemployed, helps to reinforce the capacity of the domestic construction industry directly by supporting labour-based contractors and consultants and indirectly by emphasizing local procurement, as well as through its support for the organization of the enterprises, workers and consultants concerned. It provides ministries of labour with a practical tool to convince finance, planning and technical

²¹ See Keddeman, op. cit., pp. 14-15.

²² UNDP/ILO: *In-depth evaluation report: Kalerwe community-based drainage upgrading project, Uganda*, UGA/92/006, ILO, 1994.

²³ Thorndahl, K.: *The DANIDA support to the EIIP: An external evaluation*, SETP 8, ILO, Geneva, 2001.

ministries, as well as local governments, of the importance of policies aimed at employment creation, decent working conditions and social protection.

41. The approach has also provided a unique opportunity for the introduction of a number of the ILO's fundamental and other standards in national programmes and projects through the introduction of appropriate clauses into contract documentation regarding minimum wage, minimum age, non-discrimination, elimination of child and forced labour, safety and health, and work injury insurance. In this respect, a member of the DANIDA delegation has described these activities as "a concrete example of what the Director-General of the ILO actually means by decent work".²⁴
42. Seen in the context of the overall priority given by the international community to poverty reduction, the ILO's employment-intensive investment programme appears to be more relevant than ever. It contributes directly to the achievement of comprehensive policy objectives such as employment-intensive growth, employment generation through private sector development and the integration of the Decent Work Agenda. It is also highly significant in promoting the ILO's concerns of organization and negotiation in both the formal (wage) sector and the informal rural and urban sectors.

Lessons learned and ideas for the future

43. Policy concerns are rarely advanced solely through discussion and the provision of advice exclusively at the level of principles and policy. Evaluation reports reveal that the best results are obtained when technical feasibility is also demonstrated in parallel. This implies that the ILO should be directly involved with both demonstration and large-scale public investment projects. Rather than limiting its role to advocacy, the ILO should therefore continue to demonstrate how policies can be put into practice. Such demonstrations normally take the form of technical cooperation programmes, through which the ILO enhances the capacity of governments and social partners. ILO support services, such as procurement and financial management, also need to be reinforced to secure efficient implementation.
44. Experience from national programmes and projects shows that decisions concerning choice of technology, private or public sector execution, conditions of work and labour management, are largely taken during the preparatory phase. It is therefore also important for the ILO to maintain a strong presence in the regions and to be available to provide advice and assistance to governments, donors and financial agencies at short notice.
45. The potential to intervene in the reconstruction of countries emerging from armed conflict and natural disasters is greatly enhanced where there is already an ILO presence. Experience from Cambodia, Mozambique and Sudan points to the fact that it is much easier to expand activities than to start from scratch.
46. It is important to persuade decision-makers in developing countries and development and donor agencies to adopt labour-based methodologies when the circumstances are right. Requests for support from member States are many and greatly exceed the available resources. Special efforts should be made to mobilize more resources, especially for French-speaking Africa, South Asia and Latin America.

²⁴ Annual ILO/DANIDA consultations, 2001.

47. Over the past 30 years, employment-intensive infrastructure programmes have developed a viable approach to employment generation and poverty reduction; both the policy and the strategic and operational tools have continuously been improved and adjusted to evolving needs and priorities. This work should be reinforced, on the one hand, with strong conceptual and programme development and, on the other hand, with a considerable number of demonstration projects in which new ideas can be tested.

Geneva, 27 January 2003.

Appendix I

Overview of the ILO's involvement in employment-intensive investment programmes

1. The ILO has been involved in the alleviation of poverty through the implementation of employment-intensive infrastructure investments since the mid-1970s. Over this period, the ILO has built up considerable expertise, which is widely recognized by donors and constituents alike, and employment-intensive investment programmes have become an important part of the ILO's Decent Work Agenda. This recognition is reflected in the constant demand for the ILO's services in this field and by the willingness of donors to finance regional advisory, information and training services, as well as related country projects.
2. As a result, close relationships have been built up with donors and development agencies, including the Asian Development Bank, Aus-AID, DANIDA, DFID, European Union, NORAD, SIDA, Ireland Aid, Southern African Development Bank, Swiss Development Corporation, UNDP, World Bank and the Governments of Belgium, Luxembourg and the Netherlands. Many of these organizations and donors are financing labour-based investments within their programmes and seek the advice of the ILO. In addition, an increasing number of governments are requesting ILO assistance for investment programmes funded nationally. Partnerships have also been established with specialized agencies such as HABITAT, WFP, United Nations Capital Development Fund (UNCDF), UNHCR and UNDP.
3. In terms of technical cooperation project expenditure, after peaking at an annual rate of over US\$20 million in the late 1980s, this figure fell to some US\$5-6 million in the mid-1990s as the ILO's emphasis changed, but has recently risen once again to over US\$10 million, making it the second biggest ILO technical cooperation programme in terms of expenditure in 2000-01 (after IPEC). However, the breakdown of externally funded activities has changed over the years. In the mid-1980s, some 70 per cent of technical cooperation funding was used directly for investment projects. In recent years this proportion has fallen to around 10 per cent, with the remaining 90 per cent consisting of advice, support and specific inputs (such as training components) in larger projects.
4. In this way, it is estimated that over the past 12 years the ILO has been able to provide technical support, and therefore exert a strong influence over employment-intensive infrastructure works in some 40 countries in which over US\$500 million has been invested by governments and donors.

Appendix II

List of evaluation reports

Programme level evaluations

- Hopkins, M.: An independent thematic evaluation: ILO's Employment Intensive Programme, ILO, 1998.*
- Thorndahl, K.: The DANIDA support to the EIIP: An external evaluation. SETP 8, ILO, 2001.*
- ASIST-Africa: Self-evaluation report, July 2001-June 2002, ILO.
- ASIST-Asia Pacific: Annual progress report, June 2001-May 2002, ILO.
- ILO: Promotion of employment-intensive technologies in public investment in Bolivia, Ecuador and Peru. Progress report for 2001, Geneva, 2002.

Project level evaluations

- Shone, M.: The Cambodia experience (1992-97) using employment-intensive technology. ILO, 2001.*
- NORAD/ILO: Madagascar. Mission d'évaluation du projet HIMO-Routes, ILO, 1996.*
- ANE/UNDP/SIDA/ILO: Re-opening Mozambique: Lessons learned from the Feeder Road Programme. UNDP-Mozambique, 2002.*
- De Vletter, F.: The Mozambique experience (1981-97) using employment-intensive technology, ILO, 2001.*
- GoM/UNDP/ILO Mali: Rapport d'évaluation: Projet Aménagement des Ressources Forestières dans le cercle de Kita (MLI/93/01M/NOR-MLI/93/003), 1997.*
- ILO: Nicaragua: Informe Final : Del Componente Actividades de Capacitación que promuevan el uso de tecnologías generadoras de empleo en las obras de reconstrucción post-Mitch del Proyecto NIC/97/MO1/NET, 2000.
- IT Transport, et al.: Independent evaluation: Hanna Nassif community-based settlement upgrading, Phase II, Kinondoni District, Dar-es-Salaam, the United Republic of Tanzania. ILO, 2001.*
- GoZ/EU/ILO: Tanzania: Evaluation report. Pemba small-scale irrigation project, consolidation Phase, ILO, 2001.*
- UNDP/HABITAT/GoT/ILO: Rapport de Mission d'Evaluation: Projet de Réhabilitation d'Infrastructures Communautaires Urbaines au Togo. TOG/97/005. ILO, 2001.*
- GoU/ILO: Uganda: Terminal evaluation mission: Support to the Labour-based Policy Promotion Committee. UGA/97/MO2/DAN, ILO, 2001.*
- UNDP/ILO: In-depth evaluation report: Kalerwe Community-based Drainage Upgrading Project-Uganda. UGA/92/006. ILO, 1994.*
- Lyby, E.: The Uganda experience (1981-97) using employment-intensive technology, ILO, 2001.*

* Indicates external evaluation.

Total number of evaluation reports: 17 of which 13 external.

Programme evaluations: five of which two external.

Project evaluations: 12 of which 11 external.

Appendix III

List of evaluated programmes and projects considered for the thematic evaluation

| Type Country | Title | Budget ¹ (US\$ 000,000) | Duration | Donor | Main activities |
|-------------------|----------------------------------|--|--------------|--|--|
| Programmes | | | | | |
| Global | Policy and Programme Development | 4.2 | 1996-2000 | DANIDA | Policy promotion, studies, preparation of guidelines and training material, publication and distribution, programme development in Anglophone Africa (urban), Francophone Africa and Latin America |
| Regional | ASIST Africa | 16.5 | 1992-ongoing | DANIDA, DFID, NORAD, SIDA, SDC, Finland, Netherlands | Advisory support, information services and training programme for employment-intensive infrastructure investment policy and project development. The programme provides technical backstopping of EIIP country projects, primarily in east and southern Africa. Information services and training, which has global coverage together with SIST Asia-Pacific, is implemented in close collaboration with regional and national institutions, including a regional university network |
| Regional | ASIST Asia-Pacific | 4.1 | 1998-ongoing | DANIDA and DFID, Netherlands | Advisory support, information services and training programme for employment-intensive infrastructure investment policy and project development. The programme provides technical backstopping of EIIP country projects in Asia and the Pacific. Information services and training, which has global coverage together with ASIST Africa, is implemented in close collaboration with regional and national institutions, including a regional university network |

¹ Budget figures indicate only funds passing through the ILO; these include mainly technical assistance and in some cases investment funds. Additional investment funds are often associated with ILO projects, but are made directly available to governments by the donors. The impact is therefore generally much larger than suggested by the budgets indicated here.

| Type Country | Title | Budget ¹ (US\$ 000,000) | Duration | Donor | Main activities |
|--------------------------------|--|--|-----------|--------------------|---|
| Projects Africa | | | | | |
| Madagascar | MAG/89/M02/NAD and MAG/94/M02/NAD Labour-based road rehabilitation technology and management | 3.6 | 1989–2002 | NORAD | Private sector (small-scale contractor) development, job creation with decent working conditions, capacity building for improved management and training including organization and systems development, training material for contracting development (government, consultants, contractors, skilled labour), establishment of autonomous training institution with regional coverage for Francophone Africa, upstream policy advice |
| Mali | MLI/98/M01/NOR Organization and contracting for improved natural resources management | 1.3 | 1998–2002 | Norway | Management of local resources, employment and income generation, awareness and capacity building, public/private partnerships based on community organization and contracting (continuation of project MLI/93/M01/NOR) |
| Mozambique | MOZ/91/007, MOZ/96/013 and MOZ/01/M02/SID Management assistance to labour- based roads rehabilitation and maintenance | 13.1 | 1991-2002 | SIDA, UNDP, WFP | Capacity building in the road sector including labour-based technology for maintenance and rehabilitation of the road network, management support to government agencies and contracting development with Government and private sector, all this in a context of a changing focus from emergency support to development and institutional support |
| Tanzania, United Rep. of | URT/94/003 Hanna Nassif community- based settlement upgrading | 0.15 | 1997-2000 | UNDP | Contribute to improving living and working conditions, providing access to basic services and expanding employment opportunities for urban poor. The project assisted the community to enter into community contracts with the local authorities to construct drainage, drinking water, roads and install a waste management system and a community-managed credit scheme |
| Tanzania, United Rep. of | URT/98/M01/EEC Pemba small-scale irrigation project – Completion phase | 0.2 | 2000-01 | EU | Assist farmers' water user associations in construction of irrigation schemes using labour-based methods and establish farmers' associations for operation and maintenance (continuation of project URT/94/M03/EEC) |
| Togo | TOG/97/005 Rehabilitation of urban community infrastructure – PRICUR | 2.05 | 1999-2001 | UNDP | Promotion of labour-based policies in urban community infrastructure, strengthening local municipal and community capacities, training local small-scale contractors and consultants, and introducing community contracting approaches |

| Type Country | Title | Budget ¹ (US\$ 000,000) | Duration | Donor | Main activities |
|-------------------------------|---|--|-----------|--|--|
| Uganda | Several projects. ² Support to employment policy and poverty reduction; Karamoja, Masulita, Kalerwe and LAPPCOM | 2.7 | 1988-2001 | UNEP, UNDP, SIDA, DANIDA, Nordic Development Fund | Upstream policy promotion and development for employment-intensive public investments, capacity building for rural and urban infrastructure programmes, both for government agencies and for private sector development (LAPPCOM is the Labour-based Policy Promotion Committee which includes tripartite representation) |
| Projects Asia | | | | | |
| Cambodia | Several projects. ³ Labour-based rural infrastructure rehabilitation programme including technical assistance | 18.6 | 1992-2002 | UNDP, SIDA, Ireland Aid, Netherlands | Support and capacity building for ministries of rural development and local government. Capacity building for contractors in the road sector and local communities in the irrigation sector. Support to local level planning for employment creation in infrastructure development |
| Projects Latin America | | | | | |
| Nicaragua | NIC/97/M01/NET (additional allocation for emergency intervention). Training to promote labour-based methods in "post- Mitch" reconstruction activities | 0.32 | 2000-01 | Netherlands | Introduction of labour-based policies, training national institutions, local governments, small contractors and local communities involved in reconstruction following hurricane "Mitch" |

² Projects included: UGA/88/M01/UNE, UGA/89/012, UGA/89/M02/NIR, UGA/89/M08/DAN, UGA/92/006, UGA/95/M02/NDF, UGA/95/M03/UGA, UGA/97/M02/DAN, UGA/01/M01/NDF.

³ Projects included: CMB/92/008, CMB/97/M02/SID, CMB/98/002, CMB/00/M01/IRE, CMB/01/M50/IRL, CMB/AE/M01/SWE, CMB/AE/M02/NET, CMB/AE/M03/NET