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Public works and employment programmes: Towards a long-term development approach

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PUBLIC WORKS AND EMPLOYMENT PROGRAMMES:
TOWARDS A LONG-TERM DEVELOPMENT APPROACH

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This paper is one of a series of papers commissioned by the Inclusive Development Cluster of UNDP’s Poverty Group in the Bureau for Development Policy to frame the response to the current economic and financial crisis in the context of a long-term development agenda. It is brought out jointly with the IPC-IG with a view to stimulating discussion on an important policy instrument. Public works and employment programmes are emerging as a significant component of the response to the crisis and recent innovations by a number of developing countries have also increased interest in these mechanisms. They constitute a component of the Global Jobs Pact designed to ‘guide national and international policies aimed at stimulating economic recovery, generating jobs and providing protection to working people and their families’. In this context, they are also thought to have a longer term development potential to contribute to social assistance, infrastructure and service provision and to making labour markets work more effectively for the poor. The ILO and the UNDP have exchanged ideas and experiences as part of the consultative processes informing their respective policy papers on the key role of public employment in tackling key development challenges and would like to acknowledge each other’s contributions to the policy debate on these issues. Readers are referred also to the ILO Employment Sector, Employment Report No.6, “Mitigating a Jobs Crisis: Innovations in Public Employment Programmes (IPEP)” by Maikel Lieuw-Kie-Song and Kate Philip, (forthcoming, 2010).
ACRONYMS

AfDB  African Development Bank Group
ADB  Asian Development Bank
ALMP  Active Labour Market Policies
BPL  Below the Poverty Line
BFP  *Bolsa Familia* Program (Brazil)
CCT  Conditional Cash Transfer
ECA  Economic Commission for Africa
CIS  Commonwealth of Independent States
ECLAC/CEPAL  Economic Commission for Latin America and the Caribbean
EG  Employment Guarantee
EGS  Employment Guarantee Scheme
EGP  Employment Guarantee Programme
ELR  Employer of Last Resort
EPWP  Expanded Public Works Programme (South Africa)
FTE  Full-Time Equivalent Jobs (South Africa)
ESCAP  Economic and Social Commission for Asia and the Pacific
HCBC  Home Community-Based Care (South Africa)
HDC  Health and Development Committees (South Africa)
HH  Household
ILO  International Labour Organisation/International Labour Office
IMF  International Monetary Fund
LDC  Least Developed Country
LLR  Lender of Last Resort
MDGs  Millennium Development Goals
MKSS  Mazdoor Kisan Shakti Sangathan (India)
NIC  Newly Industrialised Countries
NREGA  National Rural Employment Guarantee Act (India)
ODA  Official Development Assistance
OECD  Organisation for Economic Cooperation and Development
PEP  Public Employment Programme
PJHDC  *Plan Jefes y Jefas de Hogar Deocupados* (Argentina)
PRSP  Poverty Reduction Strategy Paper
PSNP  Productive Safety Net Program (Ethiopia)
PWP  Public Works Programme
RTI  Right to Information
SAM  Social Accounting Matrix
SC/ST  Scheduled Castes and Scheduled Tribes Explicitly Recognized by the Indian Constitution
SEE  South-Eastern Europe
UID  Unique Identification Number (India)
UIDAI  Unique Identification Authority of India
UNDP  United Nations Development Programme
UNGA  United Nations General Assembly
VAT  Value-added Tax
VCT  Voluntary (HIV antibody) Counselling and Testing
PUBLIC WORKS AND EMPLOYMENT PROGRAMMES: TOWARDS A LONG-TERM DEVELOPMENT APPROACH

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ABSTRACT

Public works and employment programmes have long been considered a staple of social assistance. For the most part, though, they have been designed as short-term ‘safety nets’. While, in some cases, the focus has also been on reducing poverty or addressing structural unemployment challenges, their implementation has seldom been on a scale that would make a dent in structural poverty. The fact that large scale programmes such as India’s National Rural Employment Guarantee Scheme (NREGS), which was initiated prior to the recent economic crisis, could also be effective in responding speedily to and mitigating the effects of the crisis has elicited interest in such policies as a component of inclusive growth paths. In making the case for a longer-term development approach, the paper points out that such an approach would not only allow these programmes to act as shock absorbers without being ‘too little, too late’ but would also enable the state to strengthen its capacities to provide support to livelihood strategies of the poor through addressing critical public goods and service deficits while creating jobs. In this context, the paper assesses the desirability and feasibility of adopting a universal or a partial Employment Guarantee (EG) to make such programmes a more stable complement to market-driven employment creation in situations where levels of poverty, in particular, working poverty, and underemployment are high. The paper also explores the complementarities and interactions with various social assistance and cash transfer programmes with a view to fostering a more comprehensive approach to social protection for the poor. The paper concludes with a section on implementation issues with a view to strengthening learning on how to plan, design and implement long-term and Employment Guarantee types of public employment programmes.

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1 INTRODUCTION

Public works have long been considered a staple of social assistance programmes. However, for the most part, they have been designed as short-term ‘safety nets’. While, in some cases, the focus has been on poverty reduction or on addressing structural unemployment challenges (e.g., those arising from shifts in labour intensity in growth sectors and/or decline in sectors that were relatively better at absorbing labour), they have seldom been implemented on a scale that would allow them to make a dent in structural poverty.

The paper begins, in Section 2, with an exploration of the employment challenge and the role that public employment programmes can play not only in mitigating crises, but also in contributing to facilitating recovery. Section 3 then quickly proceeds to look at PEPs in the context of a medium- and long-term framework. It suggests that, to function effectively, public employment programmes need to be re-conceived not as a safety net—which even in crisis situations often gives rise to the phenomena of ‘too little, too late’—but as a flexible mechanism to respond to labour market, development challenges and shocks. In this context, the paper assesses the desirability and feasibility of an employment guarantee framework that would make public employment programmes (PEPs) a more permanent complement to market-driven employment creation, i.e., the employment guarantee would serve to create a ‘buffer’ mechanism, providing employment for individuals when there is high unemployment and for them to leave when the labour market improves.

Section 4 explores linkages with other development policies, in particular with active labour market, training and social protection and social assistance policies. In comparing PEPs with other forms of social assistance, it finds that the programmes can be complementary. At various points in their lives, individuals and families may be more or less constrained in being able to work, so there needs to be an integrated approach that incorporates protective, preventive, promotive, and transformative dimensions (Devereux, and Sabates-Wheeler, 2004) of social protection. Further, the paper suggests that conditional cash transfers (CCTs), which typically aim to foster investment in the future generation, and employment creation measures, which can help transform the livelihood opportunities for the present generation, need not be viewed as substitutes. Both measures also mitigate current levels of poverty and/or inequality. It suggests that, in the context of current programming frameworks, PEPs can effectively address both chronic and transient poverty, whereas conventional CCTs principally target chronic poverty. Section 5 of the paper focuses on issues relating to the design and implementation of public employment programmes framed within a long-term development framework. This Section explores how the design of the programme will need to balance different programme objectives and address trade-offs. It provides examples from various innovative public employment programmes. The Annexes provide additional programming tools and guidance on employment impact assessments and a checklist for planning an EG and locating EG within global and national rights based framework.

The paper does not seek to put forward a unique ‘implementation model’ of an EG, as the nature of the unemployment problem, the amount of fiscal space available, the types of infrastructure/service deficits, and programme priorities and trade-offs will vary across countries and over time.
2 THE CASE FOR AN EMPLOYMENT FOCUS FOR CRISIS MITIGATION AND RECOVERY

While there are few systematic international comparisons of pre and post crisis situations, analyses suggest that the impacts of a crisis can be deep and enduring, particularly on employment and poverty levels (Van der Hoeven, and Lubker 2008, ILO 2008, 2009, OECD 2008b). Studies analysing the differences in the speed with which countries recover also point to the important role that employment-focused policies play for impact mitigation and recovery. In particular, simulations and the experience of past crises suggest that the greater the employment orientation of recovery measures, the stronger the stimulus for the real economy. Further, in the context of the current crisis, preliminary assessments of large-scale social assistance suggest that such pro-poor ‘stabilisers’ may have been good not only for the poor, but also for the overall health of the economy. While the case for public employment programmes in crisis contexts is recognised, a quick review of the advantages of direct employment creation as part of stimulus and crisis recovery policy packages is useful:

- **PEPs can be speedily phased in and be cost-effective**: e.g., Kostzer (2008) and Tcherneva and Wray (2005) point to the experience of Argentina’s Plan Jefes y Jefas de Hogar Desocupados (PJJHD), introduced during the 2001 crisis, which showed that a massive employment programme could be implemented in a relatively short time and that a federally funded programme could be speedily administered locally with the participation of non-profit /non-governmental institutions.7

- **PEPs are self-targeting by design**: self-targeting public employment programmes and unconditional transfers (World Bank, 2008b) are probably preferable during crisis. Ravallion (2008) points to the common drawback of targeted cash transfer schemes, which is that they tend to be relatively unresponsive to changes in the need for assistance. A previously ineligible household that is hit by unemployment of the main breadwinner, for example, may find it difficult to get help from such schemes. A reassessment of eligibility in the wake of a crisis is necessary in such cases.8

- **PEPs have less effect on inflation than measures that aim for a general expansion in aggregate demand and that only boost incomes**, since employment programmes directly target the unemployed and affect both aggregate demand and supply, the later through the expansion of infrastructure, goods and services.9

- **PEPs can help to stabilise local development and help to lay foundations for new growth**: Public job creation “may also be the only effective way to aid those among the long-term unemployed who are less skilled and less well educated” if the objective is to enable them to work while also helping to ‘crowd-in’ local investment through the provision of needed infrastructure and services. Investment programmes can also help to pave the way for recovery by addressing infrastructure bottlenecks and stimulating investments in new sectors (e.g., green investments and jobs).10

- **PEPs reduce the depreciation of human capital**: Unemployment is typically associated with the depreciation of skills, motivation and work habits. By employing those who would otherwise be unemployed and by offering
training and education, PEPs can help to maintain and even to appreciate human capital. (Tcherneva and Wray, 2005).

2.1 LESSONS FOR CRISIS PROGRAMME DESIGN AND IMPLEMENTATION:
Important though these measures have been in mitigating the impacts of past and recent crises, most countries have generally been institutionally and financially unprepared for the extent and depths of financial/economic crises. This has led some to argue that ‘crises will always be with us’ and that the state needs a permanent, flexible and more holistic approach to safety nets to respond to a sudden expansion in beneficiaries newly thrown into unemployment and poverty and to address the impacts of the crisis that often persist long after growth has resumed.11

Where possible, these programmes should fit into current institutional implementation frameworks. Policy makers and practitioners will always have to grapple with trade-offs between speed and effectiveness. Moving too quickly to implement PEPs can lead to the production of low-quality assets and services that will likely ultimately undermine impact and political support. Having a longer-term planning perspective and mechanisms to quickly mobilise technical capacity, though, can help to mitigate some of the trade-offs and to strengthen capacities for implementation. Studies on PEPs implemented during previous contexts also suggest that programmes could have been even more effective if they had been better designed and monitored (Bechterman and Islam, 2001). This is easier to do where there are not many new programmes.

In order to create long-term impact, programmes also need to focus on identified development priorities and forward-looking investments to promote productive jobs and economic opportunities.12 Programmes focusing on service provision can be initiated relatively more speedily (see Argentina’s PJJHD programme) and potentially have a greater multiplier impact.13

Household survival strategies appear to draw significant numbers of women to PEPs.14 However, programme design has not always been ‘gender-aware’ (some, for example, focused mostly on construction projects and lacked child care facilities). In terms of focus areas, PEPs could incorporate an understanding of household survival strategies and potentially help to put existing livelihood activities on a firmer footing through investments in community infrastructure and services.15

2.2 FACILITATING RECOVERY:
As Devereux (2006) pointed out, the effect of public employment programmes on poverty reduction 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).” However, 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).
Employment programmes typically try to cover large numbers of poor people, at a wage that will facilitate self-targeting without distortion of the labour market. In some instances, though, this has meant that incomes generated under the programmes were insufficient to cover the basic needs of the beneficiaries (ESCAP, 2002/03). Such programmes also need to be combined with other social protection measures.16
As the recovery begins, there is often political and economic pressure to phase out public works/employment and employment guarantee programmes. Yet this pressure needs to be resisted, and decisions regarding phasing out need to be based on a concrete assessment of labour markets and the strength of the recovery, not simplistic measures like resumed growth or stock market recovery. The role that these programmes will play during and post recovery will depend largely on the amount of ‘surplus labour’ that was available before the crisis and how effectively the programmes revived investment and private sector job creation. If the surplus were low, one would expect most labour to be reabsorbed into employment as the economy recovers.

The main challenge here is that the recovery of employment generally lags behind the recovery of the economy. Further, when there have been high structural unemployment, many working poor and an involuntarily underemployed population prior to the crisis, there is no reason to believe that the recovery will address these dimensions of the labour market, particularly if the crisis has been prolonged and has added to the already significant ranks of informal workers. Hence, there may be a need for PEPs to continue post recovery. Such programmes ideally should be a component of a longer-term employment and growth recovery package for inclusive growth.

3 THE GENERAL CASE FOR AN EMPLOYMENT GUARANTEE IN DEVELOPING COUNTRIES

While employment and job creation are increasingly recognized as being central to poverty reduction, creating a sufficient number of jobs solely through market-driven mechanisms can be a challenge even in the best of times, particularly in the face of globalisation, financial and trade liberalisation, technical change and economic restructuring. For example, the ADB (2006) points out that “during the 1980s, a 3 per cent growth rate of output in the People’s Republic of China was needed to induce a 1 per cent increase in employment. In the 1990s, a growth rate of almost 8 per cent was needed to achieve the same result.”

While employment per se was increasing in most regions when the crisis began, the quality of jobs created was such that, even in a period of progress such as in 2007, an average of four in ten workers were poor (ILO 2008a, 2009). A significant proportion of the jobs being created involved ‘under-employment’ and/or were ‘precarious’, and without benefits and protections. Further, although there had been progress in the trend in working poverty and vulnerable work over the past many years, both were expected to increase sharply as a result of the recent economic crisis.

In addition to the effects of the recent crises on food, fuel and finance, emerging evidence suggests that some trends, if not addressed, are likely to increase the vulnerability of systems and countries already reeling from the recent crises. The WEF Global Risk Report (2010) identifies fiscal crises and unemployment, underinvestment in infrastructure and chronic disease among the pivotal areas of risk. Significant levels of inequality also pose a challenge to efforts to reduce poverty.

Because there are few unemployment benefits and/or social security schemes in most developing countries, large social assistance programmes including a directed approach to job creation and improvement in the conditions to sustain the livelihoods of the poor are
attracting attention to manage shocks—which, as indicated above, some observers believe will be increasingly frequent—and to make the process and/or outcomes of growth more inclusive. In this regard, while labour market policies and an increased focus on education are important, there needs to be a clear focus on ensuring integration into the labour market and providing assistance particularly for poor, underemployed and unskilled workers. This is based on the understanding that the effective functioning of the labour market is a central factor dynamically linking the economy to the well-being of individuals and households in modern societies and that, in many instances, labour markets do not appear to work for the poor, as evidenced by significant levels of precarious employment, working poverty, and underemployment.

Although public works have been initiated mostly during crisis and phased out thereafter, there is strong reason to support a transition toward a more comprehensive, long-term approach to public employment programmes to ensure a flexible response and to strengthen state capacities to deliver programmes. Experience from emerging countries suggests that an appropriate framework in this regard is one where the state not only establishes a longer-term development planning framework, but also takes on the role of an ‘Employer of Last Resort’ (ELR).

Further, although the case for the state to take on a role as an ELR has been made mostly for industrial countries, there are now arguments that ELR would in fact have a much stronger effect on the economies of low-income, ‘labour surplus’ developing countries, where the poor could help to alleviate shortages of infrastructure, goods and services through work. Mitchell and Wray (1998, 2005) propose using the analogy of a buffer stock to understand the role played by the state when it acts as an ELR and guarantees a job to everyone willing and able to work at a given wage. During periods of economic growth, the private sector will hire people from the pool of unemployed (at a higher wage). During downturns, though, the government can enforce the minimum wage by maintaining the buffer stock and therefore raising the wage currently being earned by the working poor in the informal economy. In this way, it can provide a floor for securing a minimum standard of living even as it helps to maintain overall wage and price stability.

While there is a strong case for supporting direct employment creation even without formal reference to a rights-based framework (see Annex 3 for a rights-based approach to an employment guarantee), as the framing of the National Rural Employment Guarantee Act in India demonstrates, a rights-based approach can have powerful ramifications for financing frameworks, for accountability mechanisms and participatory engagement, as well as for longer-term planning and capacity development necessary for the implementation of an EG approach. See Amita Sharma (2010).

3.1 ECONOMIC, SOCIAL AND REGIONAL BENEFITS OF AN EMPLOYMENT GUARANTEE APPROACH

Employment Guarantee (EG) programmes have multi-faceted economic, social and regional benefits (see Table 1). In general, an EG programme can contribute to picking up the shortfall in the case of cyclical and/or structural unemployment, creating a floor for wage levels, and maintaining wage and price stability. A second set of benefits relates to the potential of these programmes to act as ‘stabilisers’ for the local economy as well as for the broader macro-economy.
4 PUBLIC EMPLOYMENT GUARANTEES AND DEVELOPMENT POLICIES

Public works and employment programmes (PEPs) have typically been part of a menu of social assistance—typically short-term—programmes. Since PEPs in fact straddle social assistance, infrastructure/service provision and employment-related interventions, though, the connections among these need to be explored to identify how social and economic development policies can promote inclusive development.
4.1 COMPLEMENTARITIES BETWEEN PUBLIC SECTOR AND PRIVATE SECTOR DEVELOPMENT

There has been a tendency to mix ideology into discussions about the role of the private sector versus the role of the public sector in job creation. In fact, both have a role to play. Ideally, employment creation programming should explicitly seek to identify potential complementarities as well as the potential for PEPs to stimulate or ‘crowd in’ private sector investment. Furthermore, a PEP does not preclude, but rather complements, more traditional approaches to job creation, such as the promotion of economic growth, sectoral interventions, enterprise development, and a focus on inter-enterprise ties that offer the potential for rapid growth and the creation of decent work. A PEP may contribute to the identification of direct employment-intensive investment policies and/or the strengthening of services to and ties with more employment-intensive sectors. Other relevant actions and policies include: policies promoting investments in education, training, institutional and human capacities; physical infrastructure development so as to increase productivity and competitiveness; increasing the capacity of the private sector to contribute to job creation; implementing targeted active labour market policies and programmes; and ensuring improved governance of labour markets through improved participation of worker and employer representatives in the formulation of employment policy. Designed appropriately, an employment guarantee can contribute to the creation of assets and infrastructure that themselves help to increase the productivity and competitiveness of the private sector.

Both the private sector and society at large can benefit from the work experience gained as well as from the training (and/or educational support) received by beneficiaries of public employment programmes. Further, as indicated earlier, given the likely slow return to normality after the current crisis, a variety of measures may be in order to ‘crowd in’ private sector development through public investment. This can generate jobs and compensate for private sector deficits in job creation, particularly with regard to addressing structural unemployment and the pool of jobless individuals who are unlikely to be absorbed into the labour market even after the economy recovers.

4.2 EMPLOYMENT GUARANTEES, CASH TRANSFERS AND A SOCIAL PROTECTION FLOOR

Social protection is an ‘umbrella concept’ that describes various socio-economic policies and programmes ranging from formal social security and social insurance and rights at work to social assistance programmes and transfers focused on the vulnerable, the poor and the unorganised. (For differences in how social protection is viewed, see definitions in Annex 1).

Developing countries often have ‘dual systems’ of social protection with social assistance programmes encompassing a patchwork of targeted initiatives with varying degrees of coverage compared to the situation of formal sector workers. Although the need for a more holistic and coordinated approach to social protection for the poor is being recognized (particularly with regard to the adoption of a more dynamic approach to poverty reduction which incorporates an understanding of multi-dimensional ‘traps’, vulnerabilities and risks), there is a danger that the focus will be limited to targeted social assistance even though emerging evidence suggests that targeted social assistance is a complement to more universal programmes, not a substitute (UNRISD 2009).
That said, while the overall focus needs to be on moving toward more inclusive social protection systems, the objective of this discussion is to identify complementarities/trade-offs between different social assistance programmes themselves. Marcus (2007) and others point out that the role of social assistance typically involves three main functions: (i) to help protect basic levels of consumption among those in poverty or at danger of falling into poverty; (ii) to facilitate investment in human and other productive assets, which alone can provide escape from persistent and intergenerational poverty; and (iii) to strengthen the agency of those in poverty so that they can overcome their predicament.

Different regions have emphasised one or another function to a greater or lesser extent for historical and institutional reasons. See Kabeer and Cook (2009) for a global overview and for references to regional studies that were part of the research initiative. Barrientos et al. (2009) point out that, for income transfer programmes in middle-income countries in Latin America, the earliest referent is Uruguay’s Family Allowances Scheme (initiated in 1943) as well as non-contributory pension schemes in Costa Rica, Chile and Brazil and that, since the late-1990s and the 2000s, income transfers have increasingly become a means to tackle poverty and vulnerability. Particularly well known are the conditional cash transfers that combine a transfer for income/consumption support with incentives for long-term investment in human capital. It is argued that, in Africa, relief and humanitarian assistance in response to food insecurity, conflict and natural disasters have contributed to defining the model applied in many low-income countries. South and South-East Asia appear to exhibit great variation within countries and over time. In India and, to some extent, in Bangladesh, poverty reduction programmes have often focused on public works and school feeding/mid-day meal programmes, that is, they have focussed more on promotive than on protective types of social protection (Davies & McGregor, 2009).

Most programmes form part of a broader social policy umbrella. For example, with regard to CCT programmes that tend to place a greater emphasis on the consumption smoothing effects, beneficiaries are typically linked to a variety of ‘complementary’ programmes to promote ‘graduation’ and/or to foster empowerment. These complementary services range from literacy and social/psychosocial support to professional training and income-generation programmes. There may be reasons to be concerned about the efficacy of two of the most frequently mentioned channels for income generation: microfinance and training programmes. New studies have found that microcredit was not very effective in reducing poverty, even if it did allow some people to overcome the barriers posed by start-up costs. While systematic information on ‘uptake’ for complementary programmes is hard to get, Lindert et al. (2007) acknowledge that “all of these complementary services depend on a strong economy that produces jobs, demand, and income-generating opportunities. Simply improving the ‘employability’ or individual productivity of poor […] beneficiaries is not enough to ensure their sustainable graduation from poverty or the programme.” Depending upon the pattern of unemployment prevailing in the particular area, it may also be necessary to provide employment opportunities through directed job creation. Further, in many instances, some of the areas of services focused on by PEPs may also facilitate engagement in the programme itself, that is, services for children and the elderly may be critically important to single or working mothers who also benefit from child support grants or conditional cash transfers.

Although job creation and economic empowerment must complement cash transfers and CCTs, conditional transfers are sometimes viewed as an alternative to public employment programmes. The reason is that public employment programmes are often viewed solely in
terms of their cash transfer component. Further, where PEPs are not sufficiently effective, it might presumably be better simply to change the conditions for receipt (e.g., to enrol children in school, etc.). Yet these claims ignore the causes underlying many of the perceived shortcomings of PEPs and ways to address them. They also underestimate the non-monetary benefits of well-designed PEPs and the importance of complementary economic empowerment programmes for unconditional or conditional cash transfers.

More important, there are no reasons that cash transfers and EGPs should be mutually exclusive. The beneficiary profile of the programmes may also differ to some extent—not everyone can work. Further, individuals may be more or less able to work over the life cycle, and, where entitlements to work are defined on a household basis, some households may find it difficult to live on the contributions of working members alone. In the case of Ethiopia’s PSNP, for example, there may be households that have one or more able-bodied adults and qualify for public works, but that cannot provide enough work-days to earn the full family allocation because of a high ratio of non-working to working members. Also the situation for the household may change temporarily. In this instance, some programmes either explicitly classify households as labour-poor/scarce and entitle them to a cash transfer (e.g., Ethiopia’s PSNP) or, where such an option is not an integral part of the programme, beneficiaries may avail of programmes such as child support grants, disability grants or social pensions (e.g., South Africa). Further, conditional cash transfers promote a social investment in the next generation, while PEPs can help to transform the livelihood conditions of the current generation by facilitating both investment in skills and productive infrastructure.

As the programme approach adopted by Argentina shows, there are also potential dangers in adopting an ‘either/or’ approach, particularly when young urban women/mothers areas are concerned.

As Salazar-Xirinachs (2008) points out, labour market interventions that combine employment and social protection in poor countries are more effective and fiscally affordable than programmes that are perceived to be ‘pure’ social welfare programmes. The challenge consists in achieving a combination of social protection and employment that responds to the given character and extent of unemployment and conditions of poverty, yet also to the eventual needs of families throughout their life cycles. It will also need to build on existing institutional strengths and systems.

Here, the ILO- and WHO-led campaign for a ‘global social protection floor’ (SPF) may offer some guidance for identifying possibilities for synergies and integration. On the one hand, SPF activities seek to “work on means to ensure the availability of goods and services in the areas of health, water and sanitation and housing, education, food and related information etc. At the same time, the SPF activities will secure rights and transfers that guarantee effective access to these goods and services for all throughout the life cycle” (ILO and WHO, 2009). In this regard, the ILO and others see “income support combined with employment guarantees through public works programmes for the working-age poor who cannot earn sufficient income on the labour market” as being a part of the social transfer component of the social floor. Also see OECD Policy Guidance Note on Social Protection, 2009.

A focus on operational synergies and systems is also critical here because there are often separate information systems for different social programme components which do not ‘talk to each other’ and thus miss out on exploring complementarities and reducing overall costs of
programme delivery which can be leveraged through an integrated programme. In Ethiopia, for example, there are separate lists for public works and direct transfers, whereas, in South Africa, where the unemployed are recruited on a project basis and where social grants are managed by a different department, there is no central, provincial or other database for EPWP workers. Further, in many cases, entitlements to work are defined on the basis of households that do not fall into neat, black-and-white categories of those with and without labour. In the context of the PSNP, Sharp et al. (2006, pp. 46-47) propose an integrated list or single registry that also includes information on workers and dependents in the household size; this can help when assessing how much each (targeted) household could receive (according to need) and how much they could contribute to community development and public works (according to ability).

An analogous approach would combine support for households that encompasses child grants and conditional cash transfers (investment in children) and support for investments to transform current livelihoods through labour opportunities and entitlements.30

While it is important to explore the connections with other social protection and assistance programmes, it is also important not to view a PEP as if it were merely social protection and assistance. PEPs straddle both social protection and employment-related interventions.31 Even if a programme emerges from a ‘workfare’ context, its contribution cannot be reduced to its role as a supplement to income or consumption smoothing. There should be particular consideration of how such programmes can not only improve the terms under which beneficiaries enter the job market and become economically empowered, but also how labour markets can be made responsive to the poor.

4.3 EMPLOYMENT GUARANTEES AND ACTIVE LABOUR MARKET POLICIES

Particularly over the last two decades, a number of countries have implemented various active labour market policies (hereafter ALMP) to combat unemployment. These include job search assistance to increase matching efficiency; wage subsidies for the private or public sector to retain workers and increase the employment prospects of specific target groups; and investing in human capital through formal training programmes to develop skills and to increase productivity.32 While forward-looking, targeted training—particularly on-the-job training—helps workers to get access to jobs, to better position themselves to keep a job, or to adjust to changing job and industry requirements, a singular focus on training may fall short as a general approach to address the needs of the long-term unemployed when structural unemployment is high or labour demand is insufficient (Betcherman and Dar, 2004; Lindert et al., 2007). As Wray (2007) points out:

Hyman Minsky always argued that public policy that favours education and training over job creation puts ‘the cart before the horse’ and is unlikely to succeed. First, it lays the blame on the unemployed, which can be demoralizing and can validate public perceptions regarding undesirable characteristics supposedly endemic within the disadvantaged population. It tells the poor that they must change their characteristics—including their behaviour—before they deserve to work. However, those without jobs might not view such changes as desirable or even possible. Second, it can require a long time to see results; the ‘gestational’ period to produce a worker is at least 16 years for developing nations [...] Further, a dynamic economy is always leaving old skills behind and demanding new ones. At any point, there will be a permanent, sizeable, pool of those with inappropriate skills and education, even if many individuals are able to transition out of the pool in a timely fashion. Third, as mentioned, there is the danger that the
retrained will face a job shortage so that at best they simply displace previously employed workers who will join the ranks of the unemployed. [...] Jobs must be made available that can ‘take workers as they are’ regardless of their skills, education, or personal characteristics.33

By drawing in people who have often never been part of the workforce, well designed employment guarantee programmes can increase their ‘employability’ and/or facilitate their re-entry into the private sector, suggesting that, in many instances, the private sector prefers to hire people who already have work experience or are working rather than the long-term unemployed.

Such programmes appear to be particularly important for poor women, who also often form a significant share of the beneficiaries. Depending upon the country context, they may have never worked outside the home or may have found it difficult to do so because of care responsibilities that were not as easily managed in other work environments or because of a relative lack of experience. The significance attached to work is both social and practical; in the context of Argentina’s Plan Jefes y Jefas de Hogar Deocupados, many beneficiaries regarded the work made available through the employment programmes as ‘the’ way to contribute to society and community. Nevertheless, the ‘compensation activity’ to be done was particularly valued in two types of situations: 1) work in productive cooperative organizations and undertakings where not only the work itself was agreeable, but also where the experience could enable the women to do similar work later at private companies; and 2) job training courses where the focus was on the acquisition of new skills (Rodríguez Enríquez, 2007).

5 DESIGNING AND IMPLEMENTING AN EMPLOYMENT GUARANTEE PROGRAMME

The design of an EG programme typically involves trade-offs and compromises. The following sections attempt to give guidance and examples of the most common ones faced by policy makers. It is important not to lose sight of the nature of the unemployment and underemployment problem that the programme is trying to address,34 so that the inevitable compromises do not result in a programme unable to solve the very problem it was intended to address. These programmes are always designed in a political context and the one requirement is that the design be politically acceptable. The current economic crisis has opened the political space in many countries for EGP or EG-type programmes and a development perspective should also inform the design of the programmes.

5.1 NEW POLICY FRAMEWORK: FROM PUBLIC WORKS TO EMPLOYMENT GUARANTEE PROGRAMMES

With regard to designing public employment programmes, valuable experience and capacity can be drawn from different types of public works programmes, including labour-based infrastructure investment programmes. McCord (2008) presents the following typology: (i) PWPs offering a single short-term episode of employment (Type A); large-scale government employment programmes that may offer some form of employment guarantee (Type B); programmes promoting the labour intensification of government infrastructure spending (Type C); and programmes that enhance employability (Type D). The focus of this paper is
closest to types B and C in this typology, but particularly to B. Further, as indicated earlier, the focus is not really on PWs programmes per se, but on PEPs framed with regard to an understanding of nature of poverty and labour market dynamics in the developing countries concerned. The programmes would also allow for a mix of services, infrastructure programmes and different implementation mechanisms.

This change in focus involves making some conceptual and programming shifts: first, it should be clear that, in this paper, public employment programmes involve moving from supply-driven infrastructure investment programs, where the objective is to create new jobs by optimizing the employment impact of already allocated infrastructure investments, to a demand-driven approach, where the objective is to respond to unmet demand for employment opportunities. This implies a major evolution in approach, time-frame, and direction. Framing PEPs in the context of an EG allows for integrating planning and accountability mechanisms that are critical for success. The shift from a supply-driven to a demand-driven approach also allows further scaling up of employment-intensive infrastructure programmes to include new areas of intervention (such as expanding public and social services) and to extend these interventions, thereby providing a more comprehensive response to unemployment and working poverty.

In principle, the adoption of a full-fledged EG effectively guarantees a job to everyone, picking up all residual unemployment in the economy, i.e., those who are unable to find work within the private or public sectors (i.e., it hires from the bottom). However, this definition nevertheless raises a number of questions both of interpretation and of the degree to which certain features of an EG can be modified or adapted without undermining its benefits and efficacy. For example, to what extent can the principle of universal coverage be restricted to apply to only certain categories of the population (for example, only rural populations, or confined to a given region of a country)? How much work, and what quality of work, is to be provided, and for how long? And, of course, the whole prospect of providing a job to everyone willing and able to work raises in the minds of most the question of affordability.

While there are few full-fledged employment guarantees in place, some forward-looking and/or innovative approaches offer lessons. India has a 100-day guarantee, with strong accountability mechanisms, for rural families. Argentina’s Jefes y Jefas was launched during a crisis and was central in mitigating impact and contributing to recovery. It was initially formulated as a ‘universal’ programme (Galasso & Ravallion 2003) and, as Tabbush (2008) points out, it associated social policy with a rights-based rationale—a right to social inclusion—as expressed in the slogan ‘no Argentine family without income.’ Ethiopia’s Productive Safety Net Programme, while not an EG, demonstrates the greater effects on development from a new design promoting ‘a gradual shift away from a system dominated by emergency humanitarian aid to productive safety net system resources via multi-year framework.’ South Africa’s EPWP has the potential to be framed as an EG. It also highlights the potential to go beyond traditional areas of focus for public works to address, for example, social services and the environment. See Tables 2 and 3 for a snapshot of some of the programmes.
## TABLE 2
### Summary of Key Public Employment Programmes

<table>
<thead>
<tr>
<th>Country</th>
<th>Context &amp; Origins</th>
<th>Focus and Scope</th>
<th>Activities</th>
<th>Institutional Design</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>India (NREGA)</td>
<td>Widespread rural poverty with inadequate livelihoods opportunities</td>
<td>All rural HHs who volunteer to do unskilled manual work for statutory minimum wage are entitled to 100 days of work/financial year; this can be divided among adult HH members. In FY 08-09, 45 million households benefited; 2.163 billion person days of work were created in 615 districts. A 60-40 wage and material ratio has to be maintained. No contractors or use of machinery is allowed.</td>
<td><strong>Objective:</strong> to create durable assets and strengthen the livelihood resource base of the rural poor through works that address causes of chronic poverty like drought, deforestation, and soil erosion. <strong>Focus:</strong> Nine areas, including water conservation, natural resource management, and rural infrastructure.</td>
<td>Nodal ministry: Ministry of Rural Development; advisory role for Employment Guarantee Councils at the central and the state levels; village Gram Panchayats responsible for the selection, planning and execution of works and registering and working with applicants. The DPC at the district level and PO at the block level responsible for planning works to match the demand; NREG Act provides for an institutional framework for social audits for transparency/accountability.</td>
<td>The central government covers wage costs, 3/4 of material and a % of administration costs. The state government covers 1/4 of material costs, the administration costs of state council and the costs of paying an unemployment allowance if work is not provided within 15 days of being requested.</td>
</tr>
<tr>
<td>South Africa (EPWP 2)</td>
<td>Extremely high rates of structural unemployment, legacy of poorly skilled workforce, high youth unemployment Phase I of EPWP was launched in 2004 and Phase 2 in April 2009.</td>
<td>All unemployed willing to work at wage rate offered. No person may be employed for more than 24 months within a 5-year cycle (some exceptions). People selected to work on projects; no centralised registry; duration of employment varies by project/sector but, on average, assumed to be 100 days. EPWP II provides new targets to lengthen the duration of jobs created. Target: 2 million FTE jobs by 2014 (4.5 million people).</td>
<td>Infrastructure for basic services and social services (child care and home- and community-based care, environmental rehabilitation, conservation and management). For new approach in the context of EPWP II, see Government of South Africa (2008).</td>
<td>All government departments, municipalities and parastatals are required to take steps to increase employment creation in their infrastructure programmes, where technically and economically feasible. Dedicated centralized structures at the national level, integrated with technical line ministries or local governments; EPWP II also allows for the non-state sector to implement (i) area-based and (ii) institutional programmes.</td>
<td>Conditional grants to provinces and municipalities for infrastructure or services to be provided. Wage incentive to complement grants and encourage use of local government’s own funds.</td>
</tr>
<tr>
<td>Argentina (Jefes y Jefas de Hogar)</td>
<td>Launched in April 2002 to mitigate the unemployment impacts of the economic crisis; Scaled down after 2003, as workers moved to other jobs, lost eligibility or were shifted to other programmes.</td>
<td><strong>Eligibility:</strong> heads of households that contain children under the age of 18, persons with disabilities, or a pregnant woman. Work is provided for a maximum of 20 hrs./week at a monthly wage of 150 pesos (about ½ of the mean HH income/ capita/month in 2002). At its peak, employment for 2.2 million people (22% of the economically active population)</td>
<td>Community services (child care, community kitchens, health projects) and projects (public building maintenance, housing construction and repair, small productive projects); formal schooling; training programmes; administrative work.</td>
<td>The federal government is responsible for funding, general guidelines for project execution, and management support (through Ministry of Labour and through GECAI, e.g., national registry of beneficiaries, project databases). Municipalities responsible for assessment of needs and community resources and projects proposed and outreach to beneficiaries</td>
<td>Dedicated funds including through a shift from other safety nets that were eliminated or reduced. Federal government funds a maximum of 80% of project costs; additional non-wage costs to be covered by local governments, NGOs or communities.</td>
</tr>
<tr>
<td>Ethiopia (PSNP)</td>
<td>Food shortages for large parts of the rural population; PSNP launched in 2005 initially as a 5-year programme to target previous recipients of food aid and newly vulnerable HHs.</td>
<td>Target: 7-8 million rural Ethiopians either through PWs (80-90%) for 6 months/year or Direct Support (10-20%) to HHs with no labour. <strong>Eligibility:</strong> HHs facing more than 3 months a year of food insecurity year after year. HHs entitled to a minimum of 5 days/person in the HH.</td>
<td><strong>Address underlying causes of food insecurity</strong> Focus on developing sustainable community assets and improving natural resource base and social infrastructure and watersheds.</td>
<td>Funding and oversight centralised through Ministry of Rural Development. Strong community participation in identifying activities and assets required; implementation through local districts. Community committees propose which households are to participate in public works vs. which receive direct transfers.</td>
<td>Supported by a consortium of donors: Government of Ethiopia provides in-kind support: project management staff, office space, etc.</td>
</tr>
</tbody>
</table>
5.2 FEASIBILITY, AFFORDABILITY AND FINANCING OF AN EMPLOYMENT GUARANTEE

Once there is agreement about the desirability of providing an employment guarantee, the next question that confronts policy makers is whether it is feasible in the context of the country’s macro-economy and whether such an ambitious objective can be affordable.

Wray (2007) and a number of economists who have studied and advocated ELR policies argue that, in principle, ‘Sovereign governments can always financially afford to provide jobs to unemployed workers.’ The argument in favour of affordability of ELR for ‘sovereign’ nations is based on monetary theory known as ‘functional finance’. i.e., simply put, there is no *a priori* constraint for a sovereign government to use deficit spending to fund an employment guarantee programme. i.e., government spending in sovereign currency systems is not limited by the ability of the state to ‘raise’ revenue.

Others also point to the experiences of countries that, without any talk of financial constraints, bailed out their financial sectors during the recent financial crises. However, even proponents of this view admit that there need to be financing modalities for those developing countries that have neither sovereign nor floating currencies. Papadimitriou (2008) points out that, for economies lacking monetary sovereignty and with fixed exchange rates, other financing modalities can be used: “‘Functional finance’ can be replaced with ‘sound finance’ for non-sovereign currency countries with floating exchange rates. A combined modality of sound finance, together with international assistance—such as ODA for low-income and post-conflict countries—can be an appropriate financing mechanism.” Some countries, such as Trinidad and Tobago, have used windfall profits and revenues from oil or other natural resources to create special funds for such programmes, although a common danger has been using the jobs provided for political patronage.

This paper holds that a public finance approach needs to identify fiscal space in each case and to consider the macroeconomic and developmental benefits of such programmes in order to explore the longer-term sustainability of those programmes. A case must consider that decision makers’ choices always concern competing uses of public funds. As Tcherneva (2004) points out, “While governments are not operationally constrained, it is still important which programmes they choose to finance. Furthermore, as sole suppliers of the currency, they also have the responsibility for maintaining its value.”

Further, it is important for poor countries to reflect EG priorities in national planning frameworks. The fact that employment and decent work are now an integral part of the MDGs provides a new opportunity to do this. Ample evidence demonstrates that job creation and decent work provide the one best way to reduce poverty. The EG, while not a magic bullet, is a key complement to other routes to poverty reduction and employment creation. As a tool for this allocation process, it would be useful to have a clear picture of how national budgets and public investment plans are currently broken down according to government department and sector of economic activity; this would facilitate a clear national debate about the relative priority of employment among current areas of budgetary allocations.

Research based on projections and data drawn from actual employment guarantee programmes or other direct, more limited job creation programmes (see Table 3) show that their costs range from less than 1 to 3 per cent of GDP, suggesting that the programmes have indeed been affordable.
Further, in order to inform public debate, it is important to have an accurate view of programme costs, cost savings and benefits in order to better prioritize within the overall budgetary process. This includes factoring in costs of addressing existing unemployment—e.g., unemployment insurance and/or other social transfers as well as costs associated with poor health, greater time and other pressures on women, crime, etc.—that an EG would be expected to reduce or eliminate (Wray, 2007).

**TABLE 3**

**Indicative Financing Estimates and Impacts**

<table>
<thead>
<tr>
<th>South Africa: EPWP I (2006/7)</th>
<th>200,000</th>
<th>70,000</th>
<th>16,000,000</th>
<th>1.3%</th>
<th>0.44%</th>
<th>0.20*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia: PK (1998/99)</td>
<td>1,481,481</td>
<td>181,818</td>
<td>92,000,000</td>
<td>1.6%</td>
<td>0.20%</td>
<td>0.20</td>
</tr>
<tr>
<td>India: NREGA** (2006/7)</td>
<td>21,200,000</td>
<td>4,109,091</td>
<td>427,000,000</td>
<td>5.0%</td>
<td>0.96%</td>
<td>0.30</td>
</tr>
<tr>
<td>India: NREGA*** (2008/9 estimate)</td>
<td>15%</td>
<td>3</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ireland: CEP (1990s)</td>
<td>41,000</td>
<td>n/a</td>
<td>1,400,000</td>
<td>2.9%</td>
<td>n/a</td>
<td>0.18</td>
</tr>
<tr>
<td>Ethiopia: PSNP (2006/7)</td>
<td>1,500,000</td>
<td>n/a</td>
<td>31,000,000</td>
<td>4.8%</td>
<td>n/a</td>
<td>2.00</td>
</tr>
<tr>
<td>Senegal: AGETIP (2004)</td>
<td>21,000</td>
<td>n/a</td>
<td>4,500,000</td>
<td>0.5%</td>
<td>n/a</td>
<td>0.80</td>
</tr>
<tr>
<td>Usa: new deal programmes (1933-1940 average)</td>
<td>n/a</td>
<td>n/a</td>
<td>53,000,000</td>
<td>3.4-8.9%</td>
<td>n/a</td>
<td>3.9</td>
</tr>
<tr>
<td>Jefes: Argentina**** (2003)</td>
<td>2,210,000</td>
<td>n/a</td>
<td>17,000,000</td>
<td>13.0%</td>
<td>n/a</td>
<td>0.90</td>
</tr>
</tbody>
</table>

* Source: McCord 2007 (notes on estimates also from original source).

# The total number of jobs created, i.e., the number of workers participating in the programme, assuming that each worker has access to one job. Note that this figure gives no indication of duration of employment. The total number of person years of work created assumes 220 workdays per annum.

* This figure rises to 0.47% if the funding allocation for infrastructure is included, however, since this is not additional funding, but existing funds that are to be used more labour-intensively, this figure has not been used in the table, and the 0.20 per cent represents only social and environmental allocations for direct government employment activity.

** NREGA 2006/7 only operational in 200 out of 600 districts.

*** Indicative figures only based on assumption that programme is taken to scale as anticipated, i.e., programme is extended to all 600 districts by 2009, total cost anticipated to be approximately 1 per cent of GDP, and approximately 15 per cent of the total labour force is likely to be employed.

**** The Jefes programme has a small companion programme, the Programmea de Emergencie Laboral (PEL), which is similar in terms of benefits but has slightly differing eligibility criteria, and so the data here is not representative of total PWP expenditure or performance in Argentina.

An assessment of multiplier effects is also important, since they will reduce the actual funding required over the lifetime of the programme. In order to ensure political acceptance of the EG approach, it must be presently precisely as what its title says it is: a measure of last resort. This means that there should simultaneously be other, complementary avenues of job creation. As part of this process, it is important to analyse the effect of the government’s existing public investment programme on employment (i.e., the number of jobs created) and to use more labour-intensive methods to amplify this effect wherever these methods are technically feasible and cost-effective. This would leave an EG with a commensurately smaller employment shortfall to pick up.
Programmes implemented amid extreme poverty and underemployment may well become ‘employers of choice’ because they offer better wages and working conditions than alternatives in the informal economy. While this may be desirable in some contexts, this effect should be carefully planned.

5.3 TARGETED OR UNIVERSAL?

An EG, in theory, provides universal coverage and is self-targeting. It should provide coverage to every adult willing and able to work at a determined wage rate. As indicated earlier, though, an EG will still compete with other government priorities for available resources even if it is affordable. This is probably one of the main reasons that all countries have applied some kind of targeting and rationing of employment opportunities. In India, for example, the National Rural Employment Guarantee Act (NREGA) covers only the rural population and a family can receive a maximum of 100 workdays in employment opportunities annually. Under Argentina’s Plan Jefes y Jefas de Hogar, which provided only part-time (fifty per cent) work, benefits were restricted to heads of households with children under 18 years of age, a person with a handicap, or a pregnant woman.

Although universal nationwide coverage may not be a financial constraint per se, there seem to be two main reasons why EG programmes are rarely launched nationwide. Although economists who advocate for an EG may demonstrate that universal coverage is affordable, politicians, policy makers and the public at large will often oppose such initiatives, except in periods of extreme crisis, because they believe, regardless of justification, that an EG is beyond their country’s means. This political economic reality implies that it is wise to roll out a programme in graduated phases to ensure accountability and effective implementation. At the same time, it is important to try to sway public opinion and national and international policies in favour of public job creation as a last resort.

There are also differing views on whether to restrict a public employment programme to rural or to urban areas. Programmes such as Argentina’s Plan Jefes de Hogar or South Africa’s Expanded Public Works Programme (which is not really an employment guarantee) do not restrict participants as a result of rural or urban location. India’s National Rural Employment Guarantee is exclusively rural. Some argue that focusing an ELR exclusively on urban or major metropolitan regions could lead to increased rural-to-urban migration in many instances if there is not a corresponding focus on creating jobs in rural areas (unless, of course, unemployment is largely in urban areas). In the current economic crisis, there have been some calls in India, with its many workers laid off in urban areas, to implement an urban employment guarantee scheme to complement the NREGA, since the rural sector has been absorbing the shock of urban distress, which has only compounded the employment crisis already prevalent in rural areas.

5.4 PROGRAMME MANAGEMENT AND INSTITUTIONAL ARRANGEMENTS

The question of institutional arrangements is important when deciding on allocation of investment and regular budget resources for a PEP. Typically, one might expect that resources for job creation should be allocated to the budget of the ministry of labour or employment. While this ministry or governmental department likely plays a key role in employment, public employment programmes will also be developed by other governmental departments such as those of public works, rural or urban development, forestry, water resources, environmental protection, education, health and social services, to name a few. Also, local and regional
governments will have a key role to play in identifying priorities and implementing and/or coordinating the employment programmes of other actors.\textsuperscript{46} Therefore, funding for an EG should include regular and investment resources allocated to those departments and levels of governments which have the capacity for initiating job creation, and they should receive incentives to do this. Furthermore, the ministry of finance or planning usually plays a key role in the allocation and monitoring of the public investment budget. A well-designed budget with built-in incentives for job creation will help ensure that the EGPs provide useful, good infrastructure and human capital development. These assets will, in turn, help ensure that the ELR approach enjoys public favour and is sustainable.

Whereas there is a body of literature\textsuperscript{47} demonstrating the economic and social benefits, viability and affordability of EG programmes, most case studies refer to middle-income and industrialized economies (Argentina, India, Indonesia, South Africa, the United States, etc.), and there are few examples of a true employment guarantee in the LDCs. Although developing countries may have weak administrative capacities, especially at the local level, this need not be an insurmountable obstacle, particularly in light of their often extensive experience with public works and employment programmes. This experience with PWPs can be a stepping-stone for establishing a more broadly-based employment guarantee. Some of the guiding principles and recommendations to help developing countries better capitalize on past experience with public works programs and strengthen their capacities for implementing an employment guarantee include:

- Ensure that robust political support for the programme is sustained.
- Ensure that all participating technical departments have strong ownership of and incentives for supporting and implementing the programme within clearly defined mandates and responsibilities.\textsuperscript{48} If this is done, the EG administration will not become a separate parallel mechanism for building and maintaining infrastructure and basic services, including social services.
- Prevent the programmes from being viewed as ‘make work’, endemically corrupt or of poor quality.
- Design and build into the programme ongoing training and capacity building for government implementing departments and allow for the contracting of non-governmental and civil society groups as service providers.\textsuperscript{49}
- Be sensitive to the possibility of gender-differentiated, class and/or social group priorities for programmes and ensure participation and inclusive decision making; involve social partners (representatives of trade unions and employers’ associations) as well as relevant NGOs, community-based organisations and informal economy organisations in programme design and oversight (Shah, 2008).
- Ensure that the design of public employment programmes is sensitive to and takes into account the existing livelihood strategies for the poor.\textsuperscript{50}
- Establish national, regional and global exchanges and peer review mechanisms to help developing countries share and learn from their mutual experience in order to make the PWP-EG transition.
Developing countries wishing to establish an EG programme could also benefit from the experience of their peers who have received ILO technical cooperation to implement Employment-Intensive Investment Programmes (EIIPs).\textsuperscript{51} These programmes, building on a generation of Special Public Works Programmes and implemented in many countries throughout the world, involved a wide variety of infrastructural improvements in different technical sectors. These were initially rural projects such as water supply, reforestation, erosion control, small dam construction, irrigation, watershed management, feeder road construction and improvement, construction of buildings such as schools, health centres, and cereal banks; later, the programmes branched out to involve urban works such as slum upgrading, street paving, sanitation and drainage. If the programmes involved different technical sectors, they were typically the responsibility of a central government department or ministry (for example, ministry of labour or social development, or even a unit attached to the president’s office). To ensure high technical standards and reliable maintenance arrangements, the responsible technical department not only had to be involved, but also had to take responsibility for project selection (in coordination with beneficiaries), design, implementation (either through direct hire—or force account—labour or through community contracting arrangements), and maintenance.

Since most infrastructure projects carried out under an EGP will involve relatively labour-intensive methods and local labour, strong mechanisms for community involvement are necessary. Community contracting is one means of easing the labour management burdens on government departments and ensuring that rights and obligations between beneficiaries and the government implementing agency are clearly defined.\textsuperscript{52} However, any contracting mechanisms, be they directly with the beneficiary community or through small-scale, labour-based enterprises, will likely require intensive on-the-job training. This is reason for making an EG a permanent feature of a government’s employment policy rather than a temporary job creation programme created in response to a crisis. Here, training and capacity building would become an ongoing feature of the programme rather than a rushed and often ineffective effort to respond to ephemeral political demands.\textsuperscript{54}

There should also be institutional arrangements to create incentives for government technical departments to buy into the EG, rather than allowing the central management unit to sidestep the mandate and authority of such departments.\textsuperscript{54} In order to safeguard such ownership and create incentives, South Africa’s EPWP is implementing a wage incentive within government that will provide a fiscal incentive for all government departments, as well as provincial and local governments, to maximise employment creation for the poor as part of their mandate (see Box 1).

The incentive would essentially cover the wage costs, at a fixed minimum daily wage, of employment created for the poor. This should in no way be confused with wage or employment subsidies given to the private sector with the intention of promoting job creation. This EPWP wage incentive, however, is only one of various available financing mechanisms, and the availability of other budgets will be a factor in containing costs and assisting the EG Programme. Other programmes are also designed to have a combination of budgets fund the full costs of the programme. The main advantage of this approach is that it improves accountability, as the party that funds the non-wage costs (usually a local body with better project oversight) has a strong interest in ensuring that the intended asset or services is
really provided. Typically, the co-funding party has a specific mandate beyond employment creation and will pursue this mandate in order to ensure quality of work, timely completion, etc. If the programme is to be funded from a combination of budgets, there should be provisions for the required coordination to ensure that programmes are not delayed due to poor coordination or disputes between the different funding bodies.

BOX 1

**Inter-governmental Wage Incentive (South Africa)**

In the first phase of the EPWP, funding was limited and provinces and municipalities were required to use their existing infrastructure grants to implement projects more labour-intensively and create additional employment in the process. Many provinces and municipalities disliked this approach, which was seen as central government interference in the management of local government’s resources. Since they had little financial incentive in the form of additional resources for them to create employment, their participation in the programme was limited in some cases.

To address this, the second phase of the EPWP will have a wage incentive for other government bodies to encourage more job creation. The EPWP wage incentive will be structured as an intergovernmental fiscal incentive that will allow all provinces and municipalities to reclaim a portion of the wage cost of employment created for the EPWP target group. The national government will provide R50 (US$5.00) for every person-day of work created by the responsible technical or local implementing agencies or government units, provided that proof is provided that workers were employed and that the actual wage paid was between R50 and R100 per day. Provinces and municipalities will need to meet minimum eligibility requirements, which are based on minimum levels of employment creation based on existing conditional grants (see above). All eligible public bodies will receive an indicative allocation based on their past performance, but there will be no ceiling and those that exceed their targets will be able to claim above their existing allocations.

In the first year, the incentive will be restricted to infrastructure-related activities, but it is the intention that it be made available to all government activities, implemented by all spheres of government in the second year. NGOs, CBOs and other non-profit organizations will be able to access the incentive in future years. Projected estimates of the incentive to be paid are R465 million ($58 million) in the first year, increasing to R1.3 billion in the second and R2.3 billion in the third. It is expected to reach R5 billion per annum by the fifth year, which would result in 100 million person-days of employment created in that year.

EGPs may always carry a certain institutional ambiguity and create institutional tension; this is linked to the multiple objectives that such programmes have, such as the creation of jobs and assets and the provision of social protection and social services. But, as mentioned above, this tension can be positive in that it may assist in balancing the multiple objectives. Institutional arrangements should simultaneously promote these multiple objectives. Many suitable projects typically fall within the mandates of local governments and this also needs to be considered in the design of institutional arrangements. As also indicated earlier, ministries of labour or employment should play a key role, but not necessarily in the direct implementation of EG projects outside their fields of technical expertise or competence. Rather, these ministries should be encouraged to assist technical line ministries or departments in monitoring employment impacts, in coordinating consultation with employers’ and workers’ organisations, in ensuring oversight and transparency (e.g., through national employment commissions), and in overseeing adherence to applicable labour standards.
5.5 STRENGTHENING TRANSPARENCY AND ENSURING ACCOUNTABILITY

Strong beneficiary participation, community oversight and involvement of social partners have long been emphasized as a means of ensuring transparency and support to improved management by public authorities. Recent studies on the India’s NREGA point to the role that the Right to Information, institutionalised and external social audits, awareness raising and social mobilisation have been playing in calling attention to critical issues and grievances. In fact, the Right to Information Act (2005) had its roots in a social mobilization to make public the muster rolls of the public works programmes being implemented so as to be able to identify inclusion of fake beneficiaries and to address the denial of benefits to those who had actually worked (see MKSS, 2006, Jenkins and Goetz, 1999 and Menon, 2008). Further, given the rights-based framework underlying NREGA, the accountability dimensions have been further strengthened—e.g. pro-active disclosure of key NREGA-related documents and mandatory social audits as well as redressal mechanisms are key features of NREGA’s commitment to transparency and accountability (See GoI, MORD’s DRAFT NREGA: Transparency and Public Accountability Rules).

Efforts to strengthen capacity and to mobilise populations in order to ensure accountability and delivery would well serve efforts to roll out a universal programme in countries or localities with limited capacities. Another mechanism for ensuring transparency and accountability is community contracting, which, for example, UN-Habitat has supported by in Sri Lanka and the ILO has supported in slum-upgrading programmes in Uganda and Tanzania. Although there are many facets of community contracting, the mechanism involves negotiations between the beneficiary community, represented by a democratically-elected community development committee, and the public authorities, leading to agreement on the nature of the infrastructure to be provided, the levels and modalities of remuneration, and the respective contributions of the community and the public authorities to implementation, operation and maintenance.  

5.6 INFORMATION TECHNOLOGY FOR PROGRAMME MANAGEMENT, FINANCIAL INCLUSION AND ACCOUNTABILITY

Delivery mechanisms and instruments will likely vary by country and local context, depending on whether there is adequate technology and financial service infrastructure along with legislation permitting different payment methods (such as smart and debit cards). India’s experience points to how the delivery of a major employment guarantee programme can help to ‘crowd-in’ or stimulate the development of IT infrastructure and a platform to deliver banking and other services to the area even as its primary aim is to make the programme delivery itself more effective. Right from the beginning, NREGA implementation focused on the development of an information technology platform to ensure that information is provided, that programme management can be effectively monitored, and that timeliness can be ensured and corruption reduced in the payment cycle. In the state of Andhra Pradesh, for example, all stages of NREGA work—the registration of workers, the issuance of job cards, preparation of work estimates, muster rolls and payments to workers—have been computerised. As a result, labour payments are made within a week of completion of the previous week’s work, a situation that contrasts sharply with that in other states and often in other countries as well.
Payments for NREGA workers are made through savings accounts in banks and post offices in an effort to cut out middlemen and reduce corruption.\textsuperscript{60} For inaccessible and underserved areas, the use of mobile telephony and bank correspondents are being explored for delivery of banking services.\textsuperscript{61} At the inception of the \textit{Jefes y Jefas} programme in Argentina, the government issued personalized checks to pay workers, but this opened the door for several types of corruption. It then shifted to the use of a debit card that provided more transparency, with an individual bank account opened for each beneficiary. The information from the bank account also made it easier to analyse how funds were spent and facilitated benefits such as the reimbursement of VAT on the purchase of food or transportation.\textsuperscript{62}

The potential of major public works programmes and social protection programmes to crowd-in the provision of other social protection measures, microcredit, insurance and business services in poor underserved areas is also attracting attention.\textsuperscript{63}

### 5.7 QUALITY OF ASSETS AND SERVICES

The question of assets produced by an employment guarantee is a key determinant of the guarantee’s impact, political acceptance and sustainability. The political reality is that the concept of providing an employment guarantee to everyone willing and able to work contradicts the conventional wisdom of development policy over the last thirty years. Therefore, policy makers and practitioners embarking on an EG programme should be well-armed to face up to the strong political opposition that will inevitably arise. Ensuring that the infrastructure, assets, training and/or services produced under the programme are of good quality removes one potential criticism that would ineluctably lead to a weakening of the programme. If there is a coordinated framework for planning, accountability and participatory decision making for the projects that the EGS will support, then it will be easier to identify and address any problems involving deficient quality.\textsuperscript{64} In addition, the design of the programme will in some instances also influence the longevity of the assets concerned. These issues are discussed in more detail in the following sections.

#### 5.7.1 Results Orientation to Meet Dual Objectives

Experience has shown that many public employment programmes often find it difficult to balance maximising the creation of employment and the provision of assets or services. Lieuw-Kie-Song and Miller (2010, forthcoming) suggest that the reason for this is partially that the balance is tipped one way or the other, depending on the context in which the programme was designed and established. In other words, a singular focus on achieving objectives through the creation of employment or on viewing work only as conditionality might result in poorly constructed assets and/or poor services (i.e., so-called ‘make-work’ programmes); similarly, a focus on assets and services is likely to result in the creation of less-than-optimal direct employment and to fail to reduce poverty as much as desired.

This tension is also inevitable when programs are designed as a quick response to crisis. In cases where a PEP is designed as a crisis response or a counter-cyclical intervention with workers who are dropping in and out of the workforce, types of work should be chosen that do not require a permanent workforce. On the other hand, if there is an understanding that the programme will continue, works can consider synergies and foster ‘convergence’ with other programmes throughout an extended period.\textsuperscript{65}
Separately, where payments are made on the basis of the amount of work done, perverse incentive structures need to be avoided, completion and maintenance of works need to be mandatory, and impact-monitoring needs to heed the difference made to livelihoods and development rather than simply the number of jobs created.  

5.7.2 Ensuring Productivity with Labour Intensity

If an EG aims to create employment, then labour-intensive technologies and approaches should be used whenever possible. However, ‘whenever possible’ should mean ‘whenever they are technologically feasible, technically sound and cost-effective in terms of either straight financial or socio-economic costing’. Many types of infrastructure are not amenable to labour-intensive technologies and therefore should be avoided: their inclusion in an EG or efforts to modify their employment content would result in poor quality assets and eventually lead to a backlash.

An EGP should include small-scale types of infrastructure that have a high labour content. Almost invariably, these are also the kinds of infrastructure that are of most benefit to the poor. This infrastructure can be categorized as infrastructure involving either technological options (i.e., labour-based, equipment-based or mixed) or, in some cases, solely labour-based technologies. Infrastructure of the first variety involves low-traffic feeder roads, water supply schemes, small earth dams, forestry activities, erosion control works, irrigation, and the like. Here it is possible to break down the various tasks involved and develop alternatives that involve different respective contributions of labour and equipment. An example of the second variety can be taken from ILO-supported hill irrigation schemes in Nepal, where irrigation canals have to be built in steep and environmentally fragile terrain. Here the use of heavy equipment is not permissible, since it would cause landslides and create unwanted roads to use the equipment. Similarly, in slum upgrading schemes, narrow and winding streets and pathways are inaccessible to heavy equipment unless dwellings are destroyed. In the case of NREGA, which focuses on maximising labour intensity (ratio of labour to materials is to be 60:40), there are likely to be trade-offs in the quality and longevity of the resultant assets. However, a ‘convergence’ policy initiative (Government of India, Ministry of Rural Development, 2008) is seeking to extend the longevity of assets by bringing in technical and material resources from complementary sector programmes. Further, there needs to be a clear focus on ensuring financing and responsibility for the maintenance of assets. These are seldom built into the programme so as to have predictable results for the quality of the assets.

At the same time, a focus on quality of assets and productivity should not exclude embracing new and innovative approaches. In many cases, work that is organised and managed in somewhat unconventional ways (such as through community fora or cooperatives) may be immediately dismissed as being ‘unproductive’, especially if is also involves activities that are socially useful but not ‘mainstream’, such as providing care to the vulnerable or patrolling dangerous areas in communities. Typically, extra efforts will be required to demonstrate that these somewhat unconventional approaches can work and are worth supporting in the long term. Related to this, the programmes will often be focused on producing goods and services that respond to the needs of the poor, including the direct beneficiaries themselves. Some of the services will not have a market price because they are traditionally not produced for sale, but involve exchange of services within
(often overburdened) social networks. They will need to be accounted in a different way than the use of traditional cost-benefit analysis. Including such social assets and services within an EG programme can extend the boundaries of public goods and services delivered through paid employment.

### 5.7.3 Ensuring Adequate Technical Capacity and Training

The choice of labour-based approaches based on careful study of the technological options is only the first step in ensuring high-quality assets. It is also essential to have specific training for workers, worksite supervisory personnel, private sector contractors and those responsible for controlling quality, verifying compliance with specifications, and making payments. Furthermore, where work is not done through force-account operations, procurement systems involving the whole gamut of actors, running from international development agencies to local government entities, must be adapted to the use of small-scale, labour-based contractors. There also needs to be an emphasis on accepted technical norms and standards for the asset or service, all backed up by easy-to-understand work manuals and capacity development, as well as an identification of options to organise work in order to increase the effective labour intensity without compromising productivity. This is particularly important in countries where local government has weak capacity, but important responsibilities for implementation. Perhaps in the desire to maximise employment—and under political pressure to do so—these programmes do not always budget sufficiently for the technical expertise needed at the field level. An additional challenge consists in ensuring that the standards and level of infrastructure development and service provision are not undercut when work is performed in EG rather than under the auspices of the regular public sector—a danger that exists if there is an attempt to shift the latter types of activities onto public employment projects in times when funding is strained.

### 5.7.4 Local Ownership, Monitoring and Accountability

In general, assets from employment programmes are better implemented and maintained when local communities select the projects themselves in a participatory manner and when these projects lead to real economic returns for these communities and project workers. Planning, the raising of awareness, and monitoring procedures should consider the dual objectives of the programme and ensure adequate on-the-ground feedback about the quality and usefulness of the assets and services. The use of information technologies and social audits can complement formal assessments, as in the case of NREGA in India.

### 5.8 WAGE-SETTING

Setting wages and benefits for an EGP is a complex task. On the one hand, it is argued that the wage should be set low enough to be ‘self-targeting’ to the intended beneficiaries, i.e., attract low-income populations who are not able to find alternative employment in the formal economy. Care typically needs to be taken not to attract draw people out from alternative private or public sector employment opportunities. Nevertheless, the beneficiaries could prefer such jobs to some types of existing work; this would be the case, for example, if such jobs reduced the need for ‘distress migration’ (although this might affect labour availability in the place of destination). By providing work opportunities that are physically closer to home,
the programme also potentially allows men and women to achieve a better work-life balance.\textsuperscript{75} There are also some trade-offs to consider (such as maximising the number of workers who can be employed versus significantly decreasing poverty, as well as complementarities (for example, the wage should be viewed as one component of total benefits and training basket). See Box 2 for a discussion of selected country experiences in setting wages.

In countries where only a small portion of the economically active population works in the formal economy, it may be unrealistic immediately to enforce the minimum wage prevailing in the formal sector. At the same time, huge wage discrepancies between the planned EG wage and those prevalent in the same regions in smallholder agriculture or in the informal economy should be avoided in order to limit massive in-migration to programme areas and inflation. It could be argued that, as a benchmark, the EG wage could initially be slightly higher than that applied in rural agriculture or in the informal economy.\textsuperscript{76}

However, a judicious setting of an EG wage and benefit package can be an important policy instrument for extending the effective application of a minimum wage throughout the entire economy or in a targeted local area, and for gradually eliminating or formalising the informal economy.\textsuperscript{77} In India, NREGA implementation appears to have provided such a floor in many regions.

Discussion is ongoing as to whether to have a uniform minimum wage for EG implementation. A universal application of some sort of minimum wage is a realistic goal in cases where the gap between the customary wage in rural agriculture and in the informal economy, on the one hand, and in the formal sector in similar occupations, on the other hand, is not large. As indicated earlier, in the context of a full-fledged ELR framework, the government would agree to buy all excess labour at a given ELR wage. During periods of economic growth, the private sector will buy labour from this pool at a higher wage. However, in periods of downturn, the government will enforce the minimum wage through maintaining the buffer stock and therefore raising the wages currently earned by the working poor in the informal economy. Ideally, the EG is expected to allow for full-time work (and part-time work, if desired), impose no time limits, and pay a uniform wage to all EGP workers (Wray, 2007, citing Minsky). If the wage paid in the EG programme became the effective minimum wage, all other employers would have to match it (with some exceptional cases in which workers would voluntarily accept a lower wage—perhaps in the arts). Similarly, the package of benefits offered would set a standard that other employers would normally match.\textsuperscript{78}

Finally, other and different modalities of redistributing income within the context of an EG can be considered. For example, as has been done in the context of labour-intensive infrastructure development projects, introducing remuneration systems based on tasks or piece-work can motivate workers, increase productivity, and reduce the need for worker supervision. Workers who complete a designated task will receive the equivalent of a daily wage, but be able to go home and undertake other activities, for example, agricultural or domestic work. Piece-work is also a way for some workers to increase their income through several daily tasks. However, if the objective is to distribute a certain number of employment opportunities widely, then it is best not to allow workers to cumulate several daily tasks and to ensure that workers can actually earn at least the minimum wage under assumed rates and productivity norms. Community contracts offer another way to pay workers.
BOX 2
Selected Country Experiences in Wage Setting

In the initial phase of South Africa’s EPWP, wages and conditions of work were allowed to be set locally by implementing public bodies (municipalities and provinces) under a special dispensation. Criticism of this process alleged that the programme was fuelling a trend toward the ‘informalisation’ of employment and backsliding on acquired workers’ rights. For the second phase of the EPWP (which began in April 2009), the proposal being considered identifies different factors to consider when determining the wage rate: (i) Poverty line: someone working full-time should earn enough to get above the poverty line (which is a bit complicated as there is no consensus about where the poverty line should be drawn); (ii) Social grants: the wage should not be below the level of the disability grant in SA, the purpose of which is to provide income to those who cannot work; (iii) Minimum wage regulations: wage rates should not exceed existing regulated minimum wage levels (this was also problematic, as some regulated minimum wage levels do not meet the two requirements above); (iv) Labour markets prevailing wage rates: these should be taken into consideration for a variety of reasons, including the ability to assess the impact of the ELR wage rate; (v) Reservation wages: there is also the question of what the distribution of the reservation wages is, as this will help in targeting and predicting uptake; (vi) Fiscal constraints: if there are fiscal constraints and higher rates would cause fewer people to be employed, there needs to be a decision between employing more people at lower wages or fewer at higher wages. In the end, the recommendation is that a national minimum wage rate be set that is pegged to the disability grant and is 130 per cent of the equivalent daily rate. This is still a recommendation and needs to go through the required consultation and approval process.

In the case of Argentina’s Jefés, the wage was set at three quarters of hourly minimum wage. Many argued that the minimum was very low and not sufficient to cover a minimum basket of goods and services, that it should be at least at the poverty line and that it should be combined with a child allowance for large households and pensions for those too old to work. In the context of the NREGA in India, workers are entitled to the statutory minimum wage applicable to agricultural labourers in the state, unless and until the central government ‘notifies’ a different wage rate.

Although there are different models of community contracting, the principle one permits the community to receive wage payments collectively and then to redistribute them to community workers according to wage rates and incentive structures that the community itself decides through a participatory process. These infrastructure projects also benefit the community and therefore provide an additional incentive for participation. In conclusion, the level and mode of remuneration are important to the success of an EG. Well-designed remuneration and social protection systems support the value of employment as a human right (i.e., poverty reduction, dignity and social justice), the macro-economic goals of stimulating consumption, improving the income redistribution and economic growth, and the operational goals of transparency, efficiency and cost-effectiveness in the management and governance of an EG.

5.9 WORKING FOR GENDER EQUITY

While some public works programmes have explicitly included targets for women, a large number and, in some instances, the majority, of beneficiaries or participants in many other programmes have been women even though they were not explicitly targeted. Reasons for strong participation by women include: family income optimisation strategies (given the low
wages offered by such programmes, men have often preferred to work elsewhere or to migrate for better paying work while opting for women to complement such earnings through participation in public works programmes; the preference of women for public works activities compared to other activities available to them; payment of equal wages (e.g., by NREGA) or higher than otherwise available to them; and the potential to more easily combine work with child and other care responsibilities where facilities are either offered at work sites or where such services can be included as paid employment opportunities by the public works programme. More specifically, the following issues need to be considered to ensure more equitable participation and gender-equitable outcomes:

- **Gender-Aware Areas of Focus**: Implementation agencies need to be sensitive to gender-differentiated, class and/or social group priorities for projects and activities to be included in the programme—and to ensure participation by poor women in particular in consultations and decision-making processes. Antonopoulos et al. point out that filling ‘hidden vacancies’ (i.e., care work currently being undertaken largely by women as unpaid labour) can extend the boundaries of paid female employment and has many advantages, including: the promotion of improved equity in labour markets; the creation of new and improved employment opportunities, rather than the downgrading of existing employment positions; extension of the boundaries of publicly-provided social services as the responsibility of the public sector; and the establishment of a potential community interface with more formal delivery mechanisms to improve health and education outcomes, and the like.

- **Conditions to ensure equitable participation**: The provision of child care and other facilities at work sites (e.g., as required by NREGS projects) is critical to reducing unpaid care work and the time burden faced by women and allowing for more equitable participation. EG programmes themselves can focus on these services (e.g., Jefes y Jefas and EPWP).

- **Equitable Wages and Equal Pay for Comparable Work**: Any existing gender-based inequities in wages must be addressed. Work can be organised so that women workers receive equal pay for comparable work and the required minimum wage as a result of equal time at work. Productivity norms must also be gender- and age-sensitive. Because power relations within households are often unequal and single women and widows usually suffer from greater poverty, some people argue that the EGP should ensure that, where possible, assignment of work and payment of wages be made to the individual for his/her particular contribution.

- **Technical Training**: The provision of technical training has been highlighted in EGP activities to enable women in particular to improve their livelihoods and to enable them to participate in more highly skilled, less traditional occupations in EGP contexts.

- **Addressing health issues, particularly with regard to infrastructure projects**: In countries where women suffer disproportionately from malnutrition, ensuring equitable participation in public works that focus on infrastructure projects would also require coordination between the government implementing authority and the local health services. (Mehrotra, 2008b).
- **Ensuring that EGPs/PEPs do not contribute adversely to the time burden faced by women in particular:** In some instances, this may mean that all work is designed for a half day to allow more time for other productive activities that may contribute to the household’s livelihood or assist the performance of domestic responsibilities.²⁰

### 5.10 FOCUS AREAS FOR EMPLOYMENT GUARANTEE PROGRAMMES

An EGP can encompass a wide variety of work, ranging from natural resource management and physical infrastructure investments and maintenance to basic social services. Because given countries have adopted different starting points and approaches, the areas of focus have also varied.

While an EG approach is often expected to extend the boundaries of the public sector, it is important to ensure that this actually happens. The EGPs should, in principle, undertake new tasks or projects, rather than divert a cheap and temporary labour supply into existing, under-funded government programmes. This poses challenges, though: in a crisis, how it is possible to provide services that might otherwise be cut while not inadvertently aiding ‘informalisation’?²¹ And in areas not receiving any services at all, how can ELR programmes help to provide these services?

PEPs are generally funded by the national government, but the work activities will generally fall within the mandates of state or local governments; in many developing countries, service gaps will typically exist, because local governments are not able to fund these services themselves. In most fiscal relations between various levels of government, though, national governments usually avoid subsidising municipal services, as subsidies would weaken precisely the local revenue collection functions that they wish to strengthen. Samson, for instance, argues that EPWP waste collection programmes should not be initiated in areas not already served and that only an expansion of existing normal municipal waste collection services is acceptable. Yet this view overlooks the fact that there are no waste collection services in these poor areas primarily because these local governments cannot afford to subsidise these services in the first place. The EPWP proposal therefore displaces only hypothetical jobs, which would be created only if the local government could afford them; the proposal does not displace actual jobs. Samson would presumably argue that the funds for the EPWP should rather be used to hire new municipal workers to provide these waste collection services. Yet this would mean that the EPWP funds would be operational subsidies to fund local government salaries, which would require a different funding approach and mechanism and, indeed, a different legal basis.

This clearly illustrates that it is difficult to determine which activities should be part of an EGP in countries where there are serious deficits in the provision of services. In the short term, it may make sense to use an EGP approach to address these deficits, as the EG provides a new funding source to provide the service. In the long term, however, there should be a strategy to ensure that the workers who provide these services are not stuck in EGP jobs permanently simply because this is a cheaper option for (local) government. These decisions require flexibility and deliberate consultation, but also—and more important—regular reviews. In waste collection example from South Africa, it would be possible to initiate EPWP waste collection programmes only in areas where there are currently no services, but also with the understanding that this is a temporary solution and that this decision would need to be
reviewed periodically. The programme could then provide the much-needed service and income. In the meantime, measures could be put in place to strengthen the finances of the respective municipalities so that they would be able to provide these services within a specific time. This flexibility is important to get programmes to scale, as the more one restricts work categories for PEP/EGP, the harder it becomes to employ many people productively. The ability to manage this flexibility requires specific institutional arrangements that would be tasked with reviewing the specific work categories periodically.

In the NREGA, the work activities have been clearly specified in the Act\textsuperscript{92} and the central government may change these work activities in consultation with respective state governments. Presumably, the Central Employment Guarantee Council and respective State Guarantee Councils would advise their respective governments about these changes. Given the complexity of these decisions, however, the involvement of different stakeholders might be required to ensure broad support and effective implementation.

In conclusion there will be a trade-off in many countries between, on the one hand, including a broader set of activities to allow for large-scale programmes and, on the other hand, focusing on a smaller set of tightly defined activities that would potentially limit the amount of employment that can be offered and the number of public bodies and organisations that could contribute to and take ownership over these employment creation efforts.

5.10.1 Physical Infrastructure

First and foremost, employment creation should always be an explicit goal of infrastructure development, undertaken within an employment guarantee programme and ensuring that the infrastructure or services are of good technical quality or high standards. Depending upon the design and local circumstances, contracting and partnering with the private sector and civil society can aid in addressing technical gaps at local levels.

A further issue is the extent to which infrastructure development should explicitly support private sector development. When fostering recovery of the private sector after a crisis, there should also be a focus on stimulating the development of the private sector by investing in public infrastructure, particularly in the context of identifying synergies with local economic development strategies. Separately, an issue raised in India in the context of NREGA relates to investment in assets on private land, which NREGA only permits on private land belonging to SC/STs, the poor, and marginal farmers. The issue has been whether to exhaust addressing of public good deficits first before any work on private lands or to do both concurrently. The response has depended in part on the context and on the potential to increase productivity on lands in question. It remains a subject of considerable debate, although some of the pilots appear promising so far. There needs to be more exploration of issues related to complementary programmes here.\textsuperscript{93}

5.10.2 Natural Resource Management and Protection

The NREGA in India, the EPWP in South Africa, and the PSNP in Ethiopia all have strong components for the management of natural resources with a view to either complementing the focus of rural development strategies (e.g. increasing agricultural productivity and livelihood creation in India) or addressing various environmental and MDG-related deficits
(e.g., food security). Further, in Argentina’s *Jefes*, 87 per cent of the beneficiaries worked in community projects that included agricultural micro-enterprises, cleaning and environmental support in the agricultural sector, improving sewer systems and water drainage (Tcherneva and Wray 2005a). The PSNP in Ethiopia focuses on the management of natural resources, and especially on watershed rehabilitation and conservation and initiatives to prevent soil erosion. In the context of environmental conservation, climate change concerns and a focus on ‘greening the economy’, job creation is at the crux of the environment and poverty reduction.94

5.10.3 Social Services

In developing countries, deficits in public service delivery are typically compensated for by increased unpaid work performed mostly by women and children as well as kin networks, particularly in the case of poor households. These deficits and the resulting increases in the time burden for women are even worse during crises, as services are reduced. Hence, an ELR focus on public and social service delivery could improve the wellbeing of women in particular.

Various social and community services are important components of South Africa’s EPWP and Argentina’s *Jefes y Jefas* programmes. Tcherneva and Wray (2005) describe the activities supported by the *Jefes y Jefas* programme; much of the community work, for example, was performed in local community centres that were either renovated or newly constructed. Examples of community services performed in these centres included food kitchens or centres that addressed domestic violence or provided temporary shelter and other services to abused women or children. Other projects included health promotion programmes, which offered basic education in sanitation and hygiene. Others dealt with mending old clothes donated to poor communities or repairing and cataloguing scrapped books for public libraries in poorer communities. The social development pillar of the first phase of South Africa’s EPWP focused on Home Community Based Care (HCBC) and Early Childhood Development (ECD). In its second phase, which began in April 2009, the EPWP is expected to expand ECD and HCBC services, move into other activities (such as school nutrition, voluntary counselling and testing (VCT), school caretakers, and the like), and employ and assist low-income women in tasks that they are currently doing as unpaid work.95

While these may be critical to women, widening the EG focus should not be viewed merely as a substitute for expanding public service delivery. Furthermore, care should be taken not to erode standards in health, education or other social services by allowing a poorly prepared or trained EG programme workforce to deliver those services. One way to ensure that the EG does not fuel ‘casualisation’ and ‘informality’ in the labour market would be to allocate PEP wage resources to those same technical departments that are responsible for delivering these same services through the regularly established workforce (e.g., trained and unionised teachers, health workers, etc.), to set clear boundaries and guidelines for PEP workers and for the regularly established workforce, and to identify how some portion of PEP work might be ‘regularised’ as economic conditions improve.

5.10.4 Potential and Emerging Areas of Focus

Some potential emerging areas of focus for EGP and new approaches could be adopted with regard to (i) infrastructure development to include ‘new infrastructure’ critical to stimulating investment in under-served areas (e.g., laying broadband fibre at the same time that roads are being constructed) or the provision of energy services and responding to climate change
(Lieuw-Kie-Song, 2009, Winkler, 2009) and (ii) service delivery that shows a greater awareness of gender equity (see EPWP Phase 2). An innovative proposal in the second phase of South Africa’s EPWP is to broaden the institutional framework of the programme and thereby the range of activities that could be covered. What is being proposed and tested is that the EPWP wage incentive be made available to non-state organisations that are also non-profit organisations (see Box 1). These organisations would be able to create employment and fund the wage costs of this employment through the wage incentive. This would not only broaden the range of activities, as these organisations would be given the much more freedom to identify activities, but also mobilize the capacity of civil society to create and manage work.

Trinidad and Tobago’s Unemployment Relief Programme contains similar provisions.

5.10.5 Linkages with the MDGs

Suitably designed EG programmes can contribute to the MDGs in a variety of ways ranging from the provision of employment per se to addressing MDG-related infrastructure and service delivery deficits. Lieuw-Kie-Song and Miller (forthcoming) point out that, aside from the direct benefits of gainful employment and poverty reduction, access to work by the poor also contributes indirectly to achieving the other MDGs. If access to education is affordable, the poor are more likely to keep their children in school if they are employed and can see the benefits. At a macro level, job creation and formalization help increase tax revenues and the financing and sustainability of MDG-related service delivery and social protection.

5.10.6 Training and Capacity Development

Training and capacity development are an important focus area for EG programmes. While employment guarantee programmes, as argued by Minsky, should take workers as they are and training should not be a basis for pre-qualification, all EGP workers should receive training in the technical area in which they are employed and in other areas if needed, as a combination of basic skills provided by formal education and ‘on the job’ training is the best investment in human capital. Argentina’s Jefes y Jefas supported both the completion of formal education (literacy was rated just like a work commitment) and various general and job-specific training (e.g., computer literacy, construction, green jobs, child and elderly care, and health and educational support to foster both individual and group capabilities). With regard to NREGA implementation in India, there needs to be a much greater focus on skills development and opportunities for unemployed youth and women. A common weakness of many programmes has been that training is treated as an add-on and a type of fringe benefit, rather than as a means to improve the productivity and quality of ELR employment and the capacities of ELR beneficiaries to transition to better opportunities in the public and private sectors.

6 CONCLUSION

The effective functioning of the labour market is a central factor dynamically linking the economy to the well-being of individuals and households in modern societies. In many instances, though, labour markets do not work for the poor even in normal situations. Thus, there has been a growing call for the state to take on a role of Employer of Last Resort (ELR) to serve as a ‘buffer’ by providing a range of useful jobs that individuals could fill during periods of high unemployment and vacate when labour market opportunities improved.
The paper has attempted to link 1) some of the theoretical arguments advanced by economists in favour of an EG and the experience with implementing PEP and large Public Works programmes with 2) the practical and political-economic issues that government policy makers, project managers and technical staff will have to face in designing and implementing a sustainable programme. To date, the strongest advocates for an EG have tended to be economists who are grounded largely in post-Keynesian and functional finance economics and whose experience and focus have largely been on industrialised countries. Yet the logic of EG is even stronger in low-income ‘labour surplus’ developing countries with shortages of goods and services that the poor themselves can contribute to providing. Employment programmes, such as India’s NREGA, Argentina’s Jefes y Jefas, and South Africa’s EPWP, combine characteristics of industrialized and developing countries and therefore help to broaden the terms of the debate. This paper draws on these types of experiences to explore the scope, relevance and applicability of EG policies to other developing countries, some of which have already acquired experience from implementing various public works programmes of their own, albeit stand-alone and on a limited scale. Indeed, such employment-intensive infrastructure and investment programmes provide a much-needed stepping stone for establishing a broader employment guarantee. Many of the lessons learned from labour-intensive public works programmes, be they technical, financial, economic or institutional, can be applied when establishing an employment guarantee.

The paper explored how an EG approach could be a justified and useful policy tool, in combination with social protection and a forward-looking approach to employment, to make labour markets function more effectively for the poor, to stimulate employment-rich economic growth, and to facilitate the private sector’s role in job creation. In order for a PEP to evolve into a more universally accessible employment guarantee, it should offer adequate employment opportunities that affect various dimensions of the labour market, including ensuring that there is a ‘floor’ in the wage rates of unskilled and informal workers in order help stabilise wages and the demand for labour, particularly in rural economies. While cash grants are often stressed as an alternative to public employment programmes, this paper argued that PEPs can be complementary to other types of social protection and assistance programmes that seek to smooth consumption, foster investment in human capital, and help to mitigate inequality and vulnerability. Because significant service delivery and infrastructure deficits often coexist with labour market concerns, there seems to be a need to focus on public employment programmes that facilitate a move toward more decent work and can help to link these various elements.

While broadly supportive of the EG approach, the paper also calls attention to potential drawbacks and contradictions that practitioners may face. For example, if the EG programme is meant to expand the boundaries of accepted public sector employment and services, how can undercutting acquired labour rights in the public sector be avoided? How can temporary short-term labour be used while maintaining a trained and organized labour force? Are a short-term focus and time limits on participants’ participation valid amid continued, high levels of structural unemployment? Since many PEP-type programmes have been initiated in response to a financial crisis or natural disaster, how can these ‘windows of opportunity’ be best exploited to establish an EG policy and programme as a sustainable feature of economic and social policy? The focus has also been on how to best design an EG and to increase national capacities to ensure sustainability and political support. The intention is not only to combat rising unemployment during crisis, but also to contribute to decent work and to do this in relation to high-quality assets and public services.
ANNEX 1: GLOSSARY AND NOTES ON CONCEPTS†

**Active Labour Market Programmes (ALMP)**
Programmes aimed at increasing the skills, employment, and long-run earning potential of participants through training, apprenticeships, job search assistance, subsidized job placements, and the like.

**Administrative Costs of Targeting**
Costs of gathering information to help make the decision about who should be admitted into the programme. Ideally, the costs of targeting need to be weighed against the reduced administrative costs of self-targeting programmes and administrative costs of more universal approaches that also reduce errors of exclusion.

**Cash Transfer Programmes**
Programmes that transfer cash to eligible individuals or households e.g., child allowances, social pensions, needs-based transfers, and conditional cash transfers.

**Conditional Cash Transfers**
Transfers to poor families to smooth consumption and facilitate investment in human capital which are typically contingent on their making investments in human capital, e.g., keeping their children in school or taking them to health centres on a regular basis.

**Employer of Last Resort (ELR)**
Where in principle the government promises in principle to make a job available to every adult willing and able to work at a determined wage rate. According to Mitchell and Wray (2005), the terms Job Guarantee (JG), Public Service Employment (PSE), Buffer Stock Employment (BSE) or Employer of Last Resort (ELR) are all interchangeable and reflect the evolution of the literature. Mitchell (1998) used JG to describe his approach to full employment whereas Wray (1998) used the ELR terminology. The term ELR was revived by Hyman Minsky in the mid-1960s. Wray now prefers to use PSE.

**Employment Guarantee Programme**
A public employment programme developed within the framework of an ELR approach, which implies that it includes a formal entitlement to work.

**Functional Finance**
From a functional finance perspective, money is created when the government spends and is destroyed when the government levies taxes. The government does not need to ‘borrow’ (its own) money from the public or to tax them to finance expenditures; rather, the government needs the public to demand its currency to give it value. Hence, there can be no financial constraint on the monopoly-issuer of money (the state). A sovereign state can make anything generally acceptable and call it ‘money’, as long as the state “is willing to accept the proposed money in payments of taxes and other obligations to itself” (Lerner 1947).

**Informal Economy and Sector**
Under a new definition, the informal economy is comprised of all forms of ‘informal employment’—that is, employment without labour or social protection—both inside and outside informal enterprises, including both self-employment in small unregistered enterprises and wage employment in unprotected jobs.

**Informal Employment**
According to WEIGO’s definition in non-statistical terms, informal (self) employment includes the following: employers in informal enterprises; own-account workers in informal enterprises; unpaid family workers (in informal and formal enterprises); and members of informal producers’ cooperatives (where these exist). Also see ILO KILM 7 notes, drawing on international discussions and definitions.

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† Sources: Authors’ own notes and adaptations; World Bank “Safety Nets and Transfers: Glossary of Terms, the ILO Thesaurus (2005); Committee on the Informal Economy, International Labour Conference, 90th Session (2002); ILO KILM 7. Employment in the informal economy, ILO [Husmanns and Mehran]” Statistical definition of the informal sector – International standards and national practices; WEIGO “About the Informal Economy: Definitions and Theories”; Wikipedia and other sources.
Labour Disincentives: Programme design features that discourage work effort on the part of potential or actual beneficiaries.

Moral Hazard: The expectation that people insulated from risk may behave differently than if they were fully exposed to the risk.

Multiplier (economic): The estimated number by which a change in some other component of aggregate demand is multiplied to give the total amount by which the national income is increased as a result of direct and indirect benefits from that change in demand.

Person Days of Employment Created: The number of people who worked on a project multiplied by the number of days each person worked.

Poverty, Transient: Poverty among households that are poor in some years but not all. They may experience ‘churning’—sometimes being poor, and sometimes not poor. Their poverty can be due to both idiosyncratic and covariate temporary shocks (see shocks) ranging from an illness in the household or the loss of a job to drought or macroeconomic crisis.

Poverty, Chronic: Poverty that persists over a few years usually as a result of long-term structural challenges that have to do with the nature of the social, political and economic structures and relationships that the poor are subject to (e.g., structural features of the economy that result in a diminished demand for their labour) as well as processes of exclusion and adverse ‘incorporation/inclusion’. Repeated incidents of poverty may also persist over years, even throughout a lifetime, and be difficult to escape. Barrientos and Shepherd (2003) point to different operational measures of chronic poverty and explore the implications of these for social protection and other policies.

Poverty and Social Impact Analysis (PSIA): Examination of the distributional impacts of policy reforms on the well-being and welfare of various stakeholder groups, particularly the poor and vulnerable.

Precarious Employment: Precarious employment is a ‘fuzzy’ concept and is viewed as being the result of multiple factors, the combination of which also influences the degree of ‘precariousness’ involved. According to the ILO, these factors include: work with low wages, low job security, higher health and safety risks, little or no control over workplace conditions or hours of work, and limited opportunity for training and skill development.

Public Employment Programmes: Include the full range of public works and employment guarantee programmes, but differ from more traditional public works programmes, which tend to focus on infrastructure to encompass services etc. as well as cover different implementation modalities area-based programmes, implementation by local communities, NGOs, etc.

Public Works Programs (PWPs): McCord (2008) provides a useful typology:

- Type A: PWPs offering a single short-term episode of employment
- Type B: Large-scale government employment programmes which may offer some form of employment guarantee
- Type C: Programmes promoting the labour intensification of government infrastructure spending
- Type D: Programmes that enhance employability.

The World Bank views PWPs as equivalent to work-fare—i.e. where income support for the poor is given in the form of wages (in either cash or food) in exchange for work effort. See del Ninno et al., (2009).

Safety Nets: Non-contributory transfer programmes targeted in some manner to the poor and those vulnerable to poverty and shocks.
### Self-targeted Programmes (or Self Selection)

In principle, self-targeted programs are open to everyone, but are designed so that the poor than the non-poor are likely to apply, or the level of benefits is expected to be higher among the poor.

### Shocks

**Covariate shock**: an uncertain event that affects many/all members of a group/community (e.g., drought, earthquake, or macroeconomic crisis); an **idiosyncratic shock** refers to an event that affects one individual/household (e.g., illness, loss of a job).

### Social Assistance

Typically includes non-contributory transfers which range from pure income transfers to income transfers conditional on work or investment in human capital, and integrated poverty reduction programmes. In some countries, these transfers are income-tested benefits provided by the state to vulnerable groups unable to provide for their own minimum needs, such as the disabled, the elderly and young children in poor households.

### Social Insurance

Social insurance consists of programmes, typically financed from contributions by workers and their employers that cover against ‘life-course contingencies such as maternity and old age, or work related contingencies such as unemployment or sickness.’

### Social Protection

There are considerable differences across agencies as to the dividing line between social assistance as well as the scope of social protection per se. For the ILO (website), the concept of social protection is rights-based, with a focus on extending the coverage and effectiveness of social security schemes; promoting decent conditions of work, including wages, working time and occupational safety and health, essential components of decent work; working through dedicated programmes and activities to protect such vulnerable groups as migrant workers and their families; and workers in the informal economy and their families. For OECD/DAC (2009) social protection covers public actions that enhance the capacity of poor people to participate in, contribute to, and benefit from economic, social and political life of their communities and societies. For the World Bank, the focus tends to be on risk mitigation.

It is increasingly being recognized that social protection needs to be defined over the life course or life-cycle, given that risks and vulnerability are influenced by interlinked life-cycle/life course, inter-generational responsibilities and issues, and patterns of social inclusion/exclusion (see García and Gruat (2003), OECD/DAC (2009), Cain (2009), Kabeer and Cook (2009)).

In terms of scope and instruments E.g. Devereux and Sabates-Wheeler (October 2004) point out that ideally social protection needs to be differentiated and to encompass: protective measures—which have the specific objective of guaranteeing relief from deprivation; preventive measures—which directly seek to avert deprivation in various ways; and promotional measures—which aim to enhance real incomes and capabilities. To this, they add transformative interventions that include changes to the regulatory framework to protect ‘socially vulnerable groups’ (e.g., people with disabilities, or victims of domestic violence) against discrimination and abuse, as well as sensitization campaigns to transform public attitudes and behaviour and enhance social equity. For ADB (2008), social protection comprises five major kinds of activities: labour market policies and programs, social insurance, social assistance, micro/area-based schemes, and child protection. For DFID (2006), social protection focuses on a sub-set of public actions that help address risk, vulnerability and chronic poverty. These comprise three sets of instruments: social insurance or the pooling of contributions by individuals in state or private organisations so that, if they suffer a shock or change in circumstances, they receive financial support; social assistance comprising non-contributory transfers that are given to those deemed vulnerable by society on the basis of their vulnerability or poverty; and the setting and enforcing of minimum standards to protect citizens within the workplace.
Unemployment (Types of)

Cyclical unemployment: unemployment that rises during economic downturns and falls when the economy improves.

Frictional unemployment: typically involves people being unemployed as they transition between jobs and as they search for new ones, although new entrants (such as graduating students) and re-entrants (such as former homemakers) can also suffer a spell of frictional unemployment.

Structural unemployment: definitions vary. For some, structural unemployment is conceptually hard to separate empirically from frictional unemployment, except that it is defined as being longer lasting and arises when an economy suffers from long-lasting low-aggregate demand so that many of the unemployed become disheartened, while their skills (including job-searching skills) become ‘rusty’ and obsolete or as the economy undergoes rapid transformation so that there is a more significant skill mismatch and mismatch in terms of demand. For others, structural unemployment arises because of ‘structural weakness of the economy’ such that it cannot absorb its growing labour force. The focus of employment guarantee programmes would typically be on this category of unemployment in complementarity with labour market policies.

Vulnerable Employment

For the ILO (KILM), vulnerable employment encompasses ‘contributing family workers’ (or unpaid family workers) and ‘own-account’ workers (or self-employed workers without employees). Their vulnerable status arises from the fact that they are less likely to have formal work arrangements, social protection and safety nets to guard against times of low demand and are also unlikely to be able to generate sufficient savings to confront the hard times.

Work Opportunity

Paid work created for an individual on an Expanded Public Works Programme project (South Africa) for any period of time.
ANNEX 2: CHECKLIST FOR THE DESIGN AND IMPLEMENTATION OF AN EMPLOYMENT GUARANTEE PROGRAMME

1. Linking an EG Programme to International and National Mandates on Employment Creation
   a. Has the government ratified or supported the following international instruments on employment creation?
      i. Universal Declaration of Human Rights (1948): ‘the right to work’.
      vi. World Summit (2005): make the goals of full and productive employment and decent work for all a central objective of national and international policies and national development strategies, including for poverty reduction.
      vii. Role of employment in the national poverty reduction strategy (PRS) and in the Highly-Indebted Poor Country (HIPC) debt relief process.
      viii. Linkages to national constitution provisions relating to right to work or right to an adequate livelihood.
      ix. Right to information provisions.

2. Designing an EG as a Response to the Current Economic, Social and Employment Situation
   a. Diagnostic of and indicators on:
      i. Type of unemployment. Structural, frictional, seasonal; employment relative to indicators of productive capacity in the economy.
      ii. Demand or capital constraints.
      iii. Levels of employment, unemployment and under employment (including long-term).
      v. Importance and growth of informal economy (non declared workers and self employed).
      vi. Employment content of economic growth: employment and output elasticities (by sector).
      vii. Productive sectors that lead economic growth and those that lead employment and mechanisms to build linkages across them.
3. Costing and Financing an EG
   a. Does the government have a sovereign currency (floating exchange rate)?
   b. Does the government have fiscal sovereignty, that is, the ability to decide on its own
      budgetary allocations without constraints relating to external debt or to
      conditionalities imposed by international monetary, financial and development
      institutions (e.g., IMF, World Bank, regional development banks, etc.)?
   c. Is employment creation a fundamental element of the government’s poverty reduction
      and/or development strategy?
   d. Undertake a comparative analysis of budgetary allocations for various departments of
      government and as a percentage of GDP within different economic sectors and identify
      the opportunities for scaling up employment therein.
   e. Undertake an employment impact analysis of the government’s public investment
      programme and identify the opportunities for increasing its impact on job creation.
   f. Estimate the economic, financial and social costs of unemployment.
   g. Undertake a projection of the costs of putting in place a universal
      employment guarantee.
   h. Build in the costs of ensuring adequate provision of facilities to ensure equitable
      participation of women.
   i. Provide budgetary incentives to the different technical departments (e.g., public works,
      environment, health, education, water resources, urban development, etc.), including
      ,but going beyond, the allocations provided to the ministry of labour/employment,
      with respect to their projected contributions to job creation.
   j. Negotiate with ministry of finance, parliament, potential donors and international
      financial institutions the required budgetary allocations for putting in place an EG.
   k. Estimate indirect job creation and impacts and multiplier.

4. Targeting and Impact Analysis
   a. Time period and entitlement: where possible, the entitlement should be open-ended,
      although, in practice, there may be both seasonal and limitations in time for beneficiaries.
   b. Set wage rates and remuneration at a level that ensures that the programme is self-
      targeting, i.e., that it does not draw labour away from alternative employment
      opportunities in the formal economy that pay a decent wage (see wage setting below),
      but that also has an impact on poverty levels.
   c. Identify poorest regions in which to initiate an EGP until required capacity is developed,
      experience gained and political support acquired as a condition for extending the
      programme nationwide.
   d. If rural-urban migration is an issue, begin the programme in rural rather than urban areas.
   e. Monitor the impacts of EG wages on wage-rates, on employment in agriculture and on
      the informal economy including on a gender-disaggregated basis.
   f. Based on costing projections and available resources, consider rationing EG
      employment opportunities to male and female heads of households (consider how to
      address the needs of single individuals, particularly poor and single women), to part-
      time rather than full-time employment or to a limited number of annual workdays.
   g. Ensure that women are given equal access and opportunity under an EGP.
   h. Take specific measures to encourage and promote youth employment.
5. Wage setting
   a. For rural-based programmes, schedule work and set wages so as not to draw labour from nor interfere with agricultural production but set with regard to the poverty line so that ELR work is poverty reducing. Also identify other needed allowances (e.g., for children or elderly to compensate households) to complement wages.
   b. For least developed countries where most of the economically active population is in the informal economy, set wages close to or slightly higher than the wage prevailing in the informal economy on the condition it meets the poverty line.
   c. For transitional or industrialised economies where informal employment is a relatively small percentage of total employment (less than half) set wages at the level of the official minimum wage in effect in the sector or region where the EG programme is being implemented.
   d. For ELR employment in public works and infrastructure development, use piece— or task work remuneration systems to ensure worker productivity and good quality asset creation.
   e. Ensure that wages and benefits paid to EGP labour are clearly demarcated from wages paid to the established work force in order to avoid an EG programme leading to the informalisation of employment in a given sector or area of public service.
   f. Ensure timely and public payment of wages and transparency in all aspects of remuneration allocations and payments (linked to need for management information systems to ensure effective management and accountability and payment systems).
   g. Set up local oversight bodies for remuneration setting and payments composed of community, worker and employer representatives.

6. Categories of Employment
   a. Infrastructure and asset creation
      i. Technology choice in infrastructure investments.
      ii. Undertake employment impact assessment of infrastructure investments.
      iii. Kind of infrastructure.\textsuperscript{101}

     1. Productive infrastructure
        a. Agricultural and agri-business improvements
           i. Improvement to rain-fed agriculture.
           ii. Erosion control in fields.
           iii. Irrigation works.
           iv. Cereal banks, warehouse and cold storage facilities.
           v. Marketing facilities.
        b. Environmental improvements
           i. Watershed management.
           ii. Erosion control.
           iii. Afforestation.
           iv. Gully correction.
           v. Flood control.
c. Water supply, conservation and sanitation
   i. Small earth dams.
   ii. Piped water lines, particularly in underserved areas and reservoirs.
   iii. Wells.
   iv. Drainage.
   v. Water retention basins.
   vi. Construction of separate latrines for men and women (including at schools), infrastructure for public sanitation and disposal of solid and liquid waste, etc.
   vii. Removal of invasive species and conservation measures.

d. Transportation infrastructure and maintenance
   i. To rural and urban markets.
   ii. Street paving.
   iii. Agricultural feeder roads: construction, rehabilitation, spot improvements and maintenance.
   iv. Road maintenance.
   v. Laying of fibre and/or other communications infrastructure at the time that roads and waterways are constructed.

e. Commons Infrastructure
   i. Improvement of grazing lands.
   ii. Plantation of fodder.
   iii. Fuel wood.

2. Social and Related Pro-Poor Infrastructure
   a. Health centres.
   b. Schools, and related infrastructure (latrines, facilities for mid-day meals, library and after school study spaces).
   c. Community centres.
   d. Child care centres.
   e. Park and public space improvements.
   f. Training centres.

b. Social Services
   i. Types of activities\textsuperscript{102}
      1. Companion for senior citizens, the bed-ridden, mentally or physically disabled.
2. HIV/AIDS and chronic illness related care; community-based health workers.
3. Public school classroom assistant; mid-day meal assistant.
4. Safety monitor for schools, parks, neighbourhoods, playgrounds, subway stations, street intersections, or shopping centres.
8. Library assistants.
10. Local and traditional artists and musicians.
11. Community or cultural historian.

7. Programme management
   a. Have clear guidelines been issued and disseminated regarding the following?
      i. Qualification/hiring criteria.
      ii. Wage rates and remuneration package.
      iii. Length and duration of employment opportunities.
   b. Has management been delegated to decentralized government institutions appropriate to delivery?
   c. What steps have been taken to ensure job creation objectives do not detract from good quality technical assets and services?
   d. Have steps been taken to set up good management information systems to ensure good project management and accountability?

8. Institutional arrangements
   a. What steps have been taken to ensure full ownership of the EGP by technical departments concerned with the assets and services provided by the programme?
   b. What institutional arrangements have been put in place to ensure coordination of concerned technical departments, particularly in the case of area-based development programmes involving interventions in different sectors or fields?
   c. What mechanisms have been put in place to avoid conflicts between the established workforce and the EG within a given technical field?
   d. Have EG oversight mechanisms been put in place? Have mechanisms for social audits been mandated and put in place?
   e. Which institutions are responsible and what ongoing budgetary allocations have been put in place for operation and maintenance of assets created under the programme?
9. **Beneficiary/worker participation and responsiveness**
   
a. What mechanisms have been put in place to consult with EGP labour regarding conditions of work?

b. What mechanisms have been put in place to consult with beneficiaries regarding priority focus areas, projects selected and assets created? How are gender differences in priorities to be adjudicated?

c. Has community contracting of small-scale infrastructure and maintenance interventions been considered?

d. Is there a right to information that also applies to public spending programmes?

10. **Training**
   
a. Is orientation organized for all new EGP recruits?

b. How are training activities chosen and designed?

c. Are there specific training programmes aimed at empowering poor women to take semi-skilled and skilled categories of work and improve livelihood opportunities?

d. Is training designed so as to facilitate the upward mobility of labour?

e. Is training given within the technical fields of EGP interventions with a view to enhancing productivity and quality of assets and services?

f. Does training involve practical on-the-job training as well as classroom training?

g. Do participants receive certification of training received?

h. Is there a tracking system to judge effectiveness of training?
ANNEX 3: FULL EMPLOYMENT AND THE RIGHT TO WORK

A number of global commitments on human rights provide a mandate for a focus on the right to work.\textsuperscript{103} In particular, The Universal Declaration of Human Rights (1948), in its article 23, spells out employment and the right to work as a \textit{human right}:

- Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
- Everyone, without any discrimination, has the right to equal pay for equal work.
- Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.
- Everyone has the right to form and to join trade unions for the protection of his interests.

The International Labour Organization, in the 1964 Employment Policy Convention (no. 122), commits to full, productive and freely chosen employment as a central feature to economic and social policy:

1. With a view to stimulating economic growth and development, raising levels of living, meeting manpower requirements and overcoming unemployment and underemployment, each Member shall declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment.

2. The said policy shall aim at ensuring that:
   i. there is work for all who are available for and seeking work;
   ii. such work is as productive as possible;
   iii. there is freedom of choice of employment and the fullest possible opportunity for each worker to qualify for, and to use his skills and endowments in, a job for which he is well suited, irrespective of race, colour, sex, religion, political opinion, national extraction or social origin.

3. The said policy shall take due account of the stage and level of economic development and the mutual relationships between employment objectives and other economic and social objectives, and shall be pursued by methods that are appropriate to national conditions and practices.

However, it was not until the 1995 World Summit for Social Development that the three goals of poverty reduction, employment creation and social inclusion were explicitly linked as specific objectives of broader development policies. Nevertheless, employment as a specific objective was largely missing from the first generation of Poverty Reduction Strategy Papers (PRSPs)—the critical policy vehicle for securing resources and identifying priorities for poverty reduction in many Least Developed Countries (LDCs) and heavily indebted countries.\textsuperscript{104} During the 2000 World Summit that adopted the Millennium Development Goals, employment creation, except for a target on youth employment, was also absent. However, at the 2005 World Summit of the United Nations General Assembly, heads
of state and government of more than 150 countries made a commitment to implement a wide-ranging international agenda requiring global, regional and national action. They declared:

“We strongly support fair globalization and resolve to make the goals of full and productive employment and decent work for all, including women and young people, a central objective of our relevant national and international policies as well as our national development strategies, including poverty reduction strategies, as part of our efforts to achieve the Millennium Development Goals.”¹⁰⁵ [Paragraph 47 of the 2005 World Summit Outcome document].

This commitment was reaffirmed in July 2006 at the high-level segment of the substantive session of the United Nations Economic and Social Council on the theme ‘Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development.’

Further, in order to assist the member agencies of the United Nations System Chief Executives Board for Coordination (CEB) in this endeavour, the High Level Committee on Programmes (HLCP) of the CEB also asked the ILO to take the lead, in collaboration with interested agencies, to develop a Toolkit for Mainstreaming Employment and Decent Work.¹⁰⁶ Further, the most recent CEB communiqué announced in the context of the economic crisis agreed on nine joint initiatives, including a ‘Global Jobs Pact’ and the need for a ‘Social Protection Floor.’ As part of the UN system, UNDP has also focused, in cooperation with the ILO, on assisting countries in enhancing job opportunities in the context of its work on poverty reduction and development.¹⁰⁷

This growing awareness of the importance of employment as reflected in global mandates and national policy frameworks is also driven by the realization that, with current policies, neither the quantity nor the quality of employment is growing fast enough to sustain poverty reduction and inclusive development.
Employment-impact studies undertaken by the ILO’s Employment-Intensive Investment Programme can be categorized into three broad categories. A number of studies do not fit neatly into one category, or rather combine elements from the different categories.

The first category examines micro-level project data to compare labour-based and equipment-based methods for infrastructure construction. So far, such studies have focused largely on road construction projects where the technical standards of the completed infrastructure are generally comparable. Although the results vary depending on the type of terrain, the cost structure of the economy, overall it can be said that such studies demonstrate that good quality labour-based road construction can be carried out at the same quality, and often cost 30-40 per cent less than equipment-based methods, while at the same time creating two to four times more employment. The field data obtained from such studies is also used to input into simulation models (see the third category below) that provide a comparative analysis of the macro-economic impacts of different technical alternatives for infrastructure construction, usually classified and (over-) simplified into three alternatives: labour-based, equipment-based and mixed. Therefore this category of study therefore is both useful in and of itself as an analytical tool and a basis for advocacy and promotion of labour-intensive approaches. Obviously, this comparison applies only in situations where labour-based technologies provide a real alternative to equipment-based approaches. What is meant by ‘real alternative’ to equipment-based technologies usually includes the following parameters:

- Labour-based methods can provide infrastructure of comparative quality and technical standards
- Labour-based infrastructure can be delivered within a comparative timeframe
- Labour-based methods can be delivered within the same financial budget

The ILO’s Employment-Intensive Investment Programme focuses its efforts on promoting labour-based or mixed alternatives in cases where all three of the above conditions are satisfied. However, such studies can also be useful in identifying and quantifying trade-offs between alternative technologies so that policy makers can take informed decisions. Questions that such methodologies may help to address include the following: In cases where labour-based methods cost more in financial terms than equipment-based methods, how do their socio-economic costs compare once shadow pricing is applied? Also, in view of priority being given to employment creation in a given situation, what is the premium in terms of higher cost and delivery time that policy makers may wish to assign to labour-based technologies? How can such studies be used to integrate employment-concerns into investment decisions?

The methodological questions that arise in undertaking such studies are rather straightforward. Such studies depend on reliable worksite data. Typically, more detailed and reliable data is available for labour-based projects, since the projects studied have often been carried out with ILO technical assistance that has been instrumental in collecting the required data. Equipment-based worksites are usually carried out by large and often foreign enterprises that may be unwilling to share real costs and worksite reporting and payroll forms and
information. Furthermore, as labour-based worksites are usually undertaken through small-scale labour-based contractors (as opposed to ‘force account’ labour), the question of access to data on actual labour costs and attendance is an issue not only for equipment-based methods. Likewise, equipment costs are also difficult to adequately assess since equipment may be acquired with a certain subsidy element (waiving of import duties, official development aid, etc.).

In some cases, data collection systems are set in place during project design to ensure that required data is available as part of normal monitoring and evaluation procedures. However, if such analysis is to become a routine element of infrastructure project development, then the methodologies should be compatible with the reality of worksite management. Since contractors (labour-based or equipment-based) tender and are paid on the basis of delivered product rather than on the basis of required labour or equipment inputs, then contractors typically do not collect and report on labour inputs in relation to output. Therefore, such studies depend on putting in place special data collection arrangements or, alternatively, can be carried out on the basis of sample worksites that are visited and analysed as work is underway, or are evaluated after the fact through interviews with worksite supervisory personnel and consultation of site records.

A second category of studies analyses the employment impact of infrastructure components of certain sectors of a government’s public investment programme or budget. The objective behind such studies, in addition to providing an overview of the current employment yield of a country’s investment programme, is to identify lost opportunities for employment creation. Such studies can be used to set in motion a process of reallocation of public investment resources in favour of labour-intensive sectors. They can furthermore provide an entry point into programme development for labour-based investment programmes.

Such studies are based on an analysis of the infrastructure component of different budget lines within a government’s public investment plan or budget. Since such data is not readily available, most studies are rapidly carried out based on assumptions that need to be verified. A public investment plan or budget is not organized by classification of economic sectors, but rather on the basis of responsible governmental implementing agency. Therefore, in analysing a public investment plan, agriculture is not an economic sector, but rather a government department or ministry. Furthermore, in the past, such studies have been based on questionable assumptions carried out by consultants who apparently have not been able to or had the time to reliably determine the share of a ministry of agriculture’s investment budget that is devoted to infrastructure. Furthermore, because not all infrastructure projects present technological alternatives (e.g., it would not be realistic to propose that a fruit canning factory be built with labour-based technologies, whereas community irrigation and agricultural feeder roads do indeed present technological alternatives), it is important to also have information on the type of infrastructure involved in order to make a technically realistic assessment of the alternative technologies available.

In undertaking the data availability assessment, one should determine to what extent, first of all, public investment budgets and plans are available in the public domain, and second, to what extent these budgets are broken down to the level of detail required to determine the share and category of infrastructure within any given budget line. Since eventually these methodologies will be used by government departments and ministries of finance and planning that are responsible for preparing and implementing such budgets, the question
of data availability will cease to be an issue. However, it is important that methodologies for assessing and monitoring employment impact be based on actual real-life examples of investment budgets.

A third category of study, made in Madagascar and more recently in Cameroon, builds on the methodologies and results of the previous two categories, to evaluate and estimate the actual and potential impact of the wide-scale and generalised application of labour-based infrastructure development programmes on a variety of macro-economic variables such as employment creation, GNP, household income and consumption, private investment, public deficit, investment spending, fiscal earnings, balance of payments and multiplier effects.
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or ‘shovel-ready’ investments as in the context of the American Recovery and Reinvestment Act.

4. E.g., in the wake of the Asian crisis, between 1997 and 1998, GDP contracted an average of 7.7 per cent in the five hardest-hit countries. It took two to seven years to recover to pre-crisis levels (ILO 2008, page 69). Formal employment rates fell by up to 3.1 per cent and took five to ten years to return to pre-1997 levels. In Indonesia—the hardest-hit country—the incidence of poverty took around seven years to return to pre-crisis levels (OECD, 2008b). This has to be set against the fact that, before the financial crisis, poverty had fallen continuously by around 1 per cent per year!


6. E.g., according to the ILO’s (2009b) analysis, employment could increase by up to 8 per cent in the long run if the entire stimulus package focused on PEPs for infrastructure. Similarly, a study by R. Barrell, D. Holland, and D. Willem te Velde (2009) looking into different scenarios for an aid-financed fiscal stimulus in Sub-Saharan Africa (SSA) finds that infrastructure investment provides the greatest impact—an income smoothing effect over the short-term as well as a long-run benefit on output.

7. For assessments of public works programmes adopted after the East Asian financial crisis in Korea and Indonesia, see Bechterman and Islam (2001) and Sumarto et al. (2005).

8. This is true for CCTs that use proxy means tests (in which case, income and current occupational status are not part of the calculation, though Chile is an exception here) and seek to address structural (chronic) rather than transient poverty. However, if the single registry for social programmes has information on the entirety of the low-income population (i.e., both beneficiaries and non-beneficiaries), then the ‘cut-off’ point could be increased to allow more ‘vulnerable’ people to enter the programme as an emergency measure. Given political and budget sensitivities, though, this would also require some thinking about how to shrink the programme afterwards. In the context of the current crisis, Veras Soares (2009) points out that, in the case of Brazil, it was possible for a variety of reasons to increase the number of beneficiaries of Bolsa Família and to raise the value of benefits as an anti-crisis measure and that, in Mexico, a new stipend designed to compensate for the rise in food prices was also included in the grant components of Progresas/Oportunidades.

9. It should be noted that this is likely to be true even for income and demand stimulus measures in the early phases of the crisis when there is excess capacity. Further, to the extent there is excess capacity, the programme could be inflationary only if the country were a net importer of food (or exporter of its own wage-goods) and the crisis had affected its exchange rate. A further problem could be oligopolistic structures in both domestic and local markets. Also see Forstater (1999) and Tcherneva (2004).

10. See ILO (2009b), Roemer and Bernstein (2009), and Justin Lin (2009). Nevertheless, there are few systematic studies.

11. Lustig et al. (1999) and Lustig (2009) put forward a case for permanent structures for crisis management, suggesting that the “management of risks should be as much a part of long-term strategy as investing in economic or social services.” The core of such a system would include, amongst other things, “a structure of safety nets that can expand counter-cyclically when shocks occur, without creating longer-term distortions.” Also see Davies and McGregor (2009) on the need for a long-term, more holistic approach to safety nets. See Sumarto et al. (2005) for an important distinction between safety nets and safety ropes.

12. See, for example, the focus on increasing agricultural productivity and water conservation and access in India or ‘shovel-ready’ investments as in the context of the American Recovery and Reinvestment Act.

13. An evaluation of the impact of scaling up the Republic of South Africa’s EPWP and increasing jobs devoted to social service delivery in health and education using a gender-disaggregated social accounting matrix finds that increasing budgetary allocations in the social service sector would result in greater job creation, greater poverty reduction, and a greater impact on economic growth and output.

14. Buvinic (2009) points to the ‘added worker’ effects for women that were witnessed in the Latin American crisis of the mid-1990s. She argues for investing in increasing women’s incomes in poor households as a priority strategy, especially in those countries (a total of 33 to 52 countries, in her estimate) where women are most vulnerable to the negative gender-specific effects of the crisis and where fiscal space is constrained.

15. For new thinking in this area, see South Africa’s Community Work Programme, which is part of the second phase of the Expanded Public Works Programme (EPWP 2). For a focus on ‘care’ services, see JHHP and EPWP, Phase I.

16. See discussion on social protection floor in Section 4 of this paper and also the ILO-led Global Jobs Pact initiative.

17. See UN Statistical Division, for new a MDG Target 1.B on employment.

18. The ILO (2009) points out that, in 51 of 73 countries for which data are available, the share of wages in total income declined over the past two decades when there was rapid economic growth and strong job creation. For India, Hirway (2009) and others point to rising employment, though largely in the informal economy, with signs
of growing rural distress and rising malnutrition; for South Africa, Leibbrandt et al. (2010) point to the labour market as a driver of inequality, particularly because a large percentage of households has insufficient access to jobs.

19. ILO’s Global Trends 2010 indicates that, the overall vulnerable employment rate in Sub-Saharan Africa and South Asia is likely to have risen to almost four fifths of the employed. The largest negative impact is estimated to have occurred in SEE and CIS regions and the Middle East and North Africa. For post-crisis scenarios, see ILO’s Global Trends 2009, particularly Figures 6 and 7, page 21 and Figure 8, page 22.

20. On the issue of wage-price stability see Tcherneva (2004). Forstater (1999) cited in Tcherneva (2004), further argues that the enhanced human capital would reduce the productivity-adjusted cost of hiring from this pool relative to unemployed workers and thereby diminish inflationary pressures.

21. E.g., NREGA is viewed by some as being a first step toward realising the right to work in the Indian context. The Directive Principles of State Policy, in particular Directive Principle 39 states: “The State shall in particular direct its policy toward securing that the citizens, men and women equally, have the right to an adequate means of livelihood” and Directive Principle 41, which says that “the State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want.”

22. See regional background papers: Barrientos and Hinojosa-Valencia (Latin America), Devereux and Cipryk (Africa), Cook (East and South East Asia) and Kaber (South Asia).

23. CCTs in different countries vary in terms of whether the weight is put on the short-term income smoothing effect or on the long-term human capital investment incentives (see Veras-Soares, 2009).

24. Graduation applies both to graduation from poverty and from a reliance on social transfers, though the cash transfers themselves are also supposed to facilitate some investment activity – e.g., Gertler et al. (July 2005, cited in Lindert et al., 2007) show that Mexico’s CCT programme was associated with increased investments in micro-enterprises and agricultural production, with beneficiaries investing about a quarter of all benefits received.


26. See Government of South Africa (Department of Social Development) Discussion document (2006), which points out that linking caregivers (in the context of child support grants) to employment or training should generate a sizable market for services in day-care and early childhood development services, which, in turn, will generate work opportunities.

27. See McCord and Farrington (2008). This is particularly the case for short-term public works programmes rather than long-term ones where capacity, planning, and quality of assets can be addressed more systematically to reduce ‘leakages’ and spread setup costs.

28. Villatoro (2008) points out, “The human capital objectives should be integrated with complementary programmes and activities that enable families to increase their capacity to generate income. Such a medium-term strategy would allow families to graduate from the programmes. But some tension would arise between this approach and one based on human capital accumulation, since the latter may result in fewer opportunities to build and/or increase the productive capacity of adult beneficiaries.”

29. In 2004, the Argentina government outlined a strategy to get beneficiaries to voluntarily migrate from the Plan Jefes y Jefas to one of two other programmes, Plan Familias and Plan Seguro, with the objective of generating more homogeneous groups. Surveys leading up to the strategy (Argentina, Chile, Paraguay, Uruguay: Country Management Unit Human Development Department, Latin America and the Caribbean Region, Argentina (2009) pps. 20-12, 45-47) showed that the views of respondents were mixed: on the one hand they preferred work and support to children including for fewer benefits in exchange for training, access to employment services (bolsas de trabajo), or a concrete job offer. At the same time, the responses also indicated a preference for more benefits, even if those benefits were associated with more contraprestaciones; such as school attendance or health check-ups for children. However, as Jane Jenson (2008) points out, the 2004 reform strategy appeared to shift the emphasis from workers to children—at least as far as women were concerned: “the language of social investment shaped the presentation of the Plan Familias which targeted lone mothers labeled ‘unemployable’. Moving the women from Jefes y Jefas, with its work requirement, to a cash transfer programme conditional only on proving their children were enrolled in school and were regularly vaccinated ensured that they wouldn’t have to juggle care and work responsibilities as much; at the same time, though, they would also not have a chance to strengthen their capacities or participate in the labour market to find a way out of poverty, since Familias had no work option and made no provision for educational or childcare facilities for children under five. See Razavi (2008).

30. E.g. see Cain (2009), for the definition of a minimum package: child support grants; disability grants; non-contributory/social pensions; unemployment/working age support; and/or free access to health care services. See Leibbrandt et al. (2010), who point out that, while social grants in South Africa have succeeded in reducing the poverty gap, especially among the poorest households, households without children have become relatively poorer, most often linked to unsuccessful integration into the labour market. This continues to be a priority.

31. For how the design of a PEP would vary depending upon which role is prioritized, see ILO (forthcoming).

32. For a comparative assessment of ALMP policies with regard to different target groups, see B. Cook (2008).
33. As Wray (2007) further points out, “Upgrading of these characteristics would be the second step—with much of the necessary training occurring on the job. The unemployed need jobs, not merely the promise of a job for those who successfully reform themselves.” Also see World Bank (2008) in particular Summary Table 7.3.

34. For e.g., A PEP cannot focus on short-term job opportunities (appropriate for frictional unemployment) if it is to respond to structural unemployment. See McCord (2004), Nobatana (2007) and ILO (forthcoming).

35. However, its full development as an EG was cut short. A counterpart work requirement was introduced in early 2002 to ensure a more targeted focus. Further changes were made more recently when two new programmes were launched to gradually replace Jefes, i.e., the Plan Familias, which provides a conditional transfer to households with children, and Seguro de Capacitación y Empleo, which provides a non-contributory unemployment benefit accompanied by training and job-related services.

36. One of the issues that are being looked at in the context of EPWP phase II in South Africa, is how the EPWP can “enable government to act as an employer of last resort as part of the Anti-Poverty Strategy”. See Government of South Africa (2009b and 2008a). Also see Altman et al. (2007) for a discussion of scenarios.

37. See Kaboub, (2007) and Forstater (1999) for overviews of Abba Lerner’s functional finance theory; also see Papadimitriou (2008) and Wray (op. cit., pp. 20-25) on affordability and exchange rate effects of an EG.

38. See Trinidad and Tobago’s Unemployment Relief Programme (URP). For Iran, see Karimi (2008); for Tunisia, see Kaboub (2007a); see Kaboub (2007b) for history of ELR programmes and financing issues. For India’s NREGA, see The National Rural Employment Guarantee Act 2005 (NREGA) Operational Guidelines (2008) and other sources.

39. See Roy et al. (2006); for country-specific assessments of policy space, see Pollin et al. (2005).

40. It can be argued that, since large-scale PEPs or EG are initiated after a crisis, there should be no problem implementing a large-scale employment programme for a time unless there is a large current account deficit.


42. It should be noted that EPWP Phase II (April 2009-present) introduces the concept of full-time equivalent (FTE) jobs, of which it aims to create two million. Also see Altman et al. (2007) for a discussion of issues and scenarios involved in a discussion of scaling up EPWP.

43. See Hirway and Antonopoulos (2008). A conservative estimate of the multiplier effect of Argentina’s Jefes y Jefas on the increase in income was 2.6. One should note that the higher the imposition of indirect taxes (such as the VAT), the lower the multiplier effect, but the faster the recovery by the state. The marginal propensity to import and to save also decreases the scale of the multiplier, but since the usual beneficiaries of an EG have almost zero income in the short run, both are close to zero in the first instance.

44. Kaboub, op. cit., p. 15.

45. For example, the Department of Public Works is responsible for leading the EPWP in South Africa. It also formulates and coordinates EPWP programmes in the infrastructure sector. The Department of Environmental Affairs and Tourism is responsible for coordinating the implementation of the EPWP in the environment sector. The Department of Trade and Industry is responsible for coordinating the EPWP in the economic sector, including programmes such as incubator programmes for small businesses, which find new markets from government and community-based income-generating projects.

46. Examples include NGOs or CBOs, as in the second phase of South Africa’s EPWP, or the involvement of local communities, as in Argentina’s Jefes y Jefes de Hogar (Heads of Households) programme.

47. See Harvey (2003) and extensive data base of the Economists for Full Employment Network

48. In the case of NREGA, the central government releases funds on the basis of demand for work that then needs to be provided within 15 days. However, if works are not organised, the state government has to pay the ‘unemployment allowance’ from its own resources—arrangement that required more commitment from both sides. Tcherneva and Wray (2005a).

49. In the case of the JJHP, the federal government financed no more than 80% (but usually only 60%) of the various Jefes projects so that the project’s executing firms and NGOs had to contribute their own resources—an arrangement that required more commitment from both sides. Tcherneva and Wray (2005a).

50. See Philip (2009) on South Africa’s community work programme. It aims to “supplement existing livelihood strategies, without disrupting or displacing them” and “the injection of regular and predictable income into a community ‘thickens’ local markets in a more sustainable way.”

51. For a good overview of this programme, see ILO, “Job Creation Programmes in the ILO (a) Employment Generation for Poverty Reduction: The role of employment-intensive approaches in infrastructure investment programmes,” Governing Body, GB.273/ESP/4/1, November 1998. Also, see ILO’s EIIP programme.

52. See Tounere and van Esch, op. cit.

53. Emerging evidence from Ethiopia’s PSNP also reveals the increased focus on building in capacity in the programme once it was redesigned to support greater predictability in focus and time frame for implementation.

54. The World Bank, in order to support job creation and to streamline lengthy procurement procedures in the public sector (particularly within ministries of public works) supported the creation of a series of semi-autonomous, labour-intensive execution agencies, known as AGETIPs, in many francophone West African
countries. While these countries helped speed up the implementation of many World Bank and donor-supported, small-scale infrastructure projects, they also tended to short-circuit and thereby weaken the institutional capacity of the line technical ministries.

55. See Liew-Kie-Song (2009), which explores addressing two objectives together.


57. See World Bank (2009) Chapter 5 for a detailed exploration of these issues.

58. See http://www.nrega.nic.in. For Andhra Pradesh, see www.nrega.ap.gov.in. For detailed data on transactions relating to every wage seeker, as well as best practices and comprehensive analyses/reports.


60. See Das (2009). This has yet not meant the end of corruption, though. See Kar (2009). Also see Adhikari and Bhatia (2010) who point out the unintended consequences for transparency from moving to bank payments and highlight the need for new safeguards for bank payments as well as the continued role and importance of social mobilization and audits.

61. See ‘Zeroin on branchless rural banking’ (2007), United News of India (2010), and UIDAI (undated and 2010).

62. There was also discussion about some of the limitations of the debit card. For example, it reduced the number of transactions at the local level, particularly in small shops or in the informal sector due to the lack of possibilities to register purchases and, in some areas, it also harmed collective purchasing.

63. See Doug Johnson for issues in this area. Decision makers are also looking to see how NREGA programmes can expand financial inclusion more generally — e.g. use of NREGA job cards to open accounts. Also see UIDAI for how the Unique ID initiative aims to facilitate micro payments.

64. Conversations with NGOs about accountability in NREGS initiatives reveal that, over time, there appears to be much more attention to the quality of what is being produced and readiness to address the issue.

65. For NREGA, see Solutions Exchange (2007a) and Government of India, Ministry of Rural Development (2008) and (2009), which seek to identify synergies and strengthen productive linkages across programmes. Also see Government of South Africa (2008) on the importance it is assigning lengthening time periods for jobs in areas such as home-based care and community health services, where continuity may be more problematic for the provision of care.

66. The CSE (2008) study of NREGA implementation finds that, “Instead of implementing and evaluating the act purely in terms of employment creation, the focus should have been on the real impacts on local development through productive assets creation,” and that most of the NREGA money has gone for road construction instead of water conservation and harvesting because “irrational wage calculations have made projects like water conservation less lucrative.”

67. I.e., through the application of shadow pricing that reflects the relative scarcity and costs of labour and capital in cases where, through market distortions, these are not identical with market prices.

68. For example, consider major highways, airports, power plants, and other inherently capital-intensive projects.

69. Types of infrastructure amenable to labour-intensive technologies are listed in Annex 2.

70. For example, in rural road construction, gravel for road surfacing can be extracted by labourers using hand tools and hauled to the worksite with agricultural tractors associated with multiple trailers. As workers load the stationary trailers, the tractor can make continuous trips between the quarry and the worksite, meaning that the productive use of both labour and capital is maximized. One among many possible technological alternatives would be to use mechanized excavators, loaders and dump trucks (lorries) to perform the same tasks. The final choice in favour of a labour-intensive option should be based on a comparative study that demonstrates that it can be undertaken at the same or lesser cost when compared with the equipment-based alternative.

71. For example, del Ninno et al. (2009, pages 38-39) point out that, “In the Zambia public works project, maintenance and sustainability of the public works programme was unlikely, because the project did not establish a framework for periodic maintenance of secondary and tertiary roads by the community or local authorities…” They also point to exceptions: “In Yemen, for example, building of schools was an important activity undertaken by public workforce. Schools allocated certain portion of school fees to meet operational or maintenance costs. In the Tanzania public works program, communities have developed strategies to make sure that the created assets are maintained. Communities have formed various community groups depending on the type of created asset. For example, there are water committees, school communities and health boards. The government also allocated funds to cater for repair of assets and the funds were channeled through the local government authorities. The local government authorities also provided expert advice to communities.”

72. As indicated earlier, working with competent local and civil society organizations can be useful where public sector capacities are stretched. In the context of NREGA India, see Shah (2008) and Baba Amte Centre for People’s Empowerment Samaj Pragati Sahayog (2006). NREGA is also one of the few programmes that have led to the recruitment of dedicated staff at the local level to support programme implementation.

73. See Devereux (2002) and Oakley (1999). Also see ILO (Integrated Rural Access Planning - IRAP).
74. Under NREGA, public works are being designed to coincide with the ‘slack season’. This can help to smooth consumption flows without harming agriculture work.


76. See S. Miller (1992). In an ILO-supported special public works programme initiated in Burkina Faso in the 1980s, wages were set to roughly correspond to rural wages applied by agriculturalists through informal arrangements.

77. For details on variation across countries in the relationship between the programme wage, market wage and the minimum wage in the implementation of public employment programmes, see del Ninno et al. They point out that “in countries where the market wage is below the minimum wage (for whatever reasons including weak enforcement), a publicly funded programme wage cannot be lower than the minimum wage, and hence it has to be higher than the local market wage for unskilled labor” (page 29).

78. See Wray (2007).

79. See South Africa’s Expanded Public Works Programme.


81. See, for example, Samson (2005): “Based on analysis of two public works programmes in the waste management sector which served as precursors to the intended roll-out of 32 waste management EPWPs (EPWP Unit June 2004: 24), this paper argues that rather than forging a pathway from the ‘second’ into the supposedly distinct ‘first’ economy, the public works projects minimized the need for the generation of new jobs within the formal waste management sector, and created new, inferior jobs which bear characteristics associated with the so-called ‘second’ economy. The public works projects therefore contributed to the production of the very problem that they were meant to overcome, belying both the myth that the two economies are separated by a structural divide, and the policy claims that the EPWP will be an effective way of bridging this divide.”

82. Different programmes have different targets. Consider, for example, EPWP South Africa: The overall participation targets per annum are as follows: at least 55 per cent of workers should be women; at least 40 per cent of workers should be youth; and at least 3 per cent of workers should be comprised of disabled and gradually increased (Code of Good Practice targets are 60 per cent women, 20 per cent youth (18-24 years) and 2 per cent disabled). In India, NREGA mandates a 33 per cent participation for women.

83. See focus of Jefes y Jefas and EPWP. Also see section 510.3.

84. See Antonopoulos (2006) and Devereux and Solomon (2006) on the need to consider differences in priorities; and Nayak and Khera (2009) and Tcherneva and Wray (2005c) on insights from female beneficiaries of PWPs.


86. The issue of community-based health care workers, for example, could be brought under the purview of an ELR programme with potentially strong results. In Tigray, Ethiopia, for example, a trial of training local coordinators to teach mothers to give anti-malarials promptly to their sick children in the home showed a 40 per cent reduction in under-5 mortality. The EPWP PPhase 2 also includes services currently performed by women as unpaid work.

87. Important guidelines on equality of treatment in wages can be found in the ILO’s international labour standards: The three main ILO conventions relating to equality of opportunity and treatment are: 1. C.100, Equal Remuneration Convention, 1951; 2. C. 111, Discrimination (Employment and Occupation) Convention, 1958; and 3. C. 156, Workers with Family Responsibilities Convention, 1958.

88. NREGA is progressive in requiring women to be paid equal wages. However, the formulation of standard operating rates (SORs) does not always allow women to receive the minimum wage.

89. See Sadan (2005) on issues relating to under-representation of women in semi-skilled categories in EPWP.

90. See Sharp et al. (2006), page 53, which cites recommendations of the 2004 PSNP design mission urging that women’s work in nourishing and providing for the household be valued equally with farming and other activities.

91. If the service responds to a permanent need, and is not just the result of the crisis, it should be incorporated into the state payroll at the regular salaries determined by the law or collective bargaining processes. Otherwise, it will put pressure on the wages of regular public workers and cause unintended harm. The second thing to be considered is the provision of goods and services that the beneficiaries of the programme can appropriated, in order to foster the human development contribution that the programme potentially can make. In this respect, much can be done.

92. (i) Water conservation and water harvesting; (ii) drought proofing, afforestation and tree plantation; (iii) irrigation canals, including micro and minor irrigation works; (iv) provision of irrigation facility to land owned by households belonging to the Scheduled Castes and Scheduled Tribes or to land beneficiaries of land reforms or land of the beneficiaries under the Indira Awas Yojana of the Government of India; (v) renovation of traditional water bodies, including desilting of tanks; (vi) land development; (vii) flood control and protection works, including draining of water-logged areas; (viii) rural connectivity to provide all-weather access. The construction of roads may include culverts where necessary, and, within the village area, culverts may be taken up along with drains; and (ix) any other work which may be notified by the central government in consultation with the state government.

93. See Mehrotra (2008b). He argues that, if NREG includes the proviso that such asset creation begin with the small/marginal farmers, but extend to the lands of better-off farmer. The latter could help to weaken farmers’
resistance to the NREG on the ground that it is raising agricultural wage rates and thus raising their costs. This point has been debated given the experience of the EGS in Maharashtra, though, where there were indications that more well-to-do farmers were able to ‘capture’ labour and assets to benefit their farms.  

94. See National Rural Employment Guarantee Act [NREGA] (2005) and EPWP focus. For a detailed discussion of the issues and areas of focus see Lieuw-Kie-Song (2009).  

95. See Expanded Public Works Programme (EPWP) Overview of EPWP Phase 2.  

96. Examples of this are that NGOs that care for orphans would be able to hire additional caretakers or provide income to volunteers, church groups could organise to clean streets in their neighbourhood or community-based organisations could establish food gardens and hire local people to look after them. Current pilots initiated in 2008 as part of the Community Works Program already include some of these activities.  

97. The Trinidad and Tobago’s URP Special Projects Delivery component provides community groups, such as churches and schools, with assistance for small, medium and large projects that take more than six weeks to complete. Special projects are awarded to contractors within the constituency who will provide the labour and materials for the project. Contractors are recruited for projects such as painting, beautification works, and repair of damaged community property. The contractors are paid by the URP and are available only to assist with projects undertaken by community organisations. The URP does not provide contractors to perform work for private citizens or businesses.  


99. See EPWP (cited in Devereux and Solomon (2006))：“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.” So far, this has included the training for more than 1,500 local government officials and 1,500 previously unemployed people (who had secondary education) to become contractors and site supervisors.  

100. Decision-makers are looking to see how linkages can be made between NREGA and a major training programme - The Swaranjayanti Gram Swarozgar Yojana (SGSY), which focuses on individuals and Self-Help Groups (SHGs) by providing training and capacity building, credit and subsidies for procuring income-generating assets/micro-enterprises, making available appropriate technology, and providing infrastructure support and backward and forward linkages for facilitating the marketing of the rural products. While, at present, SGSY is targeted only at below the poverty line (BPL), there is an attempt to see if families who have worked for more than 50 days for two years (indicating the family is in distress and does not have a stable alternative source of employment) could benefit from SGSY to be equipped for semi-skilled work. See GOI MORD Convergence Guidelines for SGSY and ICAR.  

101. All of the below categories of infrastructure are amenable to labour-based construction technologies.  


103. In addition, the right to work is recognized in a number of legally binding conventions that countries have signed and ratified: Article 6 of the International Covenant on Economic, Social and Cultural Rights; Article 8, paragraph 3 (a), of the International Covenant on Civil and Political Civil Rights (ICCPR); Article 5, paragraph (e) (i), of the International Convention on the Elimination of All Forms of Racial Discrimination; Article 11, paragraph 1 (a), of the Convention on the Elimination of All Forms of Discrimination against Women; Article 32 of the Convention on the Rights of the Child; Articles 11, 25, 26, 40, 52 and 54 of the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families. Further, several regional instruments recognize the right to work in its general dimension, including the European Social Charter of 1961 and the Revised European Social Charter of 1996 (Part II, art. 1), African Charter on Human and Peoples’ Rights (art. 15). Similarly, the right to work has been proclaimed by the United Nations General Assembly in the Declaration on Social Progress and Development, in its resolution 2542 (XXIV) of 11 December 1969 (art. 6).  


107. See UNDP Strategic Plan 2008-11 Development Results Framework, which includes an explicit employment-related development outcome: ‘MDG-based national development strategies promote growth and employment, and reduce economic, gender and social inequalities.’