A global programme: Investing in employment for poverty reduction and local economic growth

A Programme Document of the Employment-Intensive Investment Branch

FEBRUARY 2003
A global programme: Investing in employment for poverty reduction and local economic growth

A Programme Document of the Employment-Intensive Investment Branch

FEBRUARY 2003
A global programme: Investing in employment for poverty reduction and local economic growth

A Programme Document of the Employment-Intensive Investment Branch

for 2003 - 2007
TABLE OF CONTENTS

List of Abbreviations ................................................................. ii

Employment Intensive Investment Programme – its objectives ....... 2

1. Background and context ......................................................... 4

2. Job Creation and Poverty Reduction: ILO mandate and action ...... 8
   2.1 ILO programmes related to employment ......................... 8
   2.2 The ILO, employment and infrastructure ....................... 9
   2.3 Employment-Intensive Investment Programmes: social and economic efficiency ........... 12
   2.4 The focus of ILO work on investment in infrastructure .... 14

3. Modalities for lasting change .................................................. 16

4. Partnerships .......................................................................... 18

5. Main Programme components .............................................. 20
   5.1 Communication .............................................................. 20
   5.2 Information ................................................................. 21
   5.3 Policy advice ............................................................... 22
   5.4 Promotion of small construction enterprises to implement infrastructure works using local resources .... 24
   5.5 Reform of contract systems and procedures .................... 25
   5.6 Decent working conditions and respect of labour standards .... 27
   5.7 Community and local institution development for planning and improved access to social and productive resources ....... 30
   5.8 Capacity building through training and educational programmes ............................................. 33
   5.9 Gender equality ............................................................ 34
   5.10 Environment .................................................................... 34

6. Levels of intervention ............................................................ 36

Annex

   Objectives of the Employment-Intensive Investment Programme .... 38
   Development Objective ............................................................. 38
   Immediate Objectives ............................................................. 39
   Programme Objectives, Outputs and Activities ........................... 40
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>AFRICATIP</td>
<td>« Association des Agences Africaines d’Exécution de Travaux d’Intérêt Public » (Association of African national Executing Agencies for Public Works and Employment «AGETIPs »)</td>
</tr>
<tr>
<td>AGETIP</td>
<td>Agence d’Exécution de Travaux d’Intérêt Public pour l’Emploi (Executing Agency for Public Works and Employment)</td>
</tr>
<tr>
<td>AsDB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>ASIST</td>
<td>Advisory Support, Information Services and Training (ILO/EIIP Regional Programme)</td>
</tr>
<tr>
<td>DANIDA</td>
<td>Danish International Development Assistance</td>
</tr>
<tr>
<td>DFID</td>
<td>British Department for International Development</td>
</tr>
<tr>
<td>EIIP</td>
<td>Employment-Intensive Investment Programme</td>
</tr>
<tr>
<td>EIPU</td>
<td>Employment-Intensive Policy Unit</td>
</tr>
<tr>
<td>EMP/INVEST</td>
<td>Employment-Intensive Investment Branch</td>
</tr>
<tr>
<td>HABITAT</td>
<td>United Nations Programme for Human Settlements</td>
</tr>
<tr>
<td>HPIC</td>
<td>Highly Indebted Poor Countries Initiative</td>
</tr>
<tr>
<td>IADB</td>
<td>Inter-American Development Bank</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
</tr>
<tr>
<td>IFI</td>
<td>International Financial Institutions</td>
</tr>
<tr>
<td>IFP/CRISIS</td>
<td>InFocus Programme on Crisis Response and Reconstruction (ILO)</td>
</tr>
<tr>
<td>IFRTD</td>
<td>International Forum for Rural Transport and Development</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>IRAP</td>
<td>Integrated Rural Accessibility Planning</td>
</tr>
<tr>
<td>ITC/ILO</td>
<td>International Training Centre of the ILO</td>
</tr>
<tr>
<td>MDT</td>
<td>Multidisciplinary Team (ILO)</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>NORAD</td>
<td>Norwegian Agency for Development Cooperation</td>
</tr>
<tr>
<td>PIARC</td>
<td>World Road Federation</td>
</tr>
<tr>
<td>PIP</td>
<td>Public Investment Programme</td>
</tr>
<tr>
<td>PRSP</td>
<td>Poverty Reduction Strategy Programme</td>
</tr>
<tr>
<td>SADCC</td>
<td>Southern African Development Cooperation Committees</td>
</tr>
<tr>
<td>SIDA</td>
<td>Swedish International Development Cooperation Agency</td>
</tr>
<tr>
<td>SSATP</td>
<td>Sub-Saharan Africa Transport Programme</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNCDF</td>
<td>United Nations Capital Development Fund</td>
</tr>
<tr>
<td>UNDAF</td>
<td>United Nations Development Association Framework</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>WFP</td>
<td>World Food Programme</td>
</tr>
</tbody>
</table>
Employment Intensive Investment Programme

The programme’s development objective (or Mission Statement) is to Promote and support the generation of productive and decent employment in developing countries through labour-based investment policies and programmes in the infrastructure sector, thus contributing to poverty reduction, economic development and social progress.

“More and better jobs, less poverty”

A study by the Development Academy of the Philippines on the use and potential of labour-based technology showed that between 126,000 and 230,000 additional jobs could have been created in 1998 in the various infrastructure sectors, if labour-based methods had been more widely used. The study also confirmed that, for the type of infrastructure concerned, the quality and costs of the assets would have been similar to that having been produced by equipment-based technology.

In Madagascar, the ILO supported the Government in setting up a range of labour-based infrastructure projects in rural settings. The amount spent on labour-based infrastructure projects in 1995 amounted to about USD 20 million, creating 35000 additional jobs, two-thirds indirectly through the multiplier effect of the injection of money into the local economy. The jobs created were equivalent to 30% of non-agricultural employment generated in the secondary and tertiary formal sectors. The Government of Madagascar has adopted the labour-based approach as part of its development strategy.
EIIP’s Immediate Objectives are to:

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

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

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

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

The world economy has gone through radical changes since the 1980s. In developing countries structural adjustment programmes have been introduced, emphasising deregulation of prices and of foreign capital movements, reduction of state budget deficits through cuts in subsidies, devaluation of national currencies and privatisation of inefficient public enterprises. The primary aim of these policies and instruments has been to bring about improvements in the market for production and services by removing trade barriers and rigidities. However, many developing countries have been ill equipped to take part in and benefit from the economic liberalisation and globalisation. The consequences have been reflected in an increase in unemployment, poverty, and social tensions over scarce resources.

The World Bank\(^1\) estimates that the number of people living in extreme poverty (living on less than USD 1.00 per day) stands at 1.2 billion (1998), or some 20% of the world population. While the total number of poor people has been relatively stable in the past decade, the regional picture is varied. With the exception of East Asia and the Pacific, the number in poverty increased: South Asia’s rose from 495 million to 522 million, and sub-Saharan Africa’s from 242 million to 291 million. In many less and least developed countries, poverty is growing to dangerous levels. The inequalities experienced by large numbers of people have already led to social crises and violence. Women and children are the most severely affected. We have now reached the stage where inaction will create explosive situations, and these will occur more and more frequently. To address this situation, Governments and the donor community alike will have to show genuine commitment for durable change matched by a strong determination to intervene so that the millions of people now living in poverty have a real perspective of a better livelihood for themselves and the next generations.

---

\(^1\) See World Bank “World Development Report 2000”
Lack of income through gainful employment is the primary cause of poverty. People living in poverty in the developing world are almost entirely supported by the earnings of 500 million workers amongst them – the “working poor”. If those people who work less than full time, but wish to work more, are included, then one third of the global labour force of about 3 billion are either unemployed, underemployed or earn less than is needed to keep their families out of poverty. According to recent ILO data, open unemployment was approximately 160 million at the end of 2000, 20 million higher than at the peak of the Asian crisis in 1998. Poor quality jobs, low pay, overwork, unsafe and unhealthy conditions, job and income insecurity are more widespread.

“Progress is more plausibly judged by the reduction of deprivation than by the further enrichment of the opulent”

Amartya Sen, Nobel Prize in Economic Sciences in 1998

Years of development efforts have provided valuable lessons. One of these is that the reduction of poverty has to be part of an overall economic growth plan. It means the integration of social policies into the mainstream economic, financial and investment policies. For the ILO, the most important tool to fight poverty is the creation of decent, productive and sustainable employment for the poor. For this purpose, policies and strategies are required to make the growth process more employment-friendly. Such policies and strategies should pay particular attention to stimulating growth in industries that can effectively use locally available resources and make use of indigenous skills and technology. Local employment should be the main focus of attention. Capital content and dependency on imported inputs, whether human or material, must accordingly be reduced.

2 See ILO “World Employment Report 2001”
What can be done and how? To have a truly significant impact, interventions to create employment should be both large-scale and sustainable. How to go large-scale? If the necessary millions of jobs are to be generated employment-intensive initiatives should become a regular part of the main investment streams in the different sectors of an economy.

How to ensure sustainability? To achieve this, employment-intensive approaches should: (i) become a normal feature of regular Government investment and development programmes, (ii) be funded through tax-generated resources as well as (soft) development banks’ loans, (iii) be carried out with the full participation of the beneficiaries, both in the planning and executive stages, and (iv) be taught at national training and educational institutions.

Can lasting reduction of poverty result? Only if vast numbers of employment opportunities are created, in particular for those workers who are low skilled and vulnerable. Investments in employment for poverty reduction must therefore be made in those areas and sectors where capital inflows – both private and public - are huge and where technology choices for employment can be made. The three investment areas that have these characteristics are manufacturing, agriculture (including forestry) and infrastructure. All offer a vast potential for employment-intensive growth while enabling the satisfaction of, or the access to basic needs.
A crucial statement made in ILO’s Declaration of Philadelphia of 1944 (which is an Annex to the Organization’s constitution) is that widespread unemployment represents one of the greatest obstacles to social peace and security.

The current translation of this concern is stated in the report of the Director-General to the 1999 International Labour Conference on “Decent Work”. The report states that “The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity.” This objective, seen in the context of low income and high un/underemployment of developing countries today, leads to the ILO setting aside important and increasing resources towards assisting member countries to create decent work opportunities, both in the formal and informal sectors.

**ILO programmes related to employment**

An important effort is being made by the Organisation to provide assistance to developing country Governments as well as donor agencies in designing and implementing strategies and programmes for job creation and poverty reduction. The mainstreaming of employment and gender gets particular importance in ILO programmes. In the framework of the Global Employment Agenda, approved by the Employment Forum in 2001, the ILO focuses on creating the environment for employment growth in the context of an integrating global economy. Its partners in this effort are governments, employers’ organisations and workers’ organisations.

The ILO has a long-standing commitment and experience in promoting sustainable and decent employment in developing countries. An important advantage in providing policy advice to Member States is that the ILO, as a UN Specialized Agency, is policy and value-based, devoid of any commercial interests. Its leadership role in diverse fields is recognized by International Financing Institutions such as the development banks and the donor agencies, as well as by partner Governments.
Its programmes dealing with Small Enterprise Development, Skills Development, Social Finance, Strategies and Tools against Social Exclusion and Poverty, Local Economic Development, Cooperatives and Employment-Intensive Investment are well-established cornerstones of ILO’s work in this field. Given its tripartite structure, with participation of workers’ and employers’ organizations as well as of Governments, the ILO is the main forum for discussions and negotiations not only on job creation and employment issues, but also on labour standards and conditions of work – instruments to improve the “decency” of the jobs.

### The ILO, employment and infrastructure

The ILO’s Employment-Intensive Investment Programme (EIIP) is one of the oldest ILO programmes. It deals with poverty reduction through employment generation in infrastructure investments in developing countries. Some 40 countries, mostly in Africa and Asia have experience with labour-based infrastructure programmes set up in the 1980’s and 1990’s. The ILO, through the EIIP, has been instrumental in the initiation and support of many of these and has provided, through regional and sub-regional meetings, opportunities to the implementers to exchange experiences.

Investment in infrastructure accounts for as much as 50 to 70 % of national public investment in most developing countries. Also a large share of private and community investments goes into all types of infrastructure, such as access roads, water, dams, drains, irrigation, housing and schools. Apart from its importance because of the level of investments, infrastructure also directly contributes to the well being of the users. It creates access to basic social services such as education and health, as well as – through the building of productive facilities – to long-term employment in other sectors such as agriculture or manufacture. In other areas, for example soil and water conservation, infrastructure contributes to the safeguarding of the productive, natural resource base.
Though much large-scale infrastructure is by definition capital-intensive, there are also many types of infrastructure in which labour-based and local resource-based technologies offer a stronger alternative in terms of employment creation, the sustainability of the infrastructure and savings in foreign exchange requirements. These include feeder roads, land reclamation, minor dams, wells and irrigation systems, drainage and sewerage, and social infrastructure, including schools and health centres.

The feeder roads sector is well documented and provides an eloquent illustration of the implications of technology choice. The cost of equipment for “equipment-intensive” technologies amounts to some 80 per cent of the total investment, while the cost of labour is only around 10 per cent, and is mainly limited to skilled and semi-skilled labour. In the case of labour-based technology, with an equivalent quality output for the same investment level, some 30 to 40 per cent of the cost is for light equipment, while between 40 and 60 per cent is spent on labour. Furthermore, the annual direct investment cost associated with creating one work year of employment using labour-based technologies is estimated within the range of US$300 to 700/year, comparing favourably with higher costs under equipment-based technologies. The exact cost of employment creation depends of course largely on the type of infrastructure constructed, and on whether or not the cost of technical assistance is included. Taking into account factors such as indirect employment creation and multiplier effects would further lower these figures and underscore the comparative advantage of labour-based technologies.

Comparative studies carried out by the ILO in such countries as Burkina Faso, Cambodia, Ghana, the Lao People’s Democratic Republic, Lesotho, Madagascar, Rwanda, Thailand and Zimbabwe show that, without compromising the quality of the infrastructure, the labour-based option:

• is between 10 and 30 per cent less costly than more equipment-intensive options;

• reduces foreign exchange requirements by some 50 to 60 per cent;

• for the same investment, creates between two and four times more employment.
An important reason why infrastructure was singled out as a sector with high potential for employment generation has to do with technology choice. ILO’s EIIP, through its policy initiatives and projects, has consistently promoted employment-intensive approaches for infrastructure creation and maintenance, not only because of the social benefits (employment generation, wages distributed), but also because these approaches are technically and financially competitive in the economic situation of most developing countries today. However, most of the works in the public sector - and a large share of those that are privately funded - are as yet carried out in a very capital-intensive manner and generate very little employment.

This means that only minor shifts in the very large investment streams in this sector would have a huge impact on job creation, both in the production and the maintenance of infrastructure assets. In order to achieve such shifts, political commitment for employment creation and local economic development is essential. Where such commitment exists, it will be possible to create an enabling environment in which small enterprises and communities can carry out infrastructure works using locally available human and material resources. Hence, infrastructure investments are in principle an important policy tool that can be used by Governments to promote an economically and socially more balanced development.
Employment Intensive Investment Programmes: social and economic efficiency

From a purely economic point of view, these programmes have two major functions:

- they stimulate the adequate allocation of production factors in the construction sector in line with the availability and price of those factors; in low-income countries with scarce (including imported) capital and abundant unskilled labour, this implies the application of labour-based construction techniques;

- they make better use of the scarce production factors (capital and skilled labour); by improving the technical and managerial skills of those deploying these scarce resources, i.e. small contractors, as well as central and decentralised government agencies in charge of the works, EIIP programmes contribute to improved productivity of both “skilled labour” and “capital”.

Low-income countries are characterized by abundant unskilled labour and relatively low wages. Under optimal economic circumstances, i.e. under perfect market conditions reflecting the availability of production resources, this would favour the application of labour-based technologies creating more employment with the same investment. However, in practice, many factors prevent the realisation of this economic “optimum”\(^4\). The gradual elimination of these “distortions”, and the development of strategies to address real or perceived concerns about labour-based technologies, in fact one of the principal goals of the ILO EIIP programme, will favour the creation of considerably more employment in infrastructure investment programmes.

\(^4\) Distortions may be caused by economic policy, legal/administrative factors, donor-induced biases, and resistance to change. For instance, interest rates may not reflect the scarcity of capital when these have been set by the government for political reasons, overvalued currencies give an unfair advantage to imported items including equipment, government procurement regulations may exclude de facto local small contractors from participating in any public works, tax and other administrative legal regulations tend to favour big contracts and the bigger (often foreign) firms, using more capital-intensive technologies. Some of the distortions are donor-induced, e.g. insistence on importing equipment duty-free, financing only foreign costs, tied procurement to donor country or insistence on international competitive bidding. Other obstacles have to do with “perception”: engineers often prefer “high-tech” technologies, because these are perceived to be associated with development, or because of their lack of knowledge on labour based techniques. Finally, especially the bigger construction entrepreneurs may prefer to use capital because of perceived (or actual) concerns about the management cost of labour, and the amortisation of equipment already in place.
The social advantages of employment-intensive programmes are obviously first and foremost the wages and incomes distributed to a largely unskilled and poor workforce. But there are more social advantages. First, the wages distributed create a multiplier effect, stimulating consumption, investment and savings, thus boosting the local economy (over and above the benefits derived from the infrastructure itself). The indirect employment generated by labour-based methods has been estimated to range between 1.5 to 3 times the numbers of directly generated jobs. Second, the promotion of small-scale contractors in employment-intensive programmes (through for instance training, modifications to the tendering system) helps to expand the domestic construction industry, to make it more dynamic with more developed back- and forward linkages, and hence to create more jobs, and more sustainable jobs, in this sector.

In summary, while employment-intensive programmes directly create short-term jobs, they indirectly create long-term employment.

However, the objective is not only to create more jobs but also, equally important, better jobs. In this context, an important aspect of the EIIP programme is to develop strategies and activities to ensure that standards and conditions for workers on labour-based infrastructure projects are applied in line with relevant international labour standards and national labour legislation, and the policies and practices described in an ILO guide on this subject.

5 Labour-based methods have been criticised in the past for creating only short-term jobs. However, since the problem in many developing countries targeted by the EIIP is underemployment rather than unemployment, short-term jobs correspond well to needs. Rather than creating a small number of long-term jobs in the capital-intensive sector, labour-based options will create a large number of jobs of shorter duration for poorer workers. If and when labour-based methods are well absorbed into the regular infrastructure investments, substantial aggregate employment creation for unskilled workers will result.

The focus of ILO work on investment in infrastructure

There are several reasons for the choice of infrastructure investments as a strategic entry point and catalyst for employment-intensive growth. These include:

- The impact of the infrastructure produced on economic growth and on the generation of productive employment opportunities;

- The weight of the infrastructure sector in the economy;

- The broad spectrum of technologies that can be applied in certain types of infrastructure, ranging from equipment-intensive to labour-based, and the opportunity thus offered to shift technologies in favour of employment generation in particular and the use of local resources in general;

- These investments are to a large extent controlled by the State and International Financing Institutions (IFIs); hence, being planned and funded under the Public Investment Programmes, they can and should be used as a tool for public policy, to introduce, implement and/or improve social and economic policies in the country concerned.

A wide range of social and economic issues can be addressed through infrastructure investment policies and programmes, including:

- The incorporation of employment and poverty considerations into mainstream investment policy;

- Promoting small enterprises in the construction sector (private sector execution of public works);

- Promoting the optimum use of local resources (human, material, financial, intellectual);

- Public procurement, encouraging transparency of public resource allocation;

- Development of public / private partnerships, through appropriate contract systems and procedures;

- Decent working conditions;

- Gender issues;
Decentralisation and related institutional reforms;

Community contracting and introduction of the principles of organisation and negotiation in the non-formal rural and urban sectors.

The EIIP aims to develop a comprehensive set of tools for the planning, appraisal, implementation and evaluation of all types of employment-intensive infrastructure works in rural and urban areas, carried out by both the formal and informal sectors. It already has a wealth of in-house knowledge and experience and a great deal of guidance material has been developed and is being used in many countries.

In countries with limited experience with employment-intensive infrastructure works, demonstration projects serve to develop and test procedures and systems, which, in their approved and final versions, become integrated into Government administration as the model for nation-wide programmes. While the construction and maintenance approaches should be employment-intensive, they also should be developed in such a way that they are competitive in terms of quality, cost and speed and allow the active participation of users and the local private sector.

Equally important, such alternative employment-intensive approaches to infrastructure development stimulate the local economies, develop community organization and build skills and self-confidence. The cash injection (wages) into the local economies in combination with the productive use of the infrastructure itself has many important multiplier effects that will lead to sustained development. Employment-intensive infrastructure programmes create wealth in several forms, such as for example productive assets (irrigated fields, woodlots, water supply schemes, roads), social assets (schools, health centres), skills (managerial, supervisory, crafts), incomes (direct and indirect), and community cohesion (joint responsibility for the creation and upkeep of the facilities). In addition, programmes of this type facilitate legal and administrative reform and enterprise development, directly and positively affecting local economic growth, social progress and improved standards of living. The ILO initiatives in this field therefore ultimately aim to demonstrate that employment-intensive approaches can contribute considerably to poverty reduction and local development.
Modalities for lasting change

How can the better use of this investment tool be promoted? A first step is the application of a system to monitor the employment levels in the different sectors on a regular basis as well as to indicate the potential for employment growth. The “Country Profiles” developed by the EIFP indicate the progress made by a given country at a given time to introduce employment-intensive infrastructure policies and programmes. This instrument can be refined to include “employment mapping”, showing current levels of, potential for and progress towards employment in different sectors. In this respect collaboration should be developed with the national labour market information systems, set up in many countries, often with ILO assistance.

Second must be the development of coherent policies where employment takes a central place. This means the identification of areas where investment can be shifted towards the generation of employment and the setting of realistic targets for this purpose.

Third, strategies for the practical application of these policies can be defined and put into practice. Here in particular it is important to identify bottlenecks to the usage of employment-intensive approaches and to apply measures to overcome these, for example through the creation of an enabling environment for local entrepreneurs or capacity-building support projects.
The EIIP Programme is a concrete entry point into wider policy concerns, addressing issues from job creation to employment policies, from infrastructure to public investment policies, from poverty reduction to small enterprise promotion, and from local economic development to good governance. However, so far it has only had limited success in “going to scale” and integrating its proven policies into the larger economic and social policy debates, both nationally and internationally.

Therefore, more work is needed to develop and advocate employment-intensive approaches as a policy tool taking into consideration the following developmental aspects:

- Making economic growth more employment-intensive and pro-poor, which would require that employment considerations are integrated into national and international mainstream economic and social policy, and that employment-intensive and pro-poor investments become a centrepiece of large-scale initiatives such as HIPC (Highly Indebted Poor Countries Initiative), PRSP (Poverty Reduction Strategy Programmes), and UNDAF (United Nations Development Assistance Framework).

- Using local investments, and local markets, including labour markets, in order to assist developing countries to better cope with the risks associated with economic liberalization. This would mean revamping the priority to be given to domestic market development - as this EIIP programme is trying to do with limited means in infrastructure and construction - creating a dynamic approach to local economic development as a foundation to counterbalance a trend towards laissez-faire / laisser-aller attitudes in the context of globalisation.

- Putting social policy at the centre of economic policy, including the crucial role of the public investment programmes, not simply as a financial/technical mechanism to deliver physical outputs, but as a policy tool to reach both economic and social objectives, and to democratically undertake policy and institutional reforms, e.g. on decentralisation, on public-private partnerships, on participatory development, on capacity-building.

- Reaffirming the role of the State, through public investment policies, to pull private investments, promote decent working conditions and ensure equitable delivery of basic social services.
Partnerships

In recent years, countries and donors have renewed their commitment to poverty alleviation and empowerment of the poor. The most important International Financing Institution, the World Bank, states in its World Development Report 2000 that: (i) the situation of the poor has not improved over the past decade; (ii) national economic growth is not a guarantee for poverty reduction; (iii) the degree of inequality in society matters; and (iv) more equal societies can grow faster. The World Bank will therefore scale up its programmes that directly benefit the poor and that are community-driven. Similarly, on their side, most bilateral donors are committed to poverty alleviation and address this in different ways, such as the “Sustainable Livelihoods” approach that is people centred and intends to build on the interests and strengths of the poor to help them escape from poverty. Developing country Governments also take this route through an increased decentralization of responsibilities, authority and resources to lower levels. This applies to most local Government functions, of which the planning, design and implementation of infrastructure works is an important one. In the context of this policy environment, employment-intensive infrastructure programmes can make a significant contribution to several development objectives.

In general, developing country Governments, IFI’s and donors implementing infrastructure projects are interested in the additional bonus of employment creation, if this can be organised. These will be the principal EIIP partners at the policy and programme identification/design level. At the donor level, the EIIP already works closely with the Nordic donor community (SIDA, NORAD, DANIDA), the Dutch Government, the United Kingdom (DFID), Luxembourg, Irish Aid and more recently Australia (Aus-Aid) and the Asian Development Bank (AsDB). New partnerships are being developed with the African Development Bank AfDB and the Interamerican Development Bank IADB, with a view to accelerate the implementation of employment-intensive investments in Africa, Latin America and the Caribbean.

The EIIP work fully fits into the PRSP and HIPC initiatives. Indeed, public investments are the major component and the principal means of action of these global policy programmes. Moreover, it is crucial to link the policies that underline employment-intensive and pro-poor investment approaches to current and emerging global policy debates. Furthermore, concrete progress in poverty eradication will depend on the capacity and political commitment of governments and the international community to better link employment to investment policy on the one hand, and policy to action on the other.
Existing partnerships including those with networks such as the International Forum for Rural Transport and Development (IFRTD), the Sub-Saharan Africa Transport Policy Programme (SSATP); and AFRICATIP (which serves as an exchange mechanism of a number of large-scale Social Fund-supported infrastructure programmes in Africa) will be continued and strengthened. Networking with national and regional institutions, organisations and programmes involved in any of the EIIP working areas will be further developed. Also, partnerships with specialised UN and non-UN Agencies engaged in infrastructure projects, in particular HABITAT, WFP, IFAD, UNCDF and UNDP, as well as with sector-specific organisations such as the World Road Congress (PIARC) and regional organisations such as the Southern African Development Co-ordination Committee (SADCC) will be further developed in line with the EIIP objectives and interests, as indicated in this document.

The ILO/EIIP welcomes collaboration with all interested partners, for policy discussions or any other form of collaboration to strengthen its efforts.

The programme’s main implementing partners will continue to be Government technical departments, NGO’s, federative organisations, social partners, and District/local administrations. The purpose of these partnerships will primarily be to contribute - through the production of social and economic ‘productive’ infrastructure - to employment creation in the context of sustainable livelihoods for the poor.

Internally in the ILO, important partners include ILO programmes dealing with enterprise development, capacity building and provision of credit, coordination with workers’ and employers’ organisations, local economic development and labour standards. The focus on employment creation and decent conditions of work provides an excellent entry point to a closer association with the Workers’ Group. Because of the strong links of the programme to enterprise development, particular attention will also be given to strengthen and further develop the links with the Employers’ Group. Important arguments for joint initiatives are that employment-intensive infrastructure programmes create new markets for local enterprises, build capacities, increase the national product and income and expand local investments.

An important link is being maintained with ILO’s International Training Centre (ITC/ILO) in Turin, Italy, in particular with the Employment and Skills Development Programme that offers amongst others standard and customised courses on EIIP policies and practices.
Main Programme components (2003 – 2007)

Communication

One of the persistent challenges of employment-intensive works is to overcome the perception that they are backward and non-productive. The image of poor quality outputs and exploited workers continues to linger in many minds. The fact that this image has been proven wrong on many well-managed construction sites, where workers were both productive, fairly paid and working in decent conditions, has done little to change the perception. Effective communication will be essential to win the unreserved backing of funders and implementers, as well as a wide support from the different ILO constituents. In particular, it will be necessary to draw a clear line between purely social or compensatory job creation programmes often justified in contexts of emergency or relief, in which productivity and quality are not necessarily the immediate objective, and employment-intensive investment programmes, which must be productive and cost-effective.

Efforts will therefore be made, in close collaboration with the ITC/ILO in Turin, to win high-level support both internally within the ILO and external to the Organization. Within the ILO, the Workers’ and Employers’ groups should become familiar with and supportive to the programme. Externally, targeted efforts will need to be made to convince different partners - including Government Departments, politicians and decision makers, Financial Institutions and Development Agencies, NGOs, training and educational institutions, and Professional Associations - of the technical, developmental and socio-economic benefits of well-managed employment-intensive approaches to infrastructure creation and maintenance.

An effective communication strategy will comprise elements of advocacy. Global, regional and national seminars and meetings will provide the opportunity to discuss and promote cost-effective and “decent” labour-based technologies with selected audiences. Information will be targeted at different levels, pointing out and illustrating the potential, merits and
achievements of modern employment-intensive technologies.

A wide-ranging communication strategy will have to be applied with inputs and funding earmarked for this purpose. As part of this strategy, a much-intensified co-operation and networking between all interested parties of the EIIP programme will have to be achieved.

A comprehensive website on the EIIP programme is available on the ILO Web-site (www.ilo.org) under: employment/recon/eiip in English, French and Spanish. It deals extensively with employment creation and poverty alleviation through investments in public and community infrastructure.

**Information**

A new State-of-the-Art knowledge base needs to be developed, allowing practitioners to learn from and build on “best practices” in this field from different regions of the world. This should be based on a global inventory of project experiences, impact studies and training programmes related to contractor development, community contracting and planning of access to basic services. A system of collection, classification, storage and retrieval of information as well as photographs,
pictures of labour-based infrastructure works, drawings and cartoons will be developed. Country-specific, comparative analysis of employment impact as well as of contribution to poverty reduction will be produced to provide policy makers with the facts related to the impact of different technological approaches to infrastructure creation and maintenance. This “employment-mapping” will be an easy-to-use tool to influence investment decisions towards increased participation of and employment for the poor.

In addition, a comprehensive website will be set up, integrated and linked with relevant ILO and external sites. A database on the available expertise in terms of human and advisory resources will be developed.

Policy advice

Much of excellent development work (at national levels but also at provincial and at the district / rural council levels) may not be sustained largely due to the lack of appropriate and coherent national policies. Different development programmes may pursue different strategies if national policies are not developed and adhered to. Adequate policy development is therefore a prerequisite for the mainstreaming of sound employment-intensive development programmes in a decentralised environment. Several guides have been developed dealing with the policy and operational environment needed for private sector and community works in this field. Much experience has been gained, particularly related to roads and rural infrastructure programmes. Employment-intensive urban infrastructure works will encounter many of the same issues, but will also need to deal with different policy aspects and problems specifically related to the urban environment.

The EIIP will continue to provide policy advice on the mainstreaming of employment-intensive approaches in regular investment programmes and policies. Naturally, the policy advisory services provided should be neutral and free from any political and/or commercial interests. The value-based nature and the non-commercial status of the ILO as a UN agency are essential for the successful delivery of this type of service.

In order to ensure that employment-intensive approaches are considered as a serious option at the very early stages of policy-making and programme design in developing countries, the EIIP will focus on the promotion of Employment and Investment Policy Units (EIPU). Being part
of the Government Department with overall responsibility for the public investment programme (PIP), the primary function of these Units will be to co-ordinate and integrate employment-friendly approaches to infrastructure development and maintenance into the national planning process. In order to achieve this they will assess the impact of technology choice and conduct studies for the purpose of increasing awareness about the potential advantages of a wider application of labour-based works among decision-makers and the general public. They will also promote the institutionalisation of policy directives affirming employment intensive investments through instruments such as Green or White papers.

At the implementation level these units will initiate activities to strengthen technical and administrative capacity at the districts and within the private sector to plan for employment creation/labour-based works. They will also provide advice and support to the management and of labour-based programmes. Finally they will facilitate further research into the use of labour-based techniques and use of local resources in universities and other tertiary institutions.

The location of such units is crucial. They must command respect for the professional approach and advice offered, and at the same time be seen as an influential agent of government policy development and implementation. As such they should become instrumental in influencing public procurement towards employment-related objectives, transparency and democratisation. Steering Committees, whose active membership is to include representatives of the private sector alongside those of relevant ministries, social partners and donors, will guide the policy units to work on strategic sectors and issues, according to national conditions and the public investment programme.

A reference unit of this nature has been established with ILO support in Uganda, and a “Labour-based Forum” is set up in Namibia as directed in the “White Paper on Labour-Based Works Policy” adopted by Parliament in 1999. Similar units have been prepared for Guinea, Mali and Senegal.

Another aspect of the policy advisory work relates to labour-intensive public works schemes in countries struck by man-made or natural disasters. The ILO has established a rapid response unit (IFP/crisis) to provide assistance to such countries, the objective being mostly to provide employment on a large scale while attending to the most urgent infrastructure rehabilitation needs. The role of the EIIP is mostly to assist the IFP/crisis unit and to facilitate the transition of these labour-intensive programmes from crisis through rehabilitation to development.
Promotion of small construction enterprises to implement infrastructure works using local resources

The fairly recent push towards privatisation and decentralisation of selected government functions means that new opportunities are coming up for the private sector and labour-based technology. The EIIP will assist governments to make the double transition from (1) force account works to private sector execution; and (2) from equipment-based to labour-based using local contractors. This requires assistance at two levels: first at the level of the (local) government to ably implement its new functions of contract authority ("client") and supervisor, and to adopt the appropriate procedures related to a contract system; second, assistance has to be provided for the development and strengthening of a pool of local contractors and consultants using labour-based methods. Most of them are not yet familiar with professional labour-based technology in various types of infrastructure works. Associations of labour-based contractors will also be promoted, to represent their interests and to bargain for improved access to markets, credit and equipment. Opportunities for labour-based contract works will be promoted in the following technical fields: (i) irrigation development programmes with a focus on small holder farmers; (ii) soil and water conservation matters; (iii) drainage and solid waste management in urban and rural areas; (iv) sanitation in urban and rural areas; (v) water supply schemes; (vi) rural access infrastructure; (vii) construction and rehabilitation of public buildings such as schools and health centres; and (viii) the development and production of local building materials. The Programme’s strategy will be to seek partners that are already active in the areas mentioned above, and concentrate on promoting the use of local resource-based methods to these new technical fields through such partnerships.

The objective of this component is to help Governments, Workers and Employers create a conducive environment for small enterprises to perform effectively in the construction sector, using locally available human and material resources under decent conditions of employment. The principal modalities to achieve this are described in an ILO Guide entitled “Employment-Intensive Infrastructure Programmes, Capacity Building for Contracting in the Construction Sector”.

In addition to capacity-building, this Guide deals with different policy issues, like investment policies and stable financing, procurement policies and the role of the national construction industry, employment creation policies, labour policies, training policies, decentralisation (of agencies) policies, etc. It also looks at the many operational and procedural constraints faced by small local enterprises in developing countries. Areas in which the EIIP will provide support include contractor and consultant identification and development, contract documentation and administration, access to credit and material resources, capacity building and labour issues.

Reform of procurement systems and contractual documentation and procedures

In both urban and rural environments, infrastructure creation, improvement and maintenance can provide substantial work for small-scale local enterprises (contractors and consultants). The mobilisation abilities and costs of small-scale, locally-based enterprises are more competitive than those of bigger companies, provided that appropriate measures are taken in relation to capacity building and the development of an enabling environment in which such enterprises can flourish.
The objective of this programme component is to promote “Socially Responsible Construction Investments”, i.e. to influence construction investment towards more and better quality employment and local participation. In collaboration with Governments and funding agencies, the programme aims to reform public procurement systems, so that these can also become an instrument to promote the country’s socio-economic priorities (productive employment, decent working conditions, adherence to labour standards, poverty alleviation). Initiatives will be undertaken to achieve greater transparency of tendering and bidding procedures, payment systems and the enforcement of contract clauses concerning both labour-intensity and improved conditions of work. The outputs of this work will contribute to: (i) opening up public contracts to small, local firms, using local resources; (ii) improving the governance of contracting processes at national, decentralised and community levels; and (iii) introducing suitable clauses concerning important labour standards and working conditions into the contract documentation.

In many countries, institutional rules and regulations on public bidding processes currently virtually exclude the participation of small, local enterprises and the application of techniques that make an optimum use of locally available skills, human and material resources. The stringent requirements for enterprises eligible to participate in the bidding, vested interests within the Government Agencies awarding the contracts and the sometimes unfair competition from big established contractors make involvement of small, labour-based firms extremely difficult if not impossible. This implies that at the country level contracting procedures and documentation need to be analysed and adapted, so that small firms can enter a (selected) part of the market and expand and extend their businesses in a fair competitive environment. Constraints on small contractor participation in public bidding unfortunately also exist at the level of international procurement.
regulations, such as those prescribed in country projects by IFI’s and Development Banks.

Concerning technology choice, developing countries are increasingly interested to spend their public investments in ways that are employment-friendly, participative and with an optimum use of locally available skills and human resources. For this reason, procurement with socio-economic objectives, so-called “targeted” procurement, introduces incentives for contractors to develop and use local resources. This manner of procurement will be analysed and, if proven appropriate, promoted in countries where a suitable political environment and commitment exists.

Naturally, if the EIIP is requested to work on national procurement and contract systems to address these issues, it will work together with the social partners, i.e. Government, Workers’ and Employers’ Organisations in the countries concerned. Work will focus on the association of these national organisations to the contracting process, so that greater transparency and efficiency in this field can be reached in a tripartite manner.

Decent working conditions and respect of labour standards

The rapid increase of labour-based enterprises in an increasingly competitive and weakly or un-regulated private sector environment entails the serious risk of increased worker exploitation and abuse. To avoid this the EIIP will have to influence national contract systems so that these will include not only specifications on the employment intensity of the works but also clauses on
improved conditions of work for the large numbers of unskilled, temporary workers employed in these programmes by small-scale firms. In this way, specific labour clauses to protect the workers and to promote their working conditions guarantee that an active employment creation policy will be combined with enforcement of labour standards. Enterprises violating these clauses may be penalised through, for instance, their (temporary) exclusion from bidding for new markets. The fact that small labour-based contractors will start operating in a more formal market will facilitate the improvement of working conditions and the application and enforcement of labour clauses in contracts. At the same time the EIIP will aim to achieve greater transparency of tendering and bidding procedures and to introduce effective and fair payment systems, as small contractors need to be paid on time and the correct amount for them to pay their workers correctly. To achieve wide adoption of this approach of “job creation with decent working conditions”, the support of employers’ and workers’ organisations and their involvement in the contracting process are prerequisites.

In order to facilitate the implementation of the approach, a Guide has been issued by the Programme, entitled “Employment-Intensive Infrastructure Programmes, Labour Policies and Practices”\(^8\). It provides guidance to government ministries responsible for civil works, labour and employment, as well as to the social partners on how to put a policy of “job creation with social progress” into practice, and what the role of the various actors, including workers’ and employers’ organisations can be.

Guidance on labour policies is becoming increasingly important as the scale of labour-based programmes increases and private sector involvement increases. This is the more so as the private sector will be largely represented by recently established small-scale organisations unfamiliar or unconcerned with working conditions. This policy advisory work will be carried out in close cooperation with Employers’ and Workers’ Organisations and relevant unions in the construction sector, at country level and internationally, such as with the International Federation of Building and Wood Workers (IFBWW).

The wage issue in labour-based works... and the need for tripartite consultations

Experience has shown that the level of the wages in labour-based works has implications for the objectives pursued. If the objective is poverty reduction, the wages can be set at a relatively low level for them to automatically target the poor. If, however, the official minimum wage is higher than the poverty targeting level, and higher than the wages normally practiced in the “informal” and/or agricultural sectors, a dilemma exists as to what the wage levels should be. This dilemma does of course not exist in countries where the official minimum wage is below the wage levels normally practiced. In that case labour-based works can in fact pay higher wages and, if at a sufficiently large scale, create an upward pressure on the informal sector/agricultural wages.

Ideally, wages in labour-based works should be set at a level whereby: (1) they target the poor; (2) they are considered as “decent” in the local circumstances; (3) they encourage productivity; (4) labour-based remains competitive with equipment-based; (5) no labour is withdrawn from other crucial sectors (e.g. from agriculture during planting, harvesting). Eventually, it would be desirable to harmonise working conditions in labour-based works with those being applied in the formal sections of the construction industry. As every country situation is different, tripartite consultations and agreements on these issues are the best way forward to define a wage policy for labour-based works.

The situation is different for community works, whereby community members benefit directly from the works undertaken and freely agree through a community-contract negotiated with e.g. local Government, to contribute with resources, which can include the contribution of labour.
With specific reference to labour standards, it remains a priority of the ILO’s Employment-Intensive Investment Programme to ensure that workers and employers are aware of their rights and obligations. Labour standards that can be promoted within the framework of (labour-based) construction programmes comprise: (1) freedom of association, (2) equality of treatment (non-discrimination), (3) decent wages, complying with legal minima, and to be paid on time, (4) working hours, (5) health and safety, (6) workers’ compensation for work accidents, (7) social security, (8) minimum age (prohibition of child labour), (9) prohibition of forced labour, (10) positive action for female workers (see below). By combining job creation with improved working conditions, the EIIP programme provides an important policy tool to governments committed to social progress.

Community and local institution development for planning and improved access to social and productive resources

The long-term objective of this programme component is to make a lasting impact on poverty reduction and through programme interventions achieve the empowerment of the poor and marginalised parts of the population, social inclusion and improvement of working and living standards in general.

In recent years Governments are placing greater responsibility for development on local authorities, local organisations and local people as beneficiaries, and increasing emphasis is again being given to “community participation” in development strategies. This recognises the fact that development programmes are unlikely to succeed if the stakeholders and intended beneficiaries are not involved in the entire process. Much of the development efforts at local level are intended to go through newly established or strengthened local authorities, agencies or associations, including communities. The decentralisation of responsibility and authority is gaining speed in many countries, thereby enabling much greater community participation and stakeholder involvement. It is important that decentralisation is not only limited to the shifting responsibilities without the necessary allocation of resources and capacity building efforts. For decentralisation to have a positive impact on the socio-economic situation of the populations, more
capacities are needed at the local level to plan, implement and, most importantly, to operate and maintain new infrastructure.

In the urban environment, employment-friendly approaches can and should be used in infrastructure improvements in low-income areas (mainly unplanned or informal settlements). Many agencies are now interested in supporting development in such areas in order to reduce the access problems and health and environmental risks. The main feature of urban works programmes is that they do not focus on the labour-based approach only, but entail extensive community management efforts and complimentary activities for improving livelihoods\(^9\). This necessitates the development or strengthening of partnership arrangements between authorities, communities and the private sector. The formalisation of such partnerships is crucial for the success of any development involving the community and their resources in the development of the settlement.

The ILO and its partners now develop community contracting - both in urban and rural areas - as a process to involve the stakeholders from the planning phase of a project up to the maintenance of the infrastructure. Community contracting mechanisms are a tool to promote the principles of organisation and negotiation in the informal and urban sectors.

The approach is based on a clear definition of the rights and responsibilities of all the parties involved. For works of direct community interest, it has proven to be more effective than either conventional wage systems or self-help schemes. It provides an entry point for other collective community-based activities including micro-finance, procurement of inputs, collective bargaining on other matters and the establishment of mutual funds for the social protection of rural and informal sector workers.

The EIIP has been promoting strategies that strengthen the local capacity for proper planning of scarce resources and implementation of sustainable interventions. The focus of these efforts is on empowerment of communities and local organisations to improve their access to basic social and productive resources. This in turn requires adequate planning procedures and a responsive local government.

In particular, the ILO has developed and tested an infrastructure planning and prioritisation methodology entitled “Integrated Rural Accessibility Planning (IRAP)” for its employment-intensive programmes. The methodology uses the term “accessibility” in terms of providing the people in rural communities access to productive resources and basic social services and facilities. Local accessibility problems can only be identified at local level with a full involvement of the communities, and the identification should include basic, social and economic sectors like health, education, grinding mills, energy (wood lots), water, markets, etc. Accessibility improvements may therefore comprise infrastructure investments, improving the location of the “basic needs” services mentioned above, and/or transport interventions. The IRAP planning procedure involves local communities and authorities in a partnership to carry out local level planning, and contributes to institutional development at the local level.
Capacity building through educational programmes

Training

Training work will be based on the EIIP’s accumulated experience as well as on the results of ongoing activities at policy, intermediary and project levels (see previous sections). It will draw on a vast documentation (technical papers, training guides and packages, etc.) available in the three working languages of the programme. It will be structured around a series of seminars and workshops whose duration and content will vary according to the needs of targeted participants.

To the extent possible, training activities will make use of existing local expertise by also involving national training providers.

In close collaboration with the ILO’s International Training Centre in Turin, the EIIP is developing and implementing a coherent capacity building strategy addressing the specific needs of public and corporate partners and clients.

Education

In the late 1990’s the ILO has initiated and supported University Networks in Africa and Asia. The initial activities of these networks have been to introduce, test and further develop modules on labour-based technology provided by ILO into their regular engineering courses at undergraduate and postgraduate levels. The objective of this work has been to modify curricula to better suit the engineering works in developing countries, carried out with an optimal use of locally available resources. In addition, introductory courses on rural accessibility planning have been integrated into ongoing courses on rural and urban planning. In 2000 the Networks included some sixteen universities in as many Anglophone countries. The EIIP will continue providing support and further develop networks also in other regions and language areas, inter alia by choosing a demand-driven approach, stimulating the active exchange of knowledge and research between regional universities, and facilitating the university network.
Gender equality.

The two EIIP components “Local enterprise development for private sector execution of public infrastructure and construction works” and “Works of communal and community interest” require targeted, gender-related initiatives.

In respect of the local enterprise component the gender-related objectives will be:

- equal pay for work of equal value;
- equal access to jobs and to individual work operations;
- equal access to training, particularly for higher level technical and supervisory functions which, when staffed with female workers, will facilitate the recruitment of female unskilled labour.
Concerning the works of communal and community interest, the objectives will be to:

- introduce special criteria for the selection of investment schemes which are of priority concern to women (access to productive resources, land development, water, firewood, rehabilitation of health centres and schools)

- ensure that women are adequately represented on committees such as those of community-based organisations, village development committees and economic interest groups.

The principal means of action in this respect will be the formulation of relevant policies and strategies and their application in public investment programmes dealing with infrastructure and construction.

**Environment**

Infrastructure programmes can have a direct and indirect impact on the environment, and this impact can be positive or negative. Experience has shown that labour-based approaches are generally more environment-friendly than equipment-based construction methods.

Work can be carried out more carefully, sparing particular spots or sparing certain types of vegetation. Labour-based approaches are also particularly suitable for works that are directly relevant for environmental improvement, such as land and water conservation, forestry and small-scale irrigation. In the urban setting, many of the infrastructure works directly improve the living and working environment, and reduce the health risks associated with flooding, through works in the fields of drainage, sewage, waste removal and recycling.

---

10 See EIP environmental guidelines series Per Mogstad, Terje Tessem, et al. ILO, 1999 (4 Guides)
Levels of intervention

The programme will act simultaneously on the following levels:

(i) National level

(i.a) Policy-level: The programme will contribute to the creation of legislation and institutional capacities that enable the adoption of employment-intensive approaches for infrastructure creation and maintenance in an environment of fair working conditions. For this purpose policy advice will be provided to Governments and funding agencies and initiatives will be taken to sensitise politicians. The establishment of “Employment and Investment Policy Units” (see section “Policy Advice “ above) will be encouraged and supported.

(i.b) Project level: The programme will develop and support demonstration and capacity building activities at national level in selected countries. The experiences of these “spearhead” projects will serve to update programme know-how and the collection of data as a basis for wider dissemination.

(ii) International and Regional level: The programme will collaborate with and support international and regional networks or organisations dealing with infrastructure development (such as, for example, the European Union, the World Bank, the World Food Programme, AFRICATIP or the World Roads Congress) and the planning of access to basic needs through infrastructure (such as the International Forum for Rural Transport and Development). It will constitute a platform for the exchange of experiences, know-how, cross-fertilisation and dissemination in the fields of employment-intensive infrastructure creation and maintenance, as well as accessibility planning. The programme will prepare guidance and best-practice materials, manuals and didactic packages for international use.
(iii) **Regional level:** Since the early 1990’s the EIIP has been able to provide advisory support, information services and training for labour-based infrastructure projects through an African Regional programme called ASIST. In 1998 a similar ASIST programme has been set up in Asia and efforts will continue to establish ASIST-type support programmes for Latin America and francophone Africa. The ASIST programmes are supported by ILO’s Multi Disciplinary Teams (MDT’s) with expertise on employment policies, enterprise development and training. Other relevant expertise in the MDT’s is available on labour standards, workers and employers relations and organisation. The EIIP will offer co-ordination and advisory services to these regional support levels, which in turn will provide assistance at the sub-regional and national levels with demonstration work, and the development of country-specific employment packages and projects in this field.

(iv) **All levels:** The programme will support national, regional and international training and educational programmes and institutions with the adaptation of their civil engineering and development curricula and syllabi and the introduction of relevant teaching materials on this subject into their courses. It will also support and collaborate with various partners including NGO’s and institutions or organisations dealing with infrastructure development and maintenance in developing countries, so that it will be possible to reach a much wider target group.
Objectives of the Employment Intensive Investment Programme

Development Objective (Mission Statement)

Promote and support the generation of productive and decent employment in developing countries through labour-based investment policies and programmes in the infrastructure sector, thus contributing to poverty reduction, economic development and social progress.

“More and better jobs, less poverty”

A study by the Development Academy of the Philippines on the use and potential of labour-based technology showed that between 126,000 and 230,000 additional jobs could have been created in 1998 in the various infrastructure sectors, if labour-based methods had been more widely used. The study also confirmed that, for the type of infrastructure concerned, the quality and costs of the assets would have been similar to that having been produced by equipment-based technology.
In Madagascar, the ILO supported the Government in setting up a range of labour-based infrastructure projects in rural settings. The amount spent on labour-based infrastructure projects in 1995 amounted to about USD 20 million, creating 35,000 additional jobs, two-thirds indirectly through the multiplier effect of the injection of money into the local economy. The jobs created were equivalent to 30% of non-agricultural employment generated in the secondary and tertiary formal sectors. The Government of Madagascar has adopted the labour-based approach as part of its development strategy.

**Immediate Objectives**

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

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

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

4. Provide assistance to social safety nets and labour-intensive employment schemes for direct job and asset creation in reconstruction programmes following man-made or natural disasters.
Programme Objectives, Outputs and Activities.

<table>
<thead>
<tr>
<th>Objective 1</th>
<th>Output 1.1</th>
<th>Activity 1.1.1</th>
<th>Activity 1.1.2</th>
<th>Activity 1.1.3</th>
<th>Activity 1.1.4</th>
<th>Activity 1.1.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote the development and application of employment-friendly policies for public investment in infrastructure at the national, regional and international levels.</td>
<td>The labour-based approach to infrastructure development is increasingly adopted by national governments. Decision-makers develop and apply a supportive policy and legislative environment related to technology choice, employment-intensive investments, labour policies, and use of small-scale local enterprises.</td>
<td>Advocacy and communication - through the organisation of international seminars or national workshops and through information development (brochures, information papers, audio-visual materials, web-site).</td>
<td>Undertake studies and analysis of employment created (the employment intensity of government spending) and the relative costs and benefits of different technology choices, including aspects such as multiplier effects. In particular, undertake comparative analyses of labour-based and equipment-based investment options and macro-economic impact and potential in selected countries.</td>
<td>Establish databases on: (i) employment facts and potential in selected countries; (ii) best practices of planning, design and implementation of labour-based works; (iii) relevant research outputs dealing with for instance poverty impact, the use of local materials for different types of construction works, remuneration systems, labour issues.</td>
<td>Promote formal adoption by Governments of employment-intensive policies through assistance to policy formulation (green and white papers) and assistance to institutional and legal aspects and implications (labour legislation, capacity building for public-private partnership, tripartite collaboration, collaboration Ministry of Employment with technical ministries etc.).</td>
<td>Strengthen capacities of central and local government, line agencies and institutions to plan, implement and evaluate labour-based infrastructure construction and maintenance programmes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output 1.2</th>
<th>Activity 1.2.1</th>
<th>Activity 1.2.2</th>
<th>Activity 1.2.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governments have set up Employment and Investment Policy Units (EIPU) in ministries in charge of the Public Investment Programme, as well as steering committees with tripartite representation, to promote employment-intensive approaches in public investment.</td>
<td>Establish collaboration with and between Ministries of Finance and/or Planning, Ministries of Employment and Ministries in charge of infrastructure investments (public works, roads, rural and urban development, water etc.), with a view to agree on the establishment, composition and terms of reference of Employment and Investment Policy Units, and its steering committee.</td>
<td>Organise seminars and workshops at the country, regional or sub-regional levels to promote the establishment of EIPU units.</td>
<td>Provide assistance to EIPU units (advisory support, guides, training materials, studies etc.).</td>
</tr>
<tr>
<td><strong>Output 1.3</strong></td>
<td><strong>Activities 1.3.1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The labour-based approach is given wider recognition at the international level and applied in construction work financed by international organisations and donor agencies.</td>
<td>On the basis of evaluations, socio-economic and comparative studies, produce articles and publications promoting the objectives of the programme at the international level.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Activity 1.3.2</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Organize workshops, meetings, or participate in such events at the regional or international level, to explain the objectives, rationale and justification of the programme’s objectives.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Activity 1.3.3</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborate with international organisations and donor agencies to influence the technologies used and the way infrastructure programmes are implemented.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Activity 1.3.4</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop a comprehensive website to provide information on the work of the EIIP programme, as a forum for discussion on key issues related to the programme, and to provide a link to other institutions working in the same field (networking).</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Output 1.4</strong></th>
<th><strong>Activity 1.4.1</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased capacities of selected learning institutions to carry out research and teaching activities related to employment-intensive technologies.</td>
<td>Collaborate with and assist selected African and Asian universities to strengthen their research and teaching capacities related to employment-intensive technologies (inter-regional project).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Activity 1.4.2</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and strengthen a network linking all learning institutions involved in employment-intensive technologies.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Output 1.5</strong></th>
<th><strong>Activity 1.5.1</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lessons learned from practical field experiences. Technical cooperation should reflect a balanced approach in which a limited number of directly supported ILO projects are part of an overall strategy, and necessary to test new approaches and to learn from practical experiences.</td>
<td>Participate in country and sub-regional projects and programmes to build a foundation for credible policy advice (demonstration or training projects, technical/training workshops, etc.).</td>
</tr>
</tbody>
</table>
### Objective 2

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

### Output 2.1

**Activity 2.1.1**

Initiate discussions on a review/reorientation of procurement regimes with international and national stakeholders to the benefit of a wider and sustained promotion of the employment-intensive investment approach.

**Activity 2.1.2**

Advisory support to the development of appropriate standards, technological, procedural and contractual reforms, to achieve greater transparency of tendering and bidding procedures, to include clauses on the use of local resources in general and labour in particular, and to allow fair competition by small local firms.

**Activity 2.1.3**

Development of training initiatives and materials for a target audience of personnel from line agencies and consulting engineers concerning labour-based technology and management, the preparation and supervision of contracts, the improvement of the contract system and the establishment at a decentralised level of a transparent and efficient tendering and bidding system for public and community works.

### Output 2.2

**Activity 2.2.1**

Assistance to the creation of an enabling environment for the use of labour-based methods through local enterprises, including access to markets, access to appropriate equipment, access to credit.

**Activity 2.2.2**

The development of training initiatives and materials concerning the cost-effective application by small and medium-scale enterprises of labour-based technology in the different technical fields.

### Output 2.1

A larger share of infrastructure development funds, at the central and decentralised levels, and in an increasing variety of infrastructure sectors, goes to local contractors and consultants.

### Output 2.2

Local labour-based contractors and consultants are increasingly successful and competitive: their firms grow in size, and become more part of the “formal” sector, they win bids for public infrastructure works, use more local resources, and deliver good quality work.
### Output 2.3
Together with country partners, codes of good practice for labour standards in public works programmes and labour-based works have been developed.

#### Activity 2.3.1
Organise tripartite meetings at international, (sub-)regional, and national levels to (i) create awareness of the issues, (ii) identify obstacles to the application of relevant labour standards and the introduction of fair working conditions, and (iii) formulate action plans to overcome such obstacles.

#### Activity 2.3.2
With the tripartite and other partners in a selected number of countries, develop codes of good practice for labour standards in labour-based infrastructure works.

#### Activity 2.3.3
Document the experiences for use in other countries.

### Output 2.4
Codes of good practice are included as labour clauses in public works contracts with the private sector in (labour-based) infrastructure works and mechanisms have been set up to ensure their application and enforcement.

#### Activity 2.4.1
Cooperate with labour ministry, technical ministries and tripartite partners to ensure the systematic inclusion of labour clauses in public works contracts with the private sector.

#### Activity 2.4.2
Cooperate with labour ministry, technical ministries and tripartite partners to set up mechanisms ensuring the application and enforcement of the labour clauses (penalties, exclusion of short-list, role of labour inspection etc.).

### Output 2.5
Gender equality actively promoted.

#### Activity 2.5.1
Ensure that the labour clauses introduced into contract documentation have specific clauses on gender-related objectives.

#### Activity 2.5.2
Include the gender perspective in all EIIP policies and programmes.
<table>
<thead>
<tr>
<th>Output 3.1</th>
<th>Activity 3.1.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associations of labour-based contractors and consultants are established and have acquired bargaining power.</td>
<td>Within the framework of labour-based infrastructure programmes, provide assistance to the creation of associations of labour-based contractors and consultants (identification of common interests, e.g. access to public markets, access to equipment, to credit, design action plans etc.).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output 3.2</th>
<th>Activity 3.2.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community groups are organised, identify and prioritize local infrastructure needs, and are in a position to negotiate with local authorities the use of investment resources.</td>
<td>In a selected number of country programmes, develop community contracting procedures as a means to empower and organise community groups, to develop partnerships with local authorities and to achieve greater transparency and participation in the use of local investment funds.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output 3.3</th>
<th>Activity 3.3.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local authorities are capable and willing to deal in an effective and transparent manner with community associations and small contractors under contractual agreements.</td>
<td>Promote the adoption of the developed systems by national and local governments in rural and urban settings.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output 3.4</th>
<th>Activity 3.4.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessibility planning is widely adopted as a participatory method to plan and allocate public investment resources at the local community level.</td>
<td>In close collaboration with Social Funds and Government line ministries, the further refinement, introduction and adoption of bottom-up planning systems and procedures for community-based infrastructure projects.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 3.4.2</th>
<th>Activity 3.4.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>The integration of the planning results into decision making processes on public investment planning at local, District, Provincial and National levels in co-ordination with the stakeholders concerned.</td>
<td>The incorporation of appropriate planning systems into the strategies, course curricula and seminars of regional, national and international learning institutions.</td>
</tr>
</tbody>
</table>
**Objective 4**

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

<table>
<thead>
<tr>
<th>Output 6.1</th>
<th>Activity 6.1.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisory support provided to the identification, formulation and implementation of crisis-induced reconstruction programmes.</td>
<td>Take part in missions and provide advisory support to IFP/crisis and to post-crisis reconstruction programmes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output 6.2</th>
<th>Activity 6.2.1</th>
<th>Activity 6.2.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assistance provided to countries and labour-intensive programmes with a view to making the transition to rehabilitation and development.</td>
<td>Develop and adapt guides and training materials regarding this transition to development.</td>
<td>Provide advisory support to countries and programmes concerned by this transition.</td>
</tr>
</tbody>
</table>
Cameroun: Construction of a drift

ILO assisted programme in Madagascar: construction of an irrigation canal

Employment Intensive Investment Programme

International Labour Office

4, Rue des Morillons • CH 1211 Geneva - 22 • Switzerland
Tel: 41-22-7998630 • Fax: 41-22-7998422
e-mail: EIIP@ilo.org • Web-site: www.ilo.org Employment, Employment Intensive Investments