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Public employment programmes at the intersection of employment and social protection policies

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Foreword

In a world increasingly characterized by economic uncertainties exacerbated by climate change, shifts in technology and increasing inequalities, the intersection of social protection and employment policies has become even more relevant.

ILO has been engaged with public works programmes since its inception in 1919, where reference is even made in the first ILO Recommendation to "co-ordinate the execution of all work undertaken under public authority, with a view to reserving such work as far as practicable for periods of unemployment and for districts most affected by it." More recently, the ILO Social Protection Floors Recommendation, 2012 (No. 202) although a Recommendation concerning national floors of social protection, stressed that "Members should consider different approaches with a view to implementing the most effective and efficient combination of benefits and schemes in the national context", including "public employment schemes and employment support schemes".

Public Employment Programmes (PEPs) have emerged as an important topic of exploration of the nexus of social protection and employment policies. Public Employment Programmes, often also referred to as Public Works Programmes bridge the gap between the urgent need for livelihoods, just transitions and the imperative of universal social protection. Their designs benefit from over 50 years of the ILO's experience in employment-intensive investment programmes (EIIP) based on a localized approach and the use of local labour and resources to secure income for the most vulnerable thus creating multipliers in the local economy.

This report examines the interplay between PEPs and the realms of social protection and employment. It confirms that these programmes are not just about building infrastructure or providing temporary employment, but also play an important role in providing incomes for unemployed or underemployed workers and their families, which many countries consider as an essential element of their national social protection system. These programmes have long been part of integrated development and policy solutions, of different Governments supported by IFIs, donors and the ILO.

Our world today grapples with the challenges of providing meaningful and decent employment opportunities, while ensuring that individuals and communities are adequately protected in times of need. PEPs, as you will see, offer more than just enhanced income; they can also contribute to skills development, community resilience, social security, and increase social cohesion and economic inclusion.

What sets this paper apart is its emphasis on the interconnectedness of PEPs with broader social protection and employment policies. It is not just about one programme in isolation, but about how PEPs can complement and enhance the effectiveness of these broader policy frameworks. This paper provides fresh perspectives on how these elements can work together in synergy, while better understanding some of the potential trade-offs that may need to be balanced.

This journey would not have been possible without the dedication and expertise of the authors, researchers, reviewers and practitioners who contributed their insights. It is our hope that this discussion paper serves as a source of inspiration and actionable insights for policymakers, practitioners, and advocates alike.

In light of the various initiatives to promote social justice through the Global Coalition for Social Justice and the UN Global Accelerator on Jobs and Social Protection for Just Transitions, this paper argues for the need for integrated employment and social protection policies to be promoted by, international financial institutions, private sector, social partners, civil society so as to accelerate decent work and progress towards the Sustainable Development Goals (SDGs).

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Abbreviations and acronyms

ALMP	Active labour market policy
ECCD	Early Childhood Care and Development
EGS	Employment guarantee scheme
EIIP	Employment-Intensive Investment Programme
ELR	Employer of last resort
EPWP	Expanded Public Works Programme
ILS	International labour standard
LIC	Low-income country
LMIC	Lower middle-income country
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
PEP	Public Employment Programme
PSNP	Productive Safety Net Programme
PWP	Public Works Programme

1 Public employment programmes

1.1 Introduction

This paper explores the role of a Public Employment Programme (PEP), also known as a Public Works Programme (PWP), as an instrument which sits at the intersection of employment and social protection policy and plays a key role in both. Traditionally, PEPs have been used to create employment and provide support for the unemployed during periods of economic dislocation and have been part of the ILO policy toolbox since its inception, promoted as a means to create employment and also as a mechanism to provide basic income security (McCord et al. 2021). They are a key instrument in addressing both employment and social protection policy objectives. In the context of the current post-pandemic economic recovery and the discourse on policy responses to climate change and environmental degradation, PEPs can contribute to a human-centred recovery and a just transition (ILO 2015a; 2023), as set out in the UN Secretary General's Common Agenda (UN 2021a) and the Global Accelerator on Jobs and Social Protection for Just Transition initiative (UN 2021b).

PEPs have evolved over time and the ILO currently uses the following definition:

> ...state (or donor)-funded programmes that have as their primary purpose the creation of employment through the production or maintenance of assets or services that contribute to the public good but are outside the normal public service and complement rather than displace existing delivery mechanisms. They differ from other forms of public expenditure inasmuch as employment creation is their primary purpose (ILO 2020a).[1]

While there is no comprehensive global inventory of PEPs, data from the large-scale national programmes presented in Annex 2 indicate that they probably provide paid work to more than 110 million people annually across all regions of the world.

While these programmes differ in size, their focus on employment creation means that they should ideally operate at a scale that is significant in relation to the size of the labour market enabling them to make meaningful contributions to reducing unemployment or underemployment. At their most ambitious, they can be designed to act as "employers of last resort"[2] by offering a job to anyone who is willing to work in a programme. In operational terms, this can be done by offering employment guarantees as key instruments contributing to full employment and providing income security.

However, while PEPs are a common policy instrument, their status is somewhat ambiguous, as their characteristics mean that they can be located in either the employment or social protection discourses, and respective institutional settings.[3] Interventions across these policy areas share a common nomenclature. But there are pronounced differences between the design of programmes prioritizing the objectives of employment generation and the creation of productive assets. By comparison, the use of PEPs as a means of enhancing a social protection objective as basic income security for the working-age poor is a functional equivalent of unemployment protection. In practice, this may result in programme

1 See Chapter 3: The contribution of employment-intensive investment programmes to structural economic transformation for peace and resilience.

2 Employers of last resort (ELR) are employers in an economy to whom workers go for jobs when no other jobs are available; the term is analogous to «lender of last resort». The phrase is used here as a formal government job guarantee programme, where the government promises to act as an ELR by employing all comers.

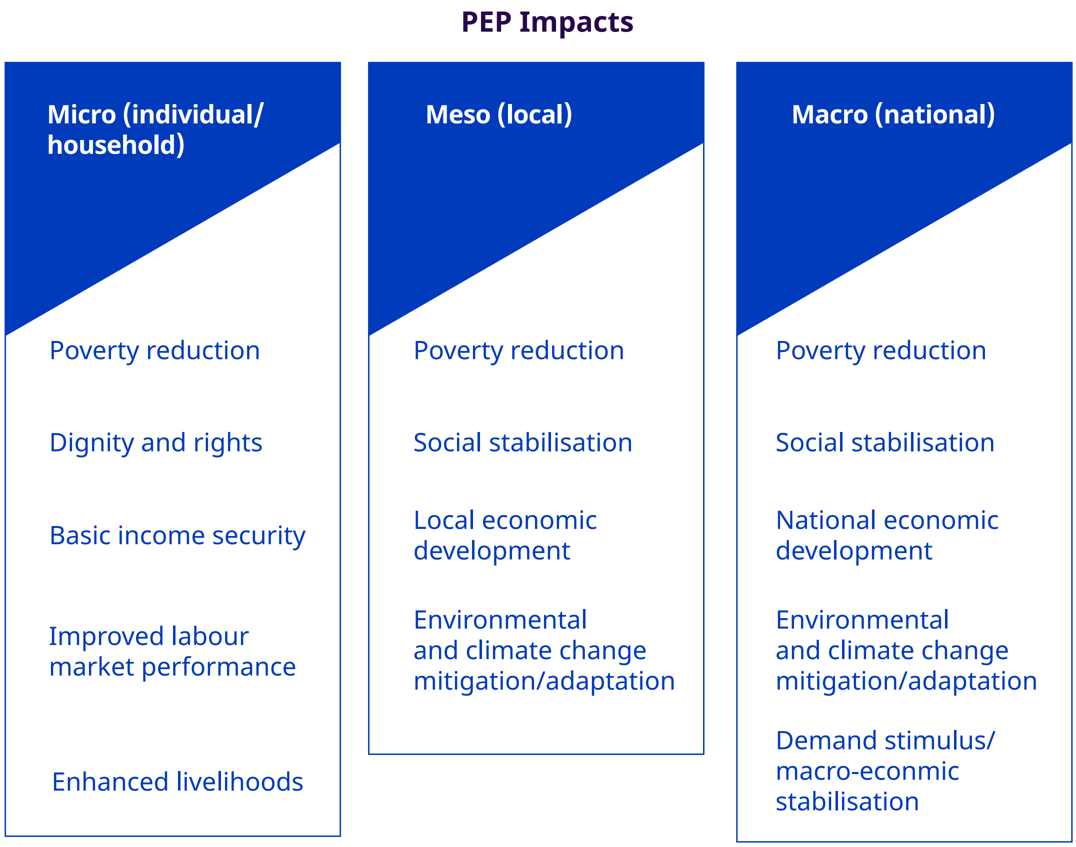
3 The ILO Social Protection Monitor website (https://www.social-protection.org/gimi/ShowMainPage.action) does not include a separate category for public works/employment programmes, and classifies them, depending on their main objective, under unemployment, income/job protection or other schemes. The World Bank COVID-19 response inventory uses a categorization which places public works (including cash for work) under the tag "social assistance" rather than labour markets (https://openknowledge.worldbank.org/handle/10986/33635).

interventions implemented within different discourses, with different teams of experts and government departments, and with funding from different domestic and international allocations but sharing the same name. This potentially results in conceptual confusion and programming tensions. This paper highlights and explores these tensions, setting out the dual nature of PEPs and how they contribute to each policy area. It proposes a framework for conceptualizing PEPs across these two complementary policies and identifies key design specificities and challenges attached to each set of policy objectives, as well as the complementarities and trade-offs between them.

1.2 The role of PEPs

PEPs contribute directly to employment policy objectives by creating additional employment opportunities. They also have the potential to promote participants' skills development and work experience leading not only to improving labour market performance, but also to creating productive assets and services which impact directly on individuals' livelihoods. By enabling participation in useful work within communities, PEPs can also contribute to more intangible benefits such as enhancing the dignity of participants and social cohesion. They also contribute to social protection policy objectives in the form of PEP wages by providing basic income security in cases of job loss, inability to find work or inadequate income. This directly contributes to reducing household poverty. Depending on the scale of a programme's operations, PEPs may also contribute to the broader goals of local and national economic development, poverty reduction, and macro-economic and social stabilization. In recent years, they have also been used for ecosystem restoration and climate change mitigation and adaptation. As such, they have the potential to contribute to a wide range of social, labour market and economic policy outcomes and to confer benefits across micro, meso and macro levels, as summarized in Figure 1.

▶ **Figure 1. Potential impacts of PEPs**



The role and function of PEPs are described in various international labour standards (ILS) that serve as useful guidance for policy formulation and implementation.[4] The most important standards on PEPs are the Employment Policy Convention, 1964 (No. 122) and its accompanying Recommendation (No. 122), the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168) and its accompanying Recommendation (No. 176), the Social Protection Floors Recommendation, 2012 (No. 202), Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), and the Employment and Decent Work for Peace and Resilience Recommendation, 2017 (No. 205). Collectively these standards provide an important framework for ILO's position on PEPs.

Convention No. 122 and its accompanying Recommendation No. 122 call for the pursuit of full employment and suggest a specific role for PEPs with regards to stabilizing employment, addressing seasonal fluctuations in employment, responding to lack of employment due to structural change and economic underdevelopment.[5] Convention No. 168 and its accompanying Recommendation No. 176 were adopted in 1988, in the context of structural adjustment policies and stabilization programmes. Responding to "widespread unemployment and underemployment affecting various countries throughout the world at all stages of development", they emphasize the importance of work and productive employment in terms of the resources work creates for the community, the income it brings to workers, the social role it confers, and the self-esteem workers derive from it. These instruments seek to address unemployment by promoting unemployment benefits, and highlight the need to establish special programmes, including PEPs, in promoting additional jobs. Recommendation No. 202 (ILO 2012) includes PEPs as one of the possible instruments to provide social security for working-age adults, as part of a social protection floor. Recommendation No. 204 mentions the promotion and implementation of PEPs to contribute to quality job creation in the formal economy. Recommendation No. 205 includes the adoption of PEPs to promote full, productive, freely chosen employment and decent work and income-generating opportunities, as an element in building peace and resilience. Collectively these standards set out the potential roles of PEPs in both employment and social protection policy, illustrating their dual nature.

Multiple other major initiatives shaping the employment, social protection, development and climate change discourses have highlighted the significant potential of PEPs. For example, the *Guidelines for a Just Transition Towards Environmentally Sustainable Economies and Societies for All* highlight the role of PEPs, particularly, those linked to poverty eradication and ecosystem protection (ILO 2015a; 2023). More recently, the UN Global Accelerator on Jobs and Social Protection for Just Transitions[6] provides for an integrated approach in which PEPs also play a key role at the intersection of employment, social protection and environmental policies (UN, 2021b).[7]

The use of a common instrument to address the separate but closely related challenges of aggregate employment creation on the one hand, and income security on the other, spanning both employment and social protection policy objectives, has sometimes led to programme design challenges. This is particularly problematic when there are differences between the programme specifications required to achieve these divergent objectives, leading to design and operational tensions and trade-offs. This paper identifies and explores these trade-offs because recognizing and resolving them is key to enhancing programme performance and impact.

4 PWPs had dedicated ILS, namely Public Works (International Co-operation) Recommendation, 1937 (No. 50), Public Works (National Planning) Recommendation, 1937 (No. 51) and Public Works (National Planning) Recommendation, 1944 (No. 73). In 2002, these were withdrawn and superseded by the Employment Policy Convention, 1964 (No. 122).

5 As articulated in Recommendation No. 122 in the Annex on the "Suggestion Concerning Methods of Application" (ILO 2012).

6 ILO. The ILO and the Global Accelerator on Jobs and Social Protection for Just Transitions.

7 PEPs are also featured in the *World Development Report on Jobs* (World Bank 2013), the three latest editions of the *World Social Protection Report* (ILO, 2014b; 2017; 2021a), and two of the *World Employment and Social Outlook Trends* reports on transforming jobs to end poverty and on greening with jobs (ILO 2016; 2018).

1.3 Structure of the paper

The following section of this paper discusses the role of PEPs in relation to employment and social protection policies. It considers their alignment with the wider set of policies adopted in each sector, the way that PEPs operate at the intersection of these two policy areas and the challenges that this can create.

Section 3 examines the relationship between PEPs and other policy objectives which include: skills development; labour market transformation; asset creation and service provision; economic development, social and macro-economic stabilization, ecosystem restoration; and climate change adaptation and mitigation.

Section 4 discusses the implications of these multiple potential objectives in terms of programme design trade-offs, along with the need for coordination. Operational synergies are outlined briefly and key issues relating to cost and financing are set out.

Finally, the paper discusses ways that the context can shape the viability of PEPs to deliver on social protection and employment policy goals and draws summary conclusions.

2 PEPs at the intersection of employment and social protection policies

PEPs contribute to both employment and social protection objectives and are thus found at the intersection of employment and social protection policies.

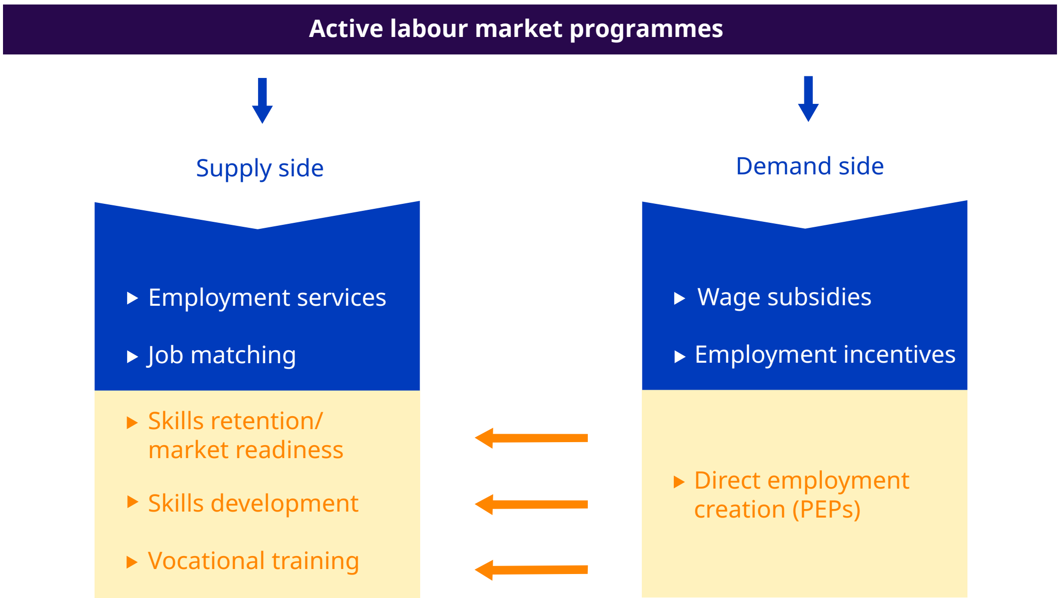
2.1. PEPs and employment policy

PEPs are one of several instruments in the employment policy toolbox that create additional employment in response to high levels of unemployment and underemployment. As they require government spending, their integration within the macro-economic and fiscal dimensions of employment policies is important. They can play a vital role in creating employment for groups for whom market-based employment is not available. This function is particularly important during economic crises and periods of high unemployment when they play a countercyclical role by directly creating employment. This gives them a critical, if not indispensable, role as part of an employment policy framework that aims to achieve full employment and "leave no one behind" (Wray 2007).

Employment policies include a wide range of interventions with which PEPs need to be aligned. They may be considered part of the range of interventions that make up active labour market policies (ALMPs) along with stimulus packages, job subsidies and employment incentives. Their alignment with other ALMPs and their related programmes is especially important as they often target similar beneficiaries. PEPs create labour demand by providing opportunities for the unemployed to engage in paid work, and a form of unemployment protection that can also potentially facilitate return to employment (e.g. through work experience).[8] In this way, PEPs are used to increase aggregate demand for labour, and are implemented alongside other ALMPs to contribute to the policy goal of full employment, as envisaged in Conventions Nos 122 and 168. As well as increasing labour demand, PEPs also contribute to supply-side employment policy objectives relating to the quality of labour by promoting work experience, skills retention and market readiness. They can also integrate complementary interventions, such as vocational training and employment services, as illustrated in Figure 2.

8 See also the Social Security (Minimum Standards) Convention, 1952 (No. 102), Part IV. Unemployment Benefit.

▶ **Figure 2. PEPs as part active labour market policies (PEP contributions in yellow)**

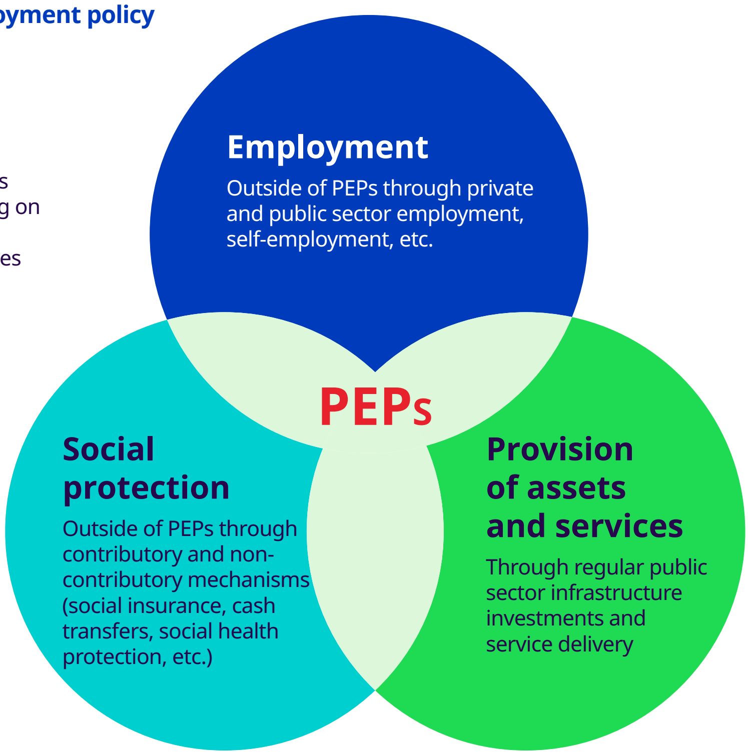


Source: Authors

The ILO has promoted the use of PEPs to provide employment protection in contexts of involuntary unemployment and underemployment for over a century, complementing unemployment protection schemes (ILO 2017, 2021a; Peyron-Bista and Carter 2017; McCord et al. 2021). The main approach has been to promote employment-intensive infrastructure investment to enhance the impact of public expenditure on aggregate labour demand. In addition to the broad goal of increasing aggregate levels of employment, ILO-supported PEPs tend to have three further explicit objectives: (i) the provision of income; (ii) the creation of productive assets and services; and (iii) the participation in employment. These are in addition to work experience, maintaining work readiness, skills development and access to networks. They are increasingly recognized as delivering a variety of non-income-related psycho-social benefits, including health, self-confidence and agency, particularly, for participants who engage in PEP work in their own communities (ILO 2018; Hussam et al. 2021). These three objectives and their associated benefits are illustrated in Figure 3.

▶ **Figure 3. PEP goals in employment policy**

PEPs operate in the shaded areas of the Venn Diagram. Depending on the programme objectives and design, some of the objectives may be more emphasized.



Source: Authors based on Lieuw-Kie-Song et al. 2010.

PEPs have been widely adopted as part of employment stimulus policies for many years in a variety of low-, middle- and high-income contexts. These range from national programmes during economic downturns and periods of sustained high unemployment to short-term targeted responses to temporary labour market disruption and asset destruction in the wake of humanitarian crises (McCord et al. 2021). The relative priority given to the three different objectives of income, employment and asset creation varies within this type of employment-oriented PEP depending on the context. Over the last 50 years, the provision of support to identify the optimal technology mix and degree of labour intensity and associated technical specifications required to provide employment creation which entails the cost-effective production of quality assets has been a key activity of the ILO's Employment-Intensive Investment Programme (EIIP) (McCord et al. 2021).

2.2. PEPs and social protection policy

PEPs also have a key role in the realization of the right to social security, which is articulated in the Universal Declaration of Human Rights (1948) and the subsequent International Covenant on Economic, Social and Cultural Rights (ICESCR) (1966), as well as in other human rights instruments (see Box 1).[9]

9 A compilation of relevant human rights instruments and ILS is available in ILO (2021e).

▶ **Box 1. The human right to social security as set out in the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights**

"Everyone, as a member of society, has the right to social security. [...] Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control."

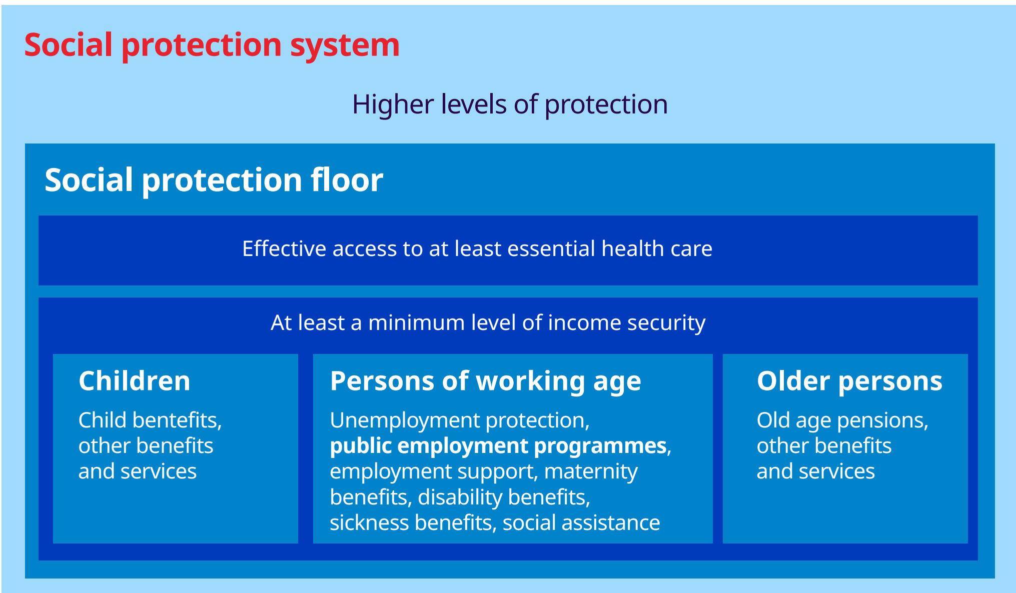
Universal Declaration on Human Rights, 1948, Articles 22 and 25(1).

"The States Parties to the present Covenant recognize the right of everyone to social security, including social insurance. [...] The States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. The States Parties will take appropriate steps to ensure the realization of this right, recognizing to this effect the essential importance of international co-operation based on free consent."

International Covenant on Economic, Social and Cultural Rights, 1966, Articles 9 and 11(1).

Within the range of instruments identified to realize the set of basic security guarantees which together comprise a social protection floor, as set out in Recommendation No. 202 (ILO 2012), PEPs are identified as one of the options for providing income security for people of working age unable to earn a sufficient income (see Figure 4).

▶ **Figure 4. PEPs, income security for persons of working age within the social protection floor**



Source: Authors based on Recommendation No. 202 (ILO 2012).

Recommendation No. 202 (ILO 2012) identifies PEPs as one of the social protection instruments available for providing income security for those of working age, as one form of unemployment protection (para. 9(3)). It specifically mentions the use of employment guarantees provided by the State as an ELR (para. 9(2)). Alternative instruments to ensure income security for unemployed workers can include unemployment insurance or assistance benefits, social assistance, negative income tax and employment support. In the context of the COVID-19 pandemic, employment retention benefits, such as short-time work or partial unemployment benefits, also gained particular visibility as a means of preventing unemployment and the associated income loss (ILO 2020b). Unemployment protection schemes are often combined with other ALMP measures to promote employability, such as training and job matching.

Within national social protection systems, PEPs can complement social assistance interventions that often focus on children, older persons and persons with disabilities. These interventions often take the form of cash transfers providing income security for vulnerable categories of people of working age, as part of a nationally defined social protection floor. While public employment programmes are not explicitly mentioned in the Social Security (Minimum Standards) Convention, 1952 (No. 102), Convention No. 168 reflects the complementarity of employment and social protection measures in addressing unemployment and underemployment in favour of decent, productive and freely chosen employment.

PEPs are particularly relevant in low-income countries (LICs) and lower middle-income countries (LMICs) to complement the limited protection often provided to working-age groups by social insurance and social assistance. This is especially the case in contexts with high levels of informal employment where unemployment benefit schemes do not (yet) exist or cover only a small proportion of the labour force.

Globally, unemployment protection coverage is low with less than one fifth of unemployed workers worldwide receiving unemployment benefits (ILO 2021a). One of the reasons for such low coverage is that only 96 out of 199 countries for which data are available have enacted legislation on unemployment protection; this is the case for most LICs and LMICs. Overall, mandatory unemployment insurance schemes are in place in 85 countries (sometimes in combination with non-contributory unemployment assistance), while eight countries have only a non-contributory unemployment benefit scheme in place (ILO 2021a). Where unemployment insurance schemes do exist, their coverage is often limited to employees. Those who do not qualify or are not registered, remain unprotected and, in many cases, also fail to meet the eligibility criteria for social assistance schemes that exclude those of working age with earning capacity (ILO 2021a). The lack of protection is an important challenge for those in the informal and rural economies.

PEPs can provide a basic level of income security to under- and unemployed workers in the informal and rural economies and are often the only provision available for this segment of the labour force. They offer a means by which income security can be provided to poor people of working age pending the extension of social insurance and social assistance schemes. PEPs that extend income security in this way are widespread, and vary in size, ranging from local schemes to national programmes. Most are relatively small scale with low coverage providing short-term rationed support for selected subgroups but are not able to provide income security for a significant segment of the working-age poor (ILO 2021a; 2022c). Employment guarantee schemes (EGSs) are an exception where the State becomes the ELR and guarantees wages (usually in the form of minimum wages) based on a legal entitlement for a certain period of time, but only a few of these are currently being implemented.

The fact that rural and informal workers lack access to other forms of employment support can also limit their access to existing ALMP interventions linked to skills development. Therefore, support through PEPs is particularly valuable as it provides work experience and frequently includes complementary skills development interventions which can enhance employability.

PEPs are particularly relevant in extending provision where social assistance for the working-age poor is not considered socially or politically acceptable (unless they are unable to work, for example, due to a severe disability) and is not widely available. In such contexts, where the social protection discourse is informed by the concept of “deservedness” rather than a right, and support that is conditional on work is considered as more acceptable than social assistance, PEPs may be an option to be considered. Where existing social assistance schemes have limited coverage or do not provide adequate benefits, PEPs can address provision gaps by complementing the income of people of working age, particularly for the working-age poor and their households, who may not be reached by other measures.

Because the creation of infrastructure or services is integral to PEPs, and the assumption that these outputs will stimulate economic development at local, regional or national levels, these programmes are often perceived as having an additional investment dimension, raising the expectation that they will contribute more to the reduction of poverty than social assistance alone. For this reason, PEPs are often considered to be a type of "productive safety net" which will also contribute, for example, to local economic development or food security outcomes. While evidence of this productive impact is not always found in PEP evaluations,[10] it is a key factor in the current popularity of PEPs over alternative social protection instruments for the working-age poor.

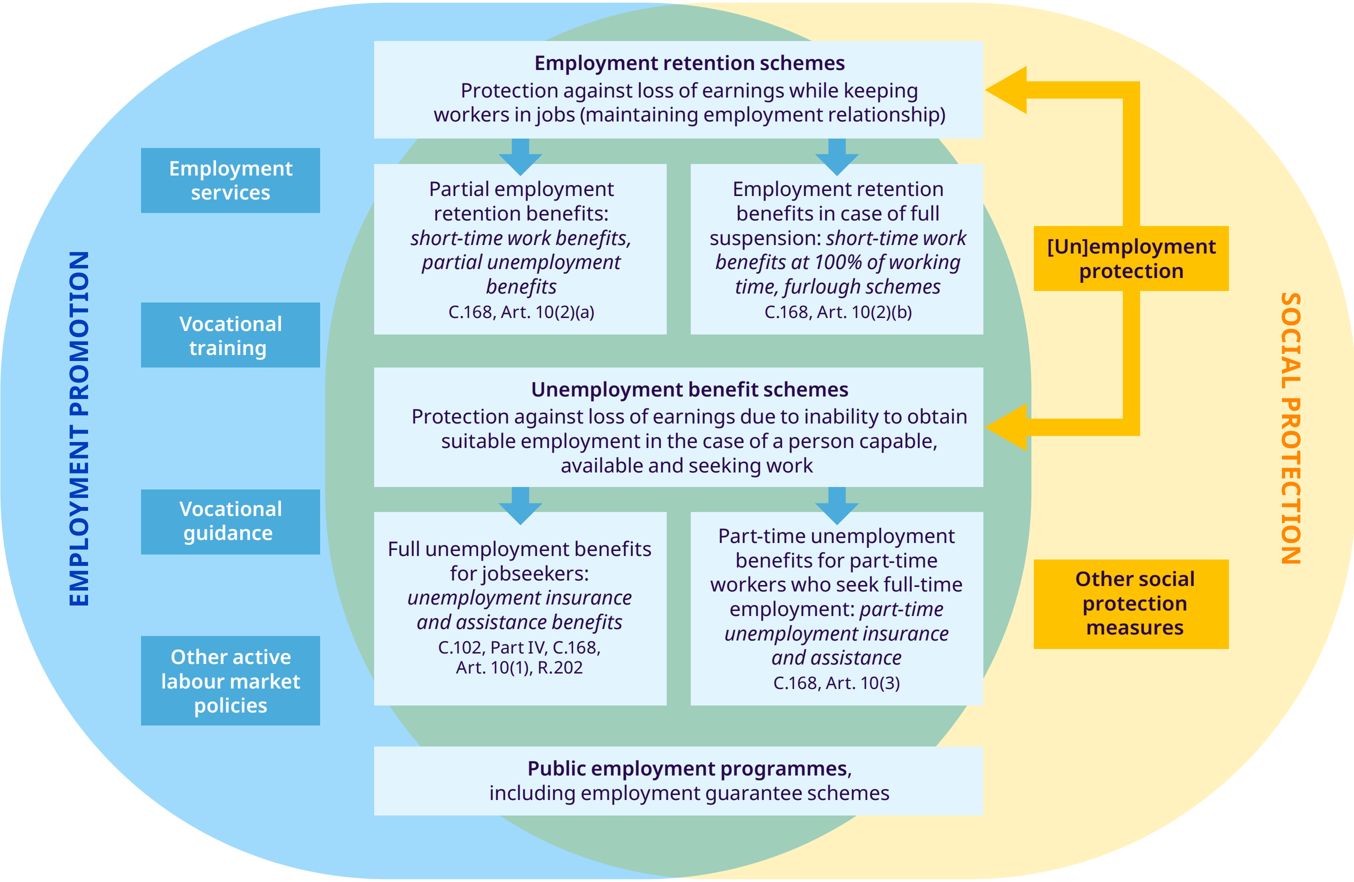
2.3. PEPs across social protection and employment policy: Implications for programme design

The discussion above shows how PEPs align with a range of other employment and social protection instruments. They are used as part of a package of social protection interventions to create social protection floors in many LICs and LMICs and extend income security provisions to people of working age. In some contexts, they compensate for underdeveloped unemployment insurance and assistance schemes (ILO 2020b; 2021a; Peyron-Bista and Carter 2017) and complement social assistance or other cash transfers for other categories of the population within national social protection systems. They are also used as ALMPs to encourage or facilitate labour market (re-)entry and are linked to training and employment services. Such integration makes particular sense when unemployment is frictional or due to skills mismatches. In fact, the combination of these interventions can help to address supply side constraints to employment. However, integrating these approaches may be less effective where unemployment is structural and primarily due to a demand deficit in the economy.

In high-income countries (HICs), where unemployment insurance is more developed, PEPs are sometimes still used in response to large economic shocks accompanied with periods of high unemployment, for example in Germany in 1991 post-reunification. They are also commonly adopted as part of labour activation strategies to encourage work experience and/or labour market participation, often for specific target groups such as youth or the long-term unemployed, or within specific geographical regions where labour demand is low. In this way, PEPs can address both social protection and also employment promotion objectives. The close articulation between these two areas of intervention is illustrated in Figure 5.

10 An important challenge for PEPs is that it is not clear whether the absence of evidence should be interpreted as evidence of absence. Most PEP evaluation and research focuses on direct income and employability impacts on participants rather than the impact of the assets and services created. In part, this is because such evaluations are more costly, require different methods and need to be conducted over a different time frame.

▶ **Figure 5. The intersection of social protection and employment promotion**



Source: ILO 2020b; 2021a.

There is significant overlap between social protection and employment policy areas, and both may entail the use of PEPs to contribute to the goals of employment creation and income security. However, within these shared goals, differing policy objectives across the two sectors may require different choices in the design of PEPs. Employment-oriented PEPs adopt specifications which increase the total workdays available, promote employability, enhance the labour intensity of government (public) expenditure, create productive assets and supply services. They support productive work through self-targeted employment, and often offer wages and conditions of work aligned with minimum or local market wages and standards. However, they often stop short of ensuring social protection in terms of the provision of ongoing income support or associated health, maternity and employment injury protection. Overall, employment-oriented PEPs may be characterized as aiming to maximize the employment impact.

In contrast, PEPs designed to reduce poverty in line with their social protection objectives focus more on the coverage of vulnerable categories of the population, ensuring an appropriate income level and duration. In some cases, they also promote access to other benefits, such as health care or maternity benefits, often with less emphasis on the quality of assets or services provided. This entails: (i) adopting design parameters that emphasize the provision of sufficient wages to attain an adequate standard of living – in line with the Universal Declaration of Human Rights (UDHRs) and Sustainable Development Goals (SDGs) (UN 2015); (ii) ensuring that the provision is proportionate to the need for income support, offering employment to priority segments of the working-age poor; (iii) providing employment that is geographically and socially accessible to targeted groups; (iv) matching the duration and timing of employment provision with the pattern of demand for income support; and (v) adopting a rights-based approach anchored in national legislation. The different priority outcomes across these two policy areas are summarized in Figure 6.

▶ Figure 6. Differing employment and social protection priorities in PEPs

Social protection PEP priorities

- Wage level and duration of employment adequate to provide basic income security for the household
- Provide employment in location of need
- Provide employment at time of need
- Target employment to eligible individuals or households in line with social protection policy priorities
- Promote access to other social protection benefits

Employment PEP priorities

- Increase labour demand through direct job creation
- Promote increased employment intensity of public expenditure to maximize employment impact
- Optimize the total number of workdays created
- Create quality productive assets and services
- Align wages with minimum or local market wages
- Enhance the quality of labour supply-improve employability

Source: Authors.

These differing priorities mean that PEP design requirements for meeting these two different policy objectives may not always be consistent and may even be in tension with each other. This characterization of the two PEP approaches is, however, a broad generalization and the priorities in any given PEP may overlap rather than fit discretely into one or other type, particularly where objectives are mixed across the two policy areas. There is much diversity within as well as between programmes designed to meet social protection and employment policy objectives. There are also differences between ILO-designed short-term programmes and the PWP and Cash for Work (CFW) or Food for Work (FFW) programmes designed and implemented by other agencies in terms of the relative importance of coverage and quality, productivity and sustainability, and the attention paid to decent work issues, particularly in emergency programmes.

While employment-oriented PEPs increase access to temporary employment and income, and can offer a range of skills development, asset provision and macro-economic benefits (discussed below), the extent to which they can also contribute to national social protection objectives is determined by the degree to which:

- employment is accessible to jobless people of working age in need of income support;
- employment is available on demand rather than rationed;
- the duration of employment offered in relation to the duration of the need for unemployment protection; and
- the value of the wage.

Access to employment-oriented PEPs is often limited and the employment they provide tends to be short-term. Consequently, the income security benefits they confer are unlikely to provide the rights-based support for the working-age poor envisaged under the social protection floor, as part of a national social protection system.

PEPs providing short-term employment can also provide critical basic income security in response to acute crises and short periods of labour market disruption, for example, during natural disasters, in immediate post-conflict situations or short-term economic crises. Similarly, in contexts of structural unemployment caused by a mismatch of skills between the unemployed and available jobs or short-term frictional unemployment, PEPs can provide temporary income support and enhance employability through work experience, work skills retention and skills training, thereby serving an important temporary income protection function.

However, structural and frictional unemployment are not the main challenges in most low- and middle-income countries, which are facing more fundamental challenges in terms of chronic underemployment and informality. Given the scale and nature of the challenge, PEPs need to be designed differently in these contexts. In order to provide effective social protection where the need for income support is chronic or seasonal, PEPs should primarily be driven by demand rather than supply without rationed access. Also, their implementation period needs to match the duration of elevated unemployment, taking the form of large-scale national programmes or EGSs.

Hence, except for EGS programmes offering rights-based employment on demand such as India's Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the adoption of PEPs as the only or even main instrument for delivering social protection to the working-age poor can be problematic. PEPs may in many contexts be better conceptualized as a complement to other instruments for social protection delivery for the working-age poor, rather than a main element of the social protection floor.

The first large-scale programme which systematically exploited the synergy between cash transfers and public works was the Productive Safety Net Program (PSNP) in Ethiopia. The PSNP includes both a transfer component and a PEP to achieve its coverage of food-insecure households including its working-age members. The principle underlying the PSNP is that those who are able to work participate in the PEP while those who are not receive a transfer (Lieuw-Kie-Song 2011). Thus, the target group is covered by a combination of these two interventions, and labour constrained households with high dependency ratios (with few or no working-age household members able to work for health, disability or maternity reasons) are assured a basic level of income security. The innovative feature of this programme is that it was designed to enable beneficiaries to transition, in either direction, between the PEP and the cash transfer, depending on the changing situation of the working-age household members.

The PSNP illustrates how both transfer and PEP components can target the same population, provided they are operationally designed to accommodate both interventions and transition between them. This approach has been replicated in several other African countries, including Malawi, Rwanda and the United Republic of Tanzania.

More recently the effects of the COVID-19 pandemic have created more space for such complementary interventions, as part of the additional measures introduced to respond to the economic and social effects of the pandemic. A particularly interesting case was in South Africa where the response consisted of a special grant, the Social Relief of Distress (SRD) grant for persons of working age in need, as well as additional PEPs, most notably the Presidential Employment Stimulus (PES).[11] Receipt of the SRD was suspended if beneficiaries took employment in the PES but they were able to re-enrol when they exited the grant.[12]

This development is important because, for many years, there has been a political discourse in South Africa on whether to adopt a Basic Income Grant (BIG) or increase the scale of its PEP, with the two

11 The PES as an additional PEP introduced in the wake of COVID-19 providing employment through increased public investment. It operates across a range of sectors and its largest component places youth as teaching assistants across schools in South Africa (https://www.stateofthenation.gov.za/employment-stimulus-dashboard)

12 It is important to note that in paying the minimum wage of approximately 21.41 South African Rand per hour in 2021 (ZAR3,500 a month), the income offered under PES is much higher than the social relief distress benefit of ZAR350 per month (ZAR1.0 = US$0.071907 June 2021).

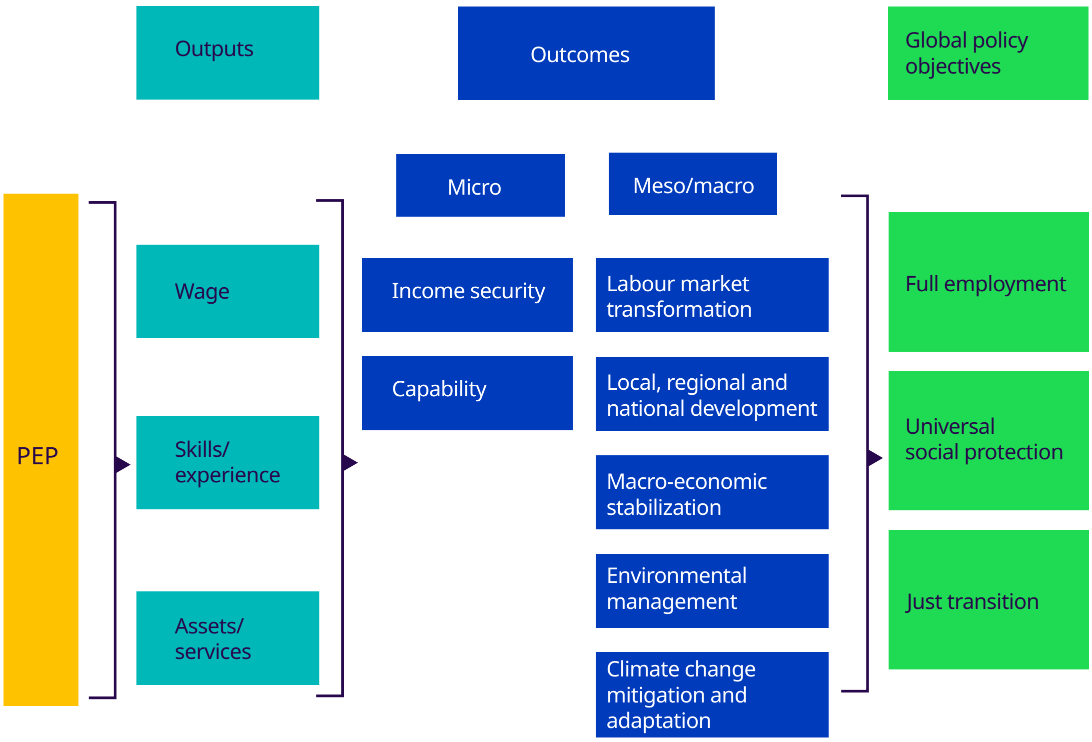
policy options typically presented as competing alternatives. However, the complementarity of the two interventions is now increasingly being recognized, as advocated by Philip (2023):

> Instead, these different policy instruments work best in synergy. This recognises that where the primary purpose is to ensure minimum incomes, then cash transfers are likely to be more efficient than PEPs. PEPs add value where the participation in employment, the creation of public goods and community development add value over and above the aim of income transfers. In such cases, PEPs are an instrument of inclusive employment policy that addresses areas of market failure, contributing to the right to work and the goal of full employment. This recognises the centrality of economic participation as part of the social contract. It also assumes that while minimum incomes certainly matter, few people aspire to live on these throughout their working lives and that participation in work has meaning for people beyond simply the income transfer effects.

3 PEP's contribution to wider policy objectives–beyond aggregate employment and basic income security

PEPs are primarily instruments for the creation of employment and the provision of basic income security as part of national social protection floors, as discussed above. To a certain extent, their popularity is due to the fact that through their direct wage, skills and assets, and services outputs, they have the potential to contribute to a range of wider development outcomes. Such contributions include: labour market transformation; economic development; macro-economic and social stabilization; and responses to environmental degradation and climate change. These combined impacts are central to the global policy priorities articulated in the integrated approach of the UN Global Accelerator on Jobs and Social Protection for Just Transitions initiative, which is led by the ILO. Figure 7 presents a summary of these main PEP outputs and outcomes.

▶ **Figure 7. PEP outputs and outcomes and global policy objectives**



Source: Authors.

3.1. Skills development, wages and labour market transformation

3.1.1. Skills development

APEPs contribute to labour market activation as they provide work experience and often include skills development components with the objective of enhancing employability and the future labour market performance of workers. Training can take the form of both vocational and life-skills training and may be provided either through the PEP itself or through linkages with other programmes mandated to deliver these services more widely to the work force. This training is either provided on-the-job or as a separate training activity. The effectiveness of such interventions is dependent on the extent to which the training matches the skills required in the wider economy, and the existence of sufficient employment opportunities in the economy (McCord 2018). The promotion of work experience for labour market entrants without previous employment and "work readiness" to maintain the employability of the recently unemployed is another potential benefit of PEPs providing an opportunity for them to use and develop skills in a work environment. This is particularly relevant for those who have recently completed skills programmes but have not had the opportunity to apply their skills in a work environment (Philip 2021).

The key challenges are the need to provide quality and relevant training which matches local labour market opportunities and the availability of appropriate trainers. Also, the impact of training can be constrained by the limited contact time and scale of skills transfer possible within a PEP.

3.1.2. Labour market transformation

PEPs have the potential to contribute to labour market transformation which includes: explicitly addressing exclusion of certain groups; offering terms and conditions of employment that are superior to those in the lowest segments of the labour market; creating a wage floor; and contributing to the prevention of exploitative forms of labour. Large-scale PEP implementation can have a transformational impact by providing an alternative to exploitative informal market employment in terms of wages, and terms and conditions of employment. They can, therefore, exert upwards pressure to promote conformity with ILS.

Where a PEP can create a sustained and sufficiently large-scale alternative to exploitative and poorly paid employment, it has the potential to drive changes in unregulated and informal segments of the wider labour market, creating an effective minimum wage (wage floor) and driving gender equality across wages. These changes were experienced in some regions of India as a result of the implementation of schemes under the MGNREGA (Muralidharan et al. 2017; Ehmke 2015).

PEPs can also contribute to women's equality of opportunity and economic empowerment by including a range of measures such as equal pay for work of equal value, child care, setting quotas, making works available close to home, using flexible working hours and options for part-time work (ILO 2015b). Promoting gender equality also requires attention to wage structures across different types of work, for example by ensuring that care-related work is not valued less than infrastructure-related work (Budlender, 2009). The provision of spatially and socially accessible opportunities for labour market entry by women previously excluded from employment is documented in relation to the Zibambele Programme in South Africa (McCord 2013) and the Strengthening the National Rural Transport Programme in Nepal (ILO 2021d).

In addition to creating a wage floor, stimulating adherence to core labour standards and enhancing gender equality, PEPs can also be used to increase the inclusion of particular categories of workers. In the case of the Expanded Public Works Programme (EPWP) in South Africa, employment targets included quotas for youth, women and those with disabilities.

The use of PEPs to provide services at the community level, such as the extension of Early Childhood Care and Development (ECCD) and home-based HIV care, can also provide an opportunity to challenge gender norms and practices by transforming unpaid female labour into remunerated employment (Philip 2013; Shai 2021).[13] At the same time, it is important to ensure that programme designers recognize women's disproportionate share of domestic and productive responsibilities and should prevent excessive workloads for women or the transfer of labour responsibilities onto children within the household to the detriment of their own development (Holmes and Jones 2013).

By incorporating design considerations, PEPs can contribute to extended social security coverage and ensure that participants have access to maternity protection, paid sick leave, sickness benefits and health coverage. In addition to enhancing the protection of workers, this can also promote participation in contributory social insurance and further the formalization of employment with a longer term perspective in mind. While such practices are common in PEPs in many HICs, there are only a few examples in MICs and LICs. Notable exceptions are innovations in programmes in Ethiopia and the Philippines.

If applied consistently these and other measures can collectively support labour market formalization by introducing participants to various elements of formal employment including minimum wages, employment contracts, paid leave and enrolment in social security. For example, in Greece, one of the objectives of the Kinofelis programme was the requirement that participants be formally employed and make contributions to social security. In this way, participants would gain access to health insurance and contribute to their pensions (ILO and EC 2018; Antonopoulos 2021).

The key factor determining the extent to which PEPs can have such an impact on labour market transformation is programme size, as large-scale employment is needed to generate changes across the wider labour market.

13 This was the case in South Africa where in response to the AIDS pandemic many women volunteered to provide care to both the sick and their dependents left behind.

3.2. Assets, economic development and macro-economic stabilization

3.2.1. Asset creation and service provision

The use of PEP labour to create assets or services is central to the PEP concept and all these programmes have provided some form of public assets or services. As such, they can be used to contribute to infrastructure and service provision objectives across a range of sectors. Traditionally, PEP asset creation has focused on the provision of physical infrastructure, but recent years have seen it extended to include a range of basic social services (including ECCD, social care, health care and security) and environmental services. When integrated into local and national development plans and the relevant line ministry strategies and executed to standard, these assets and services have the potential to contribute to local economic development (LED) and enhanced livelihoods. However, the creation of quality assets or services requires significant administrative and technical inputs during asset selection, design, implementation, maintenance and adequate capital budget allocations, which are not always provided for in PEP design, particularly when the priority is to ensure income security. Furthermore, the assets created are not always strategically selected or aligned with sector ministry development priorities, in particular when these institutions are not involved in the design or management of the PEP (Ludi et al. 2016).

The priority given to quality asset creation varies across PEPs. It is a particular challenge when the financing of capital and technical inputs is capped in order to protect the budget share allocated to labour, which can occur in both employment and social protection-oriented programmes. In PEPs with social protection objectives, budgets often focus on targeting and extending the coverage of income security provision, rather than financing the technical and capital inputs required to ensure quality asset production. This leads to mixed results in terms of asset quality. Some employment-oriented programmes also focus on maximizing employment (in terms of person days created or numbers of participants) at the expense of asset quality. For many years, the work of the EIIP has focused on addressing this deficit by developing and promoting approaches for the cost-effective production of quality PEP assets as well as the provision of work which conforms to decent work standards (McCord et al. 2021). When the production of quality infrastructure, assets or services is achieved the potential for the creation of "productive" assets, which can catalyse further secondary benefits including economic development, is enhanced.

There are, however, some inherent labour challenges to the production of quality outputs in PEPs with primarily social protection objectives, resulting from: the employment of less productive or skilled workers; constrained hours of employment (due to high dependency ratios, domestic responsibilities, or worker engagement in own production activities); the need to provide employment in sufficient quantities at times of the year and in locations that are not optimal for construction or service provision; and the cap on capital inputs, noted above. This may entail trade-offs between asset quality on the one hand, and the provision of effective income security on the other.

These tensions between the objectives of employment creation, income security and asset quality are core to the PEP project and have to be negotiated in each instance in line with the programme priorities and context. They are sometimes constrained by donor funding and the competing objectives of the different ministries involved in programme design and implementation.

One additional risk to note in relation to the creation of assets and the provision of services through PEPs is that this approach can result in the displacement of existing providers and formally employed workers, particularly if PEP wages are below the market rate (McCord 2013). This results in the creation of a second-tier labour force that does not benefit from the terms and conditions negotiated by unions and enacted in formal labour legislation (McCord 2013; Baijnath forthcoming). One way to reduce the risk of displacement is by focusing PEP asset or service creation on the provision of otherwise unmet needs. Avoiding undermining existing labour standards also needs careful consideration in relation to PEP wage levels and conditions of employment (Vaidya 2013).

3.2.2. Economic development

PEPs contribute to national and local economic development policy goals through the direct effects of the wages, assets and services created, providing they are of adequate quality and relevance, and align with local and national development plans, as noted above. The injection of cash, assets and skills which PEP implementation entails may also have indirect impacts, potentially stimulating local livelihood diversification and economic development through multiplier effects, particularly where local resource-based approaches are adopted (ILO 2010; ILO 2020a). The extent to which these economic development impacts are sustained rather than transitory is linked to the duration and geographical concentration of PEP employment.

3.2.3. Macro-economic and social stabilization

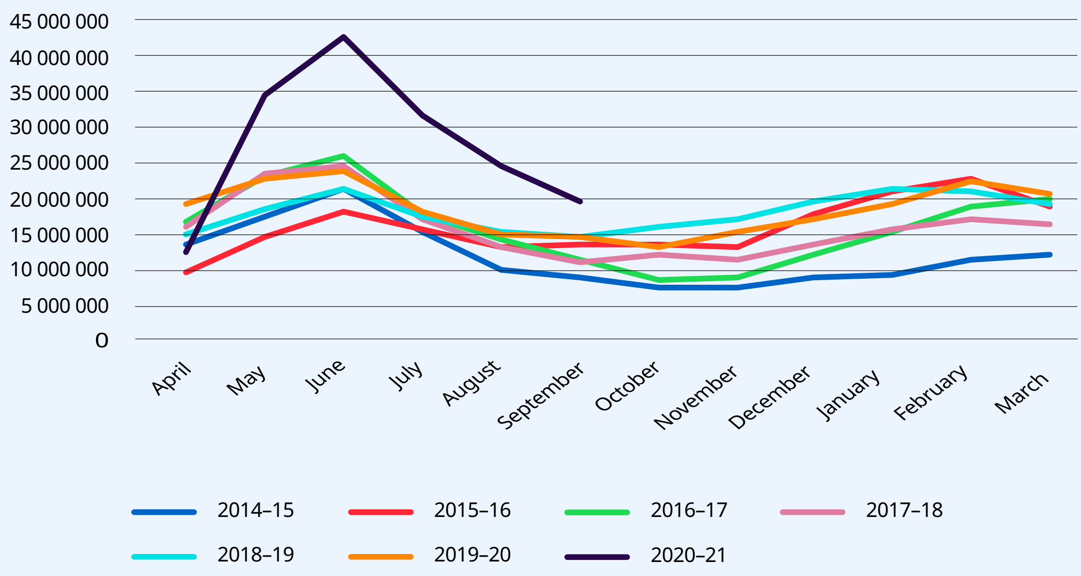
PEPs have long been used to contribute to both macro-economic and social stabilization during periods of labour market disruption and contraction due to economic, political and humanitarian crises. When implemented on a large scale, PEPs contribute to macro-economic stabilization by generating a countercyclical demand stimulus which can limit the depth and duration of economic recessions by maintaining demand. PEPs explicitly designed to expand in line with increased demand for income security, such as EGSs, function as automatic stabilizers, and are particularly valuable during employment crises for those lacking access to unemployment insurance, as in India’s MGNREGA during the economic crisis induced by COVID-19 (see Box 2).

▶ Box 2. India's MGNREGA schemes as a response to the COVID-19 pandemic and demand stabilizer

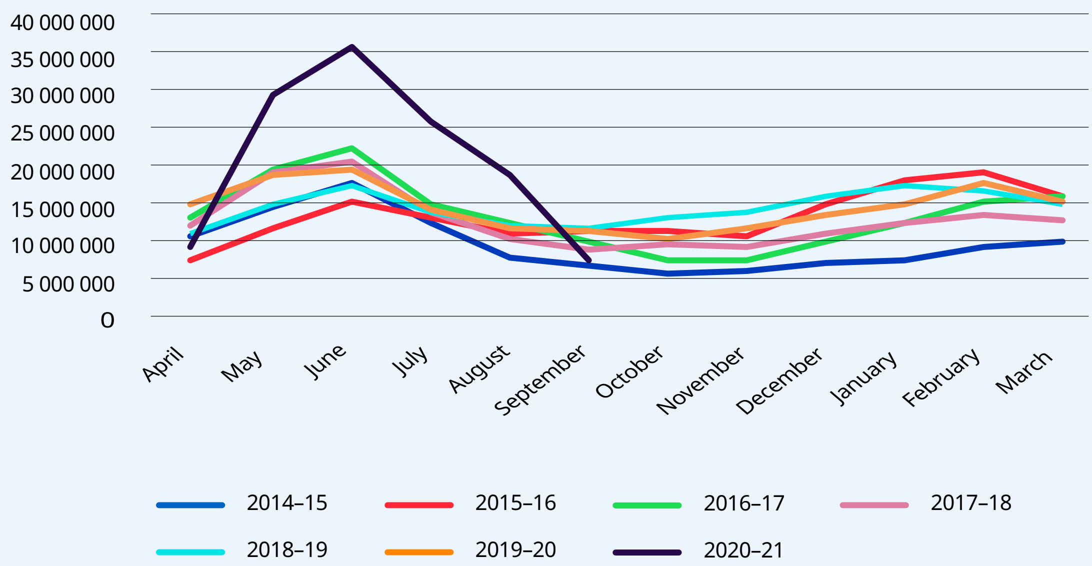
In India, as in many other countries, the COVID-19 pandemic and the measures to combat it resulted in large job losses. This was particularly stark among low-income workers in informal employment. It was compounded by the government policy to require many workers in urban areas to return to their rural homes. As urban workers who had lost their jobs returned to rural areas, for many the MGNREGA employment guarantee schemes became their main fall-back position for work and income. As a result, demand for work from households increased dramatically, with more than 40 million households demanding work in June 2020 compared to about 20–25 million households in previous years (see figure below). Total demand (from April to 12 September 2020) for employment under the scheme was 225 million person-days, a 39 per cent increase from 162 million person-days for 2019–20 (during the same period). MGNREGA schemes were able to respond to this increased demand by offering work to more than 35 million households over the same period.

MGNREGA schemes demonstrated their value in responding to increased unemployment by significantly increasing the work offered, illustrating in practice one of the key theoretical arguments in favour of the use of employment guarantees. This also illustrates the way PEPs can contribute to macro-economic stabilization, serving an "automatic stabilizer" function by protecting consumer demand during a period of recession.

▶ **Household Demand For MGNREGA Work**



▶ **Household PEP Employment Supplied by MGNREGA**



Source: Shreya Dixit. 2021. MGNREGA data, New Delhi: Ministry of Labour and Employment.

cohesion and limit the destabilization that results from elevated unemployment and the associated poverty. This is true both in the case of generalized unemployment and also unemployment which disproportionately affects specific groups, such as demobilized fighters, urban youth, or long-term unemployed (ILO 2018; Philip 2021). Thus, PEPs have the potential to play a role in peace building. ILO Recommendation on Employment and Decent Work for Peace and Resilience, 2017 (No. 205) highlights the relevance of investing in PEPs as part of the transition from war to peace and post-disaster recovery. The EIIP has supported the adoption of PEPs by the international community working in the humanitarian-development-peace nexus. The flagship programme "Jobs for Peace and Resilience" was developed by the ILO to operationalize Recommendation No. 205 and implement programmes that generate employment and decent work in order to promote peace and social cohesion. It combines employment-intensive investments with a package of skills training, employment services, and private sector and local economic development (Tsukamoto and McCord 2020).

3.3. Environmental degradation, climate change and a just transition

PEPs can be used to address environmental policy objectives and contribute to natural resource management (NRM) and ecosystem restoration. Such interventions can also contribute to the goal of the 2015 Paris Agreement (UNFCCC 2015) and have been identified as having the potential to play a key role in contributing to climate resilience as well as climate change mitigation and adaptation (Costella et al. 2023). PEPs have frequently been used to support environmental goals, including reforestation and watershed management, examples being the PEP implemented under the Vision Umurenge Programme (VUP) in Rwanda and Productive Safety Nets Programme (PSNP) in Ethiopia (McCord 2017). PEPs are most likely to be most effective when they are designed and implemented in collaboration with national environmental agencies. In India, MGNREGA, coordinating with the national water conservation programme, has recently realigned its asset creation portfolio to support the implementation of their water conservation priorities (McCord and Paul 2019). Innovative approaches have been adopted in PEP design to address environmental challenges including the incorporation of Payment for Environmental Services (PES) into PEPs (Porras et al. 2015). In South Africa, PEP innovations include the incorporation of the control of harmful alien invasive species threatening, in particular, water security and the management of wildfire risk, into the national EPWP in collaboration with the Ministry of the Environment[14] (UNEP 2015).

The ILO has identified strategies for creating PEP jobs that respond to global warming challenges as part of the creation of greener economies (ILO 2018) and contribute to the goal of the just transition towards environmentally sustainable economies and societies for all (ILO 2015a; 2022c). To this end, the EIIP's Green Works initiative outlines PEP design options to promote the production of assets which address adaptation, mitigation and resilience objectives (ILO 2020d).

Given this range of macro-level impacts across key sectors of the economy, PEPs have a potentially key role in realizing the Global Accelerator on Jobs and Social Protection (UN 2021b:23) to bring about inclusive, sustainable and resilient recovery from the COVID-19 crisis (ILO 2022a), while also addressing the "systemic massive enduring jobs deficit" (ILO 2022b) and global climate crisis.

4 Implications for PEP programme design and implementation

4.1. Minimizing trade-offs and harnessing synergies

The different policy objectives that PEPs seek to address require diverse programme design parameters that can result in tensions and trade-offs in design where programmes have multiple objectives. This is particularly true in resource-constrained contexts where the administrative, technical and financial resources available to support implementation are scarce. The resolution of tensions will depend on the relative priority given to employment, social protection and other objectives within any given programme.

The potential trade-offs generated by different sectoral policy priorities can be grouped into three main areas of tension: (1) higher numbers of beneficiaries (coverage) vs higher wage/transfer levels (adequacy); (2) open vs targeted recruitment of participants; and (3) investment in asset quality through spending in capital management and skilled labour vs the employment of a larger number of workers (quantity of employment generated).

The first entails trade-offs between the quality of employment created, in terms of the wage level and duration of each period of employment, on the one hand, and coverage, or the number of "jobs" created, on the other. Undoubtedly, more jobs can be created within a given budget if the wage is low and the duration is limited. Nevertheless, where the creation of more jobs is perceived as positive from an employment policy perspective, implementers are under pressure to maximize the scale of "employment creation" by shortening the period of employment. While this can be considered desirable as the number of people benefiting is increased, it can adversely affect social protection outcomes, as income security benefits are constrained by the low income and short duration of assistance. Conversely, when the design of a PEP is informed by decent work objectives, the wage offered may be higher than that offered in a social protection PEP. In which case, concerns over labour market distortion can result in a wage which falls below the prevailing wage. Here, differing programme objectives can lead to significantly different design choices and outcomes.

14 See: Republic of South Africa, Department of Fisheries and the Environment (DFFE), Working for Water Programme: https://www.dffe.gov.za/working-water-wfw-programme

The second area of trade-offs relates to the distribution of employment. As most PEPs operate at a relatively limited scale, the supply of PEP jobs tends to be less than the demand for PEP employment, and, hence, access to the programme needs to be rationed in some way. In programmes prioritizing employment, jobs are usually made available on a low-cost first come, first served basis. Conversely, most programmes with social protection objectives adopt rationing criteria linked to targeting priorities. They invest significantly more resources in the process of rationing in order to focus provision on certain categories of persons, such as the long-term unemployed or those who are particularly vulnerable who may be a spatially, demographically or socially distinct subset of the labour force. These targeting choices may also entail trade-offs in terms of training and employability outcomes due to a range of spatial and socio-economic factors, including limited worker mobility or literacy, and limited demand in the local labour market.

The third area of trade-offs relates to the quality of assets produced. By focusing on generating the greatest number of jobs or by maximizing the budget share allocated to labour through higher wages, can reduce the capital, technical and administrative resources allocated to asset quality. Geographical and seasonal factors driving PEPs' implementation schedules can also be to the detriment of asset quality. The EIIP has devoted a great deal of time developing extensive guidance on the optimization of labour inputs in labour-intensive PEPs to promote the efficient production of quality assets. Nevertheless, these guidelines may, in some instances, be in tension with employment and social protection policy imperatives. The selection, design, execution and maintenance of assets produced through PEPs may be compromised if either enhancing aggregate employment or income protection is prioritized, and if investment in technical and administrative inputs is inadequate, compromising the productive role of these outputs (Ludi et al. 2016).

Fiscal constraints underlie many of these trade-offs, and choices have to be made, for example, between the scale of provision in terms of numbers of workers employed, the number of days of work provided to each, the duration of employment provided and the level of the wage (McCord 2013). Budget constraints can also result in tension between capital and labour allocations and lead to a direct trade-off between the share of the budget dedicated to employment/wages on the one hand, and the quality of assets or services created, on the other. When the priority is to maximize the share of the budget allocated to labour, it is often operationalized through capped expenditure on capital inputs, with adverse consequences for the quality of assets and services produced (McCord 2013), although this can be mitigated by the appropriate selection of services and assets in any given context.

These trade-offs are an intrinsic feature of PEP design and were identified as a constant tension by the ILO almost a century ago (ILO 1935, cited in McCord et al. 2021). There is no single solution, as the challenge is context-specific and contingent upon the relative priorities of the different policy objectives a PEP is addressing. However, it is critical to make the trade-offs explicit so that they can be recognized and transparently resolved, in order to identify satisfactory and informed design responses in any particular context, recognizing that it is not always possible to accommodate multiple competing objectives within a single programme.

4.2. Coordination

In order to align PEP activity across the range of different policy objectives, as outlined above, and negotiate the potential design tensions and trade-offs which this can create, PEPs activities need to be coordinated across ministries and to explicitly integrate PEPs design and implementation with sector strategies. In this way, PEPs can be used to contribute to national sectoral priorities, enhancing efficiency and potential impact. The coordination and integration of social protection policy and employment or labour policy, and their respective implementation is particularly important in order to ensure complementarity in programming design and a negotiated resolution of the trade-offs outlined above (ILO 2021f).

Coordination between different PEPs within a country is also important. Often, several programmes are implemented simultaneously by different government agencies and external development partners, with diverse objectives, design characteristics and implementation modalities, as is the case in South Africa since the COVID-19 pandemic where both the Expanded Public Works Programme (EPWP)[15] and the Presidential Employment Stimulus (PES)[16] are running concurrently. This can have adverse effects for programme and cost effectiveness, and sustainability and credibility, particularly where there is no strategic or coordinated resolution of programme design differences. One example of such coordination is the ILO-supported establishment of national Standard Operating Procedures (SOPs) for CFW and employment-based projects in Jordan. These SOPs are intended to promote PEPs' compliance with relevant labour legislation and standardized practices already being adopted by the ILO among other United Nations agencies and nongovernmental organizations (NGOs) in Jordan. Measures include: wage rates; food and transport allowances; recruitment practices; access to leave; and social insurance contributions including employment injury insurance (GIZ and ILO 2022).

Attempts to address this challenge and harmonize programming at national level include the production of an Inter-agency Social Protection (ISPA) tool on PEPs for the Social Protection Inter-Agency Board (SPIAC-B) which provides a framework for the generation of consistent and comparable data on PEP implementation at national level in order to provide a basis for the analysis of potential PEP impact with focusing on social protection outcomes (ISPA 2013) and the development of guidance on Social Protection Public Works Programmes (ILO 2014a).

4.3. Individuals or households as beneficiaries

An interesting feature of a number of more recent PEPs with a strong social protection focus, such as for example MGNREGA and PSNP, is that they consider households rather than individuals as beneficiaries. In such PEPs, eligibility criteria are based on household (rather than individual) characteristics, and thus, entitlements and benefits are defined on a household basis. Households can decide which adult household members take up PEP employment. Considering households as beneficiaries allows the vulnerability of the entire household to be considered and, therefore, offers some advantages from a social protection perspective, when PEPs are used to provide social assistance to address household poverty. This approach is most common in PEPs in rural areas, where subsistence and small farming is widespread and formal jobs and long-term salaried employment are scarce, to the degree that economic activities and livelihoods might be considered at the household level.

Particular attention needs to be given to gender-power dynamics, to ensure that women and younger persons can take part in the programme on equal terms and are not being put to the end of the queue. Incorporating quotas for women and young people can be one way of ensuring more equal access to employment opportunities in household-based PEPs.

In addition, from an employment perspective, considering households as beneficiaries does raise some complex questions, as it is individuals, rather than households, who are unemployed or underemployed and can be provided with training and gain skills or work experience. PEPs that operate on an individual level better resemble the employment relationship between an employer and an employee. Therefore, from an employment perspective, considering the individual as a beneficiary may be preferable, particularly in urban contexts where labour markets tend to function better and there are opportunities for programmes to develop skills and improve employability. PEPs with a strong focus on strengthening employability can also be combined with measures to facilitate inclusion into social insurance mechanisms to facilitate transitions into the labour market and formal employment.

15 http://www.epwp.gov.za

16 https://www.stateofthenation.gov.za/priorities/building-better-lives

4.4. Operational synergies

A PEP's performance can be enhanced by linking operational aspects of programme implementation with the implementation of social protection and employment policies. This promotion of operational synergies is key in improving performance and efficiency and, potentially, also the impact on workers. Of particular relevance are linkages with employment services, social insurance and social assistance schemes that can, for example, offer single-window services, supported by common payment systems and single registries.

A variety of payment systems are adopted within PEPs that can be managed by national implementing agencies or a range of external service providers, including private sector contractors. The choice of payment modalities is informed by the infrastructure context, such as the level of penetration of banking and electronic networks. Where established social assistance and social insurance payment systems are already in place, it may be feasible and cost effective for PEPs to adopt the pre-existing payment systems. This offers the added benefit of ensuring appropriate checks and balances are in place, including monitoring mechanisms and grievance procedures and, where these systems are effective, can promote transparency and accountability.

▶ Box 3. Including social protection provisions in ILO PEPs in Jordan

ILO PEPs in Jordan, initiated in response to the inflow of refugees from Syria, provide a good example of integrated practices. These programmes are fully aligned with national employment practices and social security legislation. As such, all workers on these programmes, including Syrian refugees, are registered for social security and make contributions while working in the PEPs, in compliance with labour legislation that requires the registration of all workers who work with the same employer for more than 14 consecutive days. These social security contributions cover maternity, employment injury and disability, but exclude unemployment benefits or old age pensions. While contributions for other branches are shared between employers and workers, contributions related to employment injury benefits (adapted to construction/hazardous work) are made only by the contractors implementing the programme. Eligibility for maternity provision requires at least six months of contributions, although where PEP workers are not eligible because of this rule, the project provides the benefits that would have been received from social security.

Workers who find employment can continue to be covered by social security and build up their entitlements. This includes old age pensions and unemployment.

Several challenges have arisen during the programme. One relates to the work permits required for Syrians to legally take up employment in Jordan. One option is to support the application of a one-year work permit which allows them to keep working and switch employers, which enhances their chances of transitioning to other employment after working in the programme. However, this type of permit requires that workers keep contributing to social security even when they are not able to secure another job. Employer-specific work permits, which are only for the period of employment in the programme do not have this requirement, but they make it more difficult for workers to find jobs afterwards, as they would need to re-apply for a work permit. This highlights some of the challenges PEPs face in trying to fully align with existing social security provisions, which are typically not designed to facilitate the participation of workers employed on these programmes.

Source: GIZ and ILO 2022.

Using existing social or single registries, or other social protection databases for targeting and registering PEP workers can enhance coordination across the national social protection system and prevent administrative duplication. This approach is particularly valuable where multiple PEPs are being implemented by different agencies or where there are multiple social protection schemes in place. This approach can enhance PEP coordination as well as reduce fragmentation across the social protection sector. Where registries contain economic and demographic information, they can be used to identify and contact those eligible for PEP participation, which is particularly relevant where PEP access is rationed, and when linking workers to complementary services. This can also facilitate access to other forms of social protection for which PEP workers or their households may be eligible.

Linking PEPs into Single Window Services (SWS) has the potential to improve access for PEP workers to other forms of social protection such as unemployment, maternity, and sickness and disability benefits where these are available, as well as other services, including employment and skills, through a single-entry point. This approach could be particularly helpful in rural and remote areas in terms of promoting economies of scale and administrative efficiency (Ebken 2014; ILO 2021b; 2021f; ILO and FAO 2021).

PEPs can also be designed to integrate workers into social insurance schemes. PEPs in Greece and the Philippines have included social insurance coverage in their designs to ensure access to social protection (ILO 2015c; ILO and EC 2018). This includes ensuring access to social health insurance or other health protection mechanisms, employment injury protection, maternity and sickness benefits, disability benefits and, in the longer run, old-age pensions. Such coordinated approaches can be part of broader strategies to extend social security to workers in the informal economy (ILO 2021c). They can also promote disability inclusion in employment and social protection with disability benefits helping to cover disability-related costs (ILO and IDA 2019).

Formally linking PEP schemes and their participants with PES, mandated to provide training and employment services, can increase training opportunities and an enhanced job search among workers who might otherwise be excluded from government programmes. The provision of such support within PEPs may be challenging due to experience, skills and capacity constraints, and accessing provision from specialized institutions reduces inefficiencies and increases the likelihood that training will be rooted in an analysis of market demand and service requirements.

It is important to consider aligning PEP employment terms and conditions, including the wage level and social protection coverage, with ILS in order to prevent the creation of a second-tier PEP labour force with inferior working conditions, as discussed above. These standards are not currently observed in many PEPs, and the extent to which social protection-driven PEPs should be expected to comply and provide decent work remains an open and ongoing question among national and international implementing and funding agencies.

4.5. Cost and financing

The cost of PEP implementation varies significantly, depending on programme objectives and the scale and scope of its activities. Large-scale national programmes implemented over recent decades have required budgets of 1–2 per cent of GDP per annum, with schemes aiming to guarantee employment costing significantly more than those providing rationed or temporary employment. PEPs may be financed with domestic resources, official development assistance or a combination of both.

4.5.1. Domestic financing

Depending on a programme's objectives, domestically financed PEPs tend to be financed primarily through social protection or infrastructure budgets, with complementary services such as training sometimes funded separately from ALMP allocations. Where PEPs are integrated into sector objectives (transport, environment, agriculture, water, health, etc.) and used to implement sector strategies, this may include cost sharing across ministry budgets.

The domestic financing of large-scale PEPs implemented as part of the national social protection system or employment policy requires a significant political commitment, particularly where the objective is the provision of an employment guarantee, as this may require the allocation of up to 1–2 per cent of GDP.

Where existing fiscal space does not allow for such investments, international financial assistance may complement national efforts, as in the case of the PSNP in Ethiopia, although few donors fund long-term national employment schemes.

In national discussions on financing, it is important that returns to PEPs investment are considered, in terms of the range of benefits outlined in Section 3 above. It is often difficult, methodologically, to quantify all these benefits and, here, it is important, at a minimum, to quantify and evaluate the most important benefits, which will depend on the design of the programme and its priority focus.

4.5.2. External financing

In LICs, the domestic financing of PEPs is limited, and programmes are primarily funded through the Overseas Development Agency (ODA) in the form of grants or loans from international development agencies. The major external financiers and/or implementers of PEPs are the World Bank, the European Union (EU), bilateral donors, and the World Food Programme (WFP), which are particularly active in contexts of acute and prolonged emergencies. Donors tend to support different types of PEPs with different objectives in line with their institutional priorities, either by financing government programmes or direct implementation. Significant concessional loans and grant financing is available for PEPs with social protection objectives, much of which is provided by the World Bank which also allocates PEP funding in support of its current Fragility Conflict and Violence strategy (2020). Additional financing options for environmental PEPs include the Green Climate Fund (GCF) and the Global Environment Facility (GEF). Pooled donor financing for national PEPs through approaches such as Multi Donor Trust Funds (MDTFs) is one option to enhance the relevance and sustainability of external financing. Finding appropriate financing mechanisms is critical as national ownership can be constrained where programmes are externally implemented and funded, with adverse implications for quality and sustainability.

4.6. PEP implementation across diverse contexts

The potential of PEPs to be used effectively to address the range of different policy outcomes discussed above will vary significantly in different contexts and over time. Key factors determining the role PEPs might play in terms of social protection and employment objectives include: the existence and maturity of a national social protection system; the level of labour market formality; the nature of existing labour and social security legislation and levels of compliance; levels and characteristics of unemployment; and governments' institutional and financing capacity. PEP design choices are profoundly shaped and constrained by the wider labour market, and institutional and fiscal contexts. By way of illustrating these considerations, the potential social protection and employment functions of PEPs are set out below in four different stylized country contexts characterizing the main situations in which PEPs are adopted (these issues are explored in more detail in Annex 1).

In countries with well-established social protection systems and labour market institutions and relatively high levels of formal employment, unemployment protection is usually provided through social insurance or assistance. In this context, most PEPs are small-scale programmes designed to promote labour market activation, provide work experience or maintain work readiness among subsections of the unemployed. Typically, they are most distant from the labour market, such as the long-term unemployed, unemployed approaching retirement age, low skilled with limited market opportunities or minority/disadvantaged groups. Large-scale PEPs are mainly adopted for macro-economic stabilization purposes in response to significant economic disruptions, such as during the 2008–09 global economic crisis.

In countries with medium or high institutional capacity but less mature social security and labour market institutions with significant gaps in coverage, high levels of labour market informality, limited compliance with ILS and legislation, large-scale national PEPs or EGSs can provide additional employment opportunities and income support, while the process of extending social insurance provision is underway. In such contexts, PEPs are also appropriate for reskilling and reintegration purposes, and large-scale PEPs can be used to respond to periods of acute labour market disruption.

Conversely, in countries with very weak institutions, high levels of informality, and little or no unemployment insurance or assistance, the implementation of an EGS may not be feasible. However, national PEPs can contribute by providing at least a basic level of income security, together with short-term PEPs targeted to specific priority groups in order to enhance employability. The use of PEPs as a macro-economic stabilizer would not be feasible in this type of institutionally constrained context. In such contexts, support for the progressive strengthening of the social protection system and employment services is key, including the extension of social protection to workers in the informal economy through a combination of social insurance contributions and taxes, with international support to support national efforts, if necessary.

In fragile counties, where the economy, market institutions, and social protection systems (if these were in place prior to the crisis) are severely disrupted by conflict and disasters, and are no longer effective, with highly constrained fiscal space, the efficacy of PEPs may be limited to localized initiatives implemented in response to acute needs by, or in collaboration with, external actors. In terms of labour market objectives, the priority may be the implementation of PEPs to address stabilization concerns, including youth or demobilized soldiers. In such contexts, there would be no viability of the implementation of large-scale PEPs for economic or social stabilization.

5 Conclusion

This paper has argued that PEPs are an instrument that belongs in both the social protection and employment policy discourses and can be used to contribute to both sets of policy objectives through the common approach of employment creation. It has also identified the potential of PEPs to contribute to a broader range of policy initiatives beyond these two sectors.

While all PEPs by definition share the common goal of employment creation, this paper has illustrated how the specific priorities of employment and social protection policies are associated with differing design implications and priorities. There are trade-offs between these design differences and PEPs, which seek to achieve a range of policy objectives simultaneously, for example, in terms of employment creation and social protection provision are often challenged. While this tension was first noted by the ILO in 1935, it has not been fully explored as an area for explicit policy design dialogue between different government line ministries and across different ILO departments (ILO 1935). This paper has drawn attention to these trade-offs, many of which previously remained largely implicit in the PEPs discourse, highlighted the key challenges and choices that have to be made during programme conceptualization and design, and identified the need to ensure that the resulting trade-offs do not undermine programme coherence and performance.

Taking into account these objectives, challenges and potential trade-offs, it is realistic to conclude that, beyond their overall potential as ELRs, PEPs also have a specific role in addressing particular policy goals:

- Reinforcing the bridge between employment and social protection policies with a focus on just transitions to environmentally sustainable economies and societies, as well as from the informal to the formal economy.
- Filling gaps in unemployment protection by providing temporary employment to the unemployed, in particular in rural and informal settings, where other forms of unemployment protection are more difficult.
- Improving the quality of the labour force and workers' employability by providing opportunities to develop and apply their skills and work experience.

- Supplementing incomes of underemployed by providing additional paid work during periods of high unemployment, thereby enhancing stability and income security.
- Providing mechanisms where governments can actively provide employment to the unemployed willing and available to take up work (for many reasons, including maintaining employability, responding to individuals' preferences, increasing incomes, and responding to building resilience in times of post-disaster and post-conflict).
- Addressing gaps in assets and services where delivery/provision is labour intensive and where PEPs do not replace or compete with existing services.

These considerations are highly relevant for integrated policy initiatives to ensure that policy and programme design enables PEPs to effectively contribute to the realization of a just transition towards environmentally sustainable economies and societies in the future. This is particularly relevant in the context of the Global Accelerator on Jobs and Social Protection for Just Transitions.[17]

17 For more information, see https://unglobalaccelerator.org

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Annex 1. PEP functions across diverse contexts

Country context	Social protection and labour market context					Viability of PEP response for key objectives		
	Established national social protection system	Level of formality	Compliance with national laws and international labour standards	Level of un-/ under-employment	Institutional capacity and reach	Social protection: Unemployment protection options	Labour market activation/work experience/ work readiness	Large-scale employment and macro-economic/ social stabilization
Stable countries with well-established social security systems and labour market institutions, including unemployment insurance and other mechanisms for coverage of people of working age and relatively high levels of formal employment (typically most OECD countries)	Yes	High	High	Low	High	Social insurance as main instrument	PEPs to facilitate reskilling and labour market re-integration PEPs for selected groups, e.g. recently unemployed, youth, long-term unemployed, older workers or those without prior work experience. Link with ALMPs	PEP during periods of acute/mass labour market disruption
Stable countries with social security and labour market institutions but which have significant gaps in coverage, regions or sectors with high levels of informality and limited compliance with labour standards and legislation	Yes, but not comprehensive	Low	Low	High	High/ medium	Development of social insurance complemented by large-scale national PEPs or EGS providing ongoing employment	PEPs to facilitate reskilling and labour market re-integration PEPs for selected groups, e.g. recently unemployed, youth, long-term unemployed, older workers or those without prior work experience. Link with ALMPs	PEP during periods of acute/mass labour market disruption
Stable countries with very weak institutions, high levels of informality, no unemployment insurance or social assistance coverage of persons of working age.	No or limited	Low	Low	High	Low	Large-scale national PEPs providing ongoing employment combined with efforts to develop unemployment protection and employment services	PEPs for selected groups, e.g. youth	Not viable

Country context	Social protection and labour market context					Viability of PEP response for key objectives		
	Established national social protection system	Level of formality	Compliance with national laws and international labour standards	Level of un-/ under-employment	Institutional capacity and reach	Social protection: Unemployment protection options	Labour market activation/work experience/ work readiness	Large-scale employment and macro-economic/ social stabilization
Fragile counties where conflict and disasters have severely disrupted economies and market institutions, and social security systems (if these were in place prior to crisis) are no longer effective, with a highly constrained fiscal space	No/not functioning	Low	Low	High	Low	Localized PEPs in response to acute local needs (potentially externally implemented) Complemented by provision of humanitarian cash transfers and efforts to reinforce social protection system	PEPs for high priority groups, e.g. youth, demobilized soldiers to promote stabilization	Not viable

Annex 2. Selected key PEPs and their scale

Programme	Country	Number of persons in paid work in given year	Notes and references
Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	India	106 million	Government of India, Ministry of Rural Development, Department of Rural Development, 2020: File No. G-31011/17/2019-MGNREGA-V (368314) Guidelines for Planning for works and preparation of labour budget under MGNREGA for the FY 2021–2022 https://nregaplus.nic.in/Netnrega/WriteReaddata/Circulars/Guidelines_Planning_for_Works_and_preparation_of_Labour_Budget_NREGA_for_FY_2021-22..pdf
Productive Safety Net Program (World Bank 2022)	Ethiopia	1.53 million	World Bank. 2022. https://projects.worldbank.org/en/projects-operations/project-detail/P163438
Ten Billion Tree Tsunami	Pakistan	355 000	ILO, UNEP (United Nations Environment Programme) and IUCN (International Union for Conservation of Nature). 2022. https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_863035.pdf
Expanded Public Works Programme (Expanded Public Works Programme,)	South Africa	1.016 million	South Africa, Department of Public Works. Financial year for 2021/2022. http://www.epwp.gov.za
Presidential Employment Stimulus	South Africa	516 000	Employment Stimulus Dashboard / SONA 2023. Beneficiaries in 2022/23. https://www.stateofthenation.gov.za/employment-stimulus-dashboard
Programa de Empleo Temporal [Temporary Employment Programme] – Lurawi Perú	Peru	88 000	Projected figures for 2023. Programme was previously Trabajar Peru and operated at a smaller scale. It is being expanded in 2023. https://www.gob.pe/institucion/lurawiperu/noticias/698772-lurawi-peru-modifica-las-reglas-de-su-primera-convocatoria-2023-para-generar-mas-empleos-temporales
Potenciar Trabajo	Argentina	550 000	Ariela Micha y Francisca Pereyra, Trabajadoras comunitarias de cuidado en el marco del Programa Potenciar Trabajo. Experiencias laborales y aportes a la provisión de servicios ILO Buenos Aires [Ariela Micha and Francisca Pereyra, Community care workers within the framework of the Enhanced Work Program. Work experiences and contributions to the provision of ILO services, Buenos Aires], forthcoming.
Public Works combination of programmes	Hungary	218 000	Szabó, Lajos Tamás. 2020. “The effect of public works programme in Hungary on private sector wages”. Budapest: Magyar Nemzeti Bank, MNB Working Papers No. 2020/7. https://www.econstor.eu/bitstream/10419/241077/1/mnb-wp-2020-7-final.pdf
Productive Social Safety Net	United Rep. of Tanzania	250 000	World Bank. 2019. “Press Release on Five Million Tanzanians to Benefit from Improved Safety Nets”. 12 September 2019. https://www.worldbank.org/en/news/press-release/2019/09/12/five-million-tanzanians-to-benefit-from-improved-safety-nets
Jobs for Nature	New Zealand	5586	Ministry for the Environment, 2022. https://environment.govt.nz/what-government-is-doing/areas-of-work/jobs-for-nature/about-mahi-mo-te-taiao-jobs-for-nature/

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