

Local Economic Development and Employment Intensive Investments

The Employment Intensive Investment Programme (EIIP) and its Local Resource-based Strategy



Productive Infrastructure for Local Development

The ILO's Employment Intensive Investment Programme (EIIP) promotes a *local resource-based strategy* to increase the impact of investments in infrastructure on *employment creation, poverty reduction and local development*. EIIP works with governments, employers' and workers' organizations, the private sector and communities in orienting infrastructure investments towards the creation of productive employment and towards the improvement of access to basic goods and services for the poor. EIIP has proven that a combined use of local participation in planning with the utilization of locally available skills, technology, materials, and appropriate work methods is an effective and economically viable approach to infrastructure works in developing countries.

In Asia, EIIP is active in India, Sri Lanka, Nepal, Pakistan, Thailand, Laos, Cambodia, Vietnam, Philippines, Indonesia and Timor Leste.



Improving Access to Markets by Building Rural Roads in Cambodia

LED and Infrastructure Investments



Rural Transport for Local Development in Nepal

There is generally a strong link between investment in infrastructure and local economic development in a region. The needs for infrastructure investments in developing countries are vast. Community priorities often include infrastructure for both economic and social development. Estimates put annual investment needs for infrastructure at 5.5% of GDP in middle-income countries and 9% in the least developed countries.

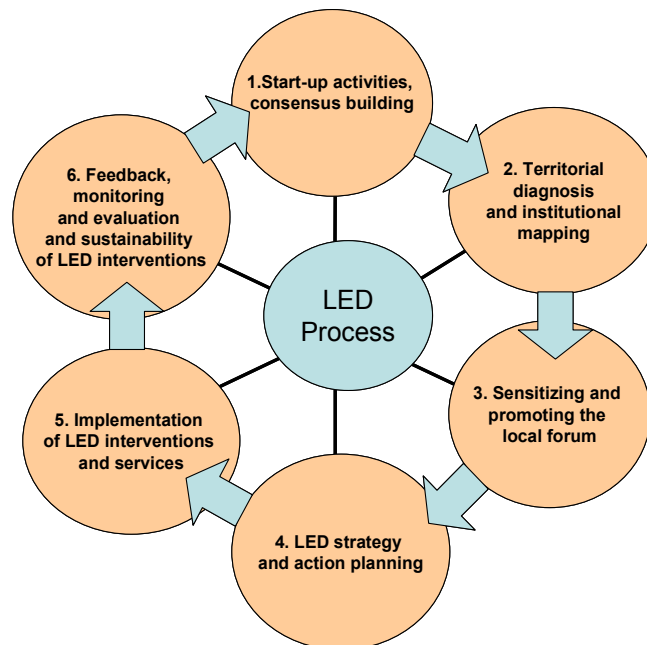
Although current spending falls short of these figures and the benefits of economic growth do not always trickle down to the poor, it has been demonstrated that infrastructure investments can be used as an effective strategy for *pro-poor local economic development*. In addition, they provide an often untapped potential for the creation of *jobs*.

The direct results of investments in infrastructure include the generation of employment, incomes and business opportunities linked to the development, maintenance and operations of infrastructure of public and community interest. Longer lasting impacts such as improved access to transport, markets, health, education and other socio-economic goods and services contribute to local economic development and sustainable poverty reduction.

Local resource-based infrastructure works generate income that remains with the local community and creates a multiplier effect. The operation and maintenance of infrastructure sustains the benefits of the investments and creates longer-term employment. Optimizing the use of local resources (labour, materials, contractors) positively impacts on the local economy while the (productive) assets created further boost local economic development.

The LED Strategy and Entry Points for EIIP

The ILO Local Economic Development approach enables local institutions to better identify and articulate the socio-economic needs and priorities in their area, develop an integrated implementation strategy for local economic development and strengthen the capacity of local authorities and partners to provide (economic and social) infrastructure, services and training.



Discussing Infrastructure for Productivity Enhancement in the Philippines

The EIIP is an integrated component of this process (steps 2, 4, 5 and 6). LED and infrastructure development are interdependent and complementary. The EIIP tools are used to identify the specific social and economic infrastructure investment needs of an area during the territorial diagnosis and are part and parcel of the implementation process to ensure that infrastructure development will not be a constraining but a facilitating factor in local economic development. Coordinated local infrastructure development will boost local production and productivity. We need to identify and agree on the type of infrastructure that is necessary, and the location where it needs to be developed, to allow for this synergy and a cost-effective use of scarce investment resources.

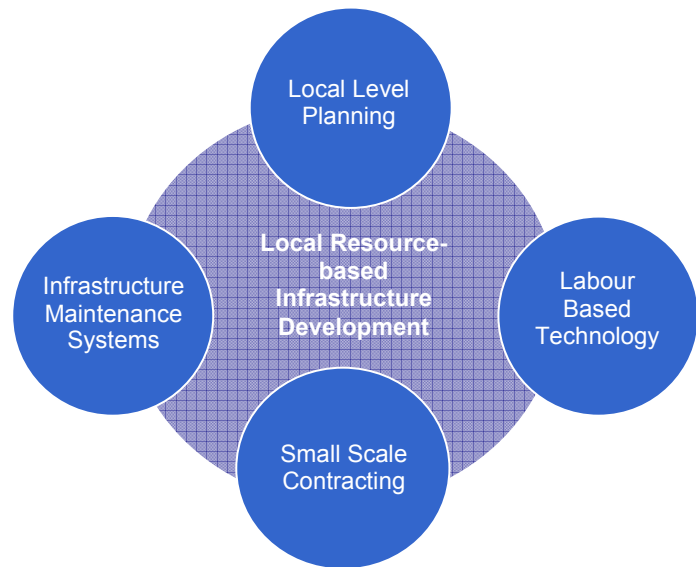
The EIIP Tools

The aim of EIIP is to promote, introduce, demonstrate and mainstream *procedures and tools* and build *capacity* that will increase the impact of public investment in infrastructure on local economic development, poverty reduction and employment creation. For this purpose it has developed a number of practical tools that relate to the different stages of the infrastructure development cycle: planning, implementation (technology and contracting) and maintenance.

The main tools that have been developed under the EIIP include:

Integrated Rural Infrastructure Planning (IRAP)

IRAP consists of a set of local level, participatory, planning tools to *identify infrastructure needs at the community level*. The IRAP process produces ranked priorities for infrastructure investments in various economic and social sectors such as transport, agriculture, health, education, water etc. Various guidelines and manuals on IRAP are available.



Identifying Investment Priorities in Laos

Labour-based Technology

This is the construction technology, which, while maintaining cost competitiveness and acceptable engineering quality standards, *optimizes opportunities for employment, together with the support of light equipment*. The technology can be used in construction, rehabilitation and maintenance of infrastructure. The ILO has produced a large number of technical documents and training materials.

Small-scale Contracting

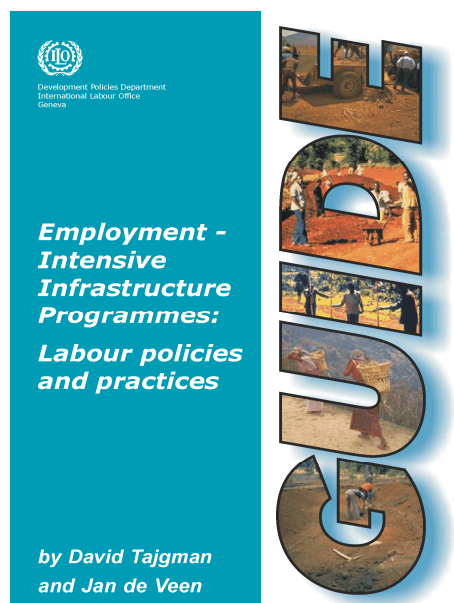
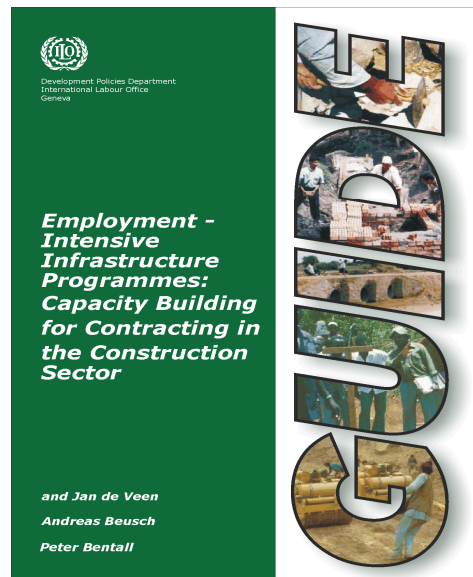
Infrastructure works are often carried out by larger firms, which often are not locally established, and do not use local resources and labour. Local resource-based infrastructure works provide an opportunity for *developing local small contractors and community groups* into effective rural infrastructure construction and maintenance entities, as large equipment is not required. Guidelines and training materials are available.

Development of Local Suppliers.

The EIIP approach promotes the *utilisation of local materials and tools* to the maximum extent possible. The aim is to support the local economy and create indirect job opportunities for local enterprises rather than importing construction materials from far away or from abroad. ILO has several manuals and courses on starting and developing small businesses.

Capacity Building

Courses (Turin), training modules, classroom and on-the-job training for employment intensive investment programmes. Existing courses are at the interregional, regional and country level. Technical assistance is offered during project implementation with the main aim to build local capacity for infrastructure works.



Labour Policies and Practices

Tools to provide guidance on how to deal with labour issues on infrastructure projects. How to make progress on international labour standards and working conditions with the involvement of government ministries, employers' and workers' organizations. Guides and best practices on social procurement and labour policies and practices are available.

Impact Assessments

Tools to analyze the impact of infrastructure investments on employment creation, poverty reduction and local economic development. To influence policies on infrastructure development towards a greater use of local resources it is necessary to demonstrate the impact.

EIIP and Decent Work



Paying Workers in Timor Leste

EIIP in itself is an integrated Decent Work approach for the infrastructure sectors. It seeks to integrate relevant labour standards into contract documents and reviews decent work conditions in infrastructure works. EIIP is concerned with employment creation and contractor development. It is promoting public work schemes as a social transfer mechanism for poverty reduction and social protection during periods of crises. Participation and negotiation are key in EIIP programmes and are promoted as such. EIIP activities cut across the four traditional ILO sectors. Finally, EIIP has integrated gender issues in all its programmes. The overall success of the EIIP interventions will depend on local capacity building and good governance.