



International Labour Organisation

Making infrastructure employment friendly

October 2007



1 Introduction

This discussion paper has been prepared by the ILO for a high level meeting of Ministers of Public Works and Labour in conjunction with the 12th Regional Seminar for Labour-based Practitioners in Durban in October 2007. The paper briefly outlines the challenges ahead, the technological approach and its benefits. It highlights commitments that have been made at Global, Regional and National levels in terms of employment creation and poverty reduction through infrastructure investments, and provides some points for further discussion.

It is hoped that this background paper will contribute to stimulate debate, in particular on how we can translate commitments into practical action. It is further hoped that the high level meeting presents and discusses at the Seminar a common view on the approaches, provides advice and recommendations to Seminar participants on how to take the employment-intensive investment agenda forward.

1.1 The Challenge

The ILO estimates that the 1.3 billion currently living in absolute poverty are supported by about 500 million working poor and that over the next decade, an additional 500 million jobs will need to be created worldwide¹. Poverty levels in Sub-Saharan Africa are the highest in the World, with more than 360 million people living on less than US\$ 1 a day². Similar estimates show that there are some 140 million working poor in Sub-Saharan Africa supporting the absolute poor, and that a total of 140 million jobs will need to be created by the end of the decade to lift half of the people out of the reach of absolute poverty.

There has been increasing recognition that growth alone will not address the poverty reduction and employment needs of the developing countries and therefore strategies are necessary to encourage and support equitable growth which lays emphasis on realising employment potential, particularly for the poor and unskilled. It follows that both private and public investments can play a major role in creating employment opportunities for working out of poverty.

Lack of adequate access roads to move farming products to markets, lack of clean drinking water, inadequate health and education facilities, the absence of water harvesting and inadequate irrigation system are some of the constraints highlighted by governments as negatively contributing to their effort in improving the livelihood of the majority. Hence, having identified unemployment and lack of basic infrastructure as major constraints to development, African countries are increasingly appreciating the potential of linking infrastructure investments to employment creation and poverty reduction, thereby addressing both deficits in the fight against poverty.

Surveys conducted in Morogoro District in Tanzania in 2001³ revealed that agricultural activities in the area were very much constrained by poor accessibility,

¹ *Global Employment Trends*, ILO, Geneva 2003

² Source: <http://www.developmentgoals.org/Poverty.htm>

³ C. I. Lema: *Rural Transport Infrastructure Improvement in Tanzania: Assessment of Communities' Ability and Willingness to Pay, A Case Study of Morogoro Rural District, Tanzania* 2001

which includes basic infrastructure and services. About 30% of agricultural produce was not reaching the market centres due to transport constraints, and more than 50% of the households' produce was being sold at exploitative farm gate prices thus exacerbating the poverty situation in the area. Approximately 3 to 5 hours were the time costs for some households for a round trip to the nearest market place, and 50% of the sales of agricultural produce paid for portorage charges. Also, communities' ability to access timely information on market trends and crop prices, and also the extension services was curtailed by remoteness, and thus demoralising all intentions to produce more.

In view of addressing the critical provincial challenges of lack of reliable transport and high unemployment, the Kwa Zulu Natal Department of Transport in South Africa in its five year strategic plan for 2005-10 under **Strategic Goal 5 Community supported transportation service delivery**⁴ clearly states that in the planning, provision and management of roads infrastructure and transport service the Department will strive to ensure that communities actively participate in the process of service delivery through:

- **Communication** with communities
- **Empowerment of communities** through their involvement in the planning and prioritizing of the Department's delivery programme
- **Employment opportunities** being maximized in service delivery
- **Investment** in programmes to develop communities

Although national governments, development partners and international financial institutions have now started earmarking resources to fill the gap in basic infrastructure and service delivery, priority infrastructure has been constructed without realizing the full potentials it could have on employment creation and poverty reduction. Communities were mere observers and have not gained much benefit in terms of employment or skills acquisition. Local entrepreneurs have not been given sufficient access to the market.

This approach has now to change and due attention has to be given to the direct and indirect employment creation of the investment and due consideration has to be given to the involvement of emerging entrepreneurs in the delivery process.

1.2 Development context

The current development context and agenda are increasingly challenging and complex. Due to the increasing unemployment and poverty in sub-Saharan Africa, the issues of optimising employment creation opportunities in the provision, operation and maintenance of infrastructure and services have become more and more relevant to development strategies.

Lack of physical infrastructure has been identified as one of the causes for increased poverty. However, physical infrastructure alone may not bring the expected social uplifting of the beneficiary groups. If investments in infrastructure are carefully planned, and all government development goals are taken into considerations *“infrastructure can also provide forms of social protection that move people beyond safety nets, especially when employment concerns are linked into mainstream*

⁴ *Five Year Strategic Plan 2005/6 – 2009/10* by Kwa Zulu Natal Department of Transport

*investment policy. Even where the policy environment is poor, such initiatives can reduce poverty”.*⁵ It is therefore essential to plan and implement infrastructure investment programmes in such a way that they better contribute to the national development agenda – an integrated agenda advancing inclusive growth for social and economic development.

2 Infrastructure and service delivery: Getting more out of it

2.1 Technology choice – a labour-based approach to infrastructure investments

Conventional construction in Africa inherited the practice of using capital-intensive technologies without consideration of other technology options. To make matters worse, most high level education institutions are basing their training on a technology primarily suitable for the developed world. University graduates in the region are very much conversant with the performance and productivity of most heavy construction equipment but ignorant on the potential of the huge abundant local resources the nation has, i.e. the unemployed. Students of higher education are not taught alternative means of planning and delivery that takes into account these abundant national resources. This lack of knowledge creates bias towards the only delivery system they are aware of and starts building negative preconceived ideas regarding alternative local resource-based technology including issues like low quality, difficulties with technical and managerial setups and administrative arrangements. Correcting pre- and misconceptions and negative attitudes towards alternative technology options is a major challenge. Creating awareness and proving the viability and cost effectiveness of alternative technology options is another challenge.

Local resource-based approaches developed over the years have proved to be a cost-effective, viable, sustainable and pro-poor delivery means for infrastructure development and maintenance. They provide the means through which unskilled, semi-skilled and skilled local workers can be effectively and efficiently engaged in the infrastructure delivery process. The challenge is to ensure that infrastructure and related policy favour local participation, employment creation and incorporate requisite labour management and social protection laws to ensure jobs are created equitably and that workers rights are protected.

Local resource-based approaches can be used in the delivery, operation and maintenance of a range of infrastructure assets including rural access roads, irrigation, water supply, natural resources (soil and water) conservation measures, urban settlement upgrading, etc. Experience gained from application of the approach in various sectors illustrates that employment creation potential can be substantially improved through this approach.

There are many clear indicators of the success of this approach, both in terms of direct employment created through labour-based technology, and through the multiplier effect of the opportunities for local resource based support industries and the

⁵ DFID: *Making Connections – Infrastructure for poverty reduction* 2002

investment of the money earned into other ventures. Such interventions have, in many instances, been the mechanism to kick start local economic activity.

The ILO has shown extensively, through studies in several countries, that employment focused investments in infrastructure through the appropriate use of employment-intensive methodologies:

- Are 10-30% less costly in financial terms than equipment-intensive techniques; i.e. deliver more infrastructure for the same investment, without compromising on quality.
- Reduce foreign exchange requirements by 50-60%.
- Create 3-5 times as much employment for the same level of investment. Hence, permit the employment of more people, from the unskilled to graduates.
- Create an indirect income multiplier effect, which is generally estimated at between 1.5 and 2.8 for low income countries.
- Are environmental friendly. Preserving the environment as excessive clearance of vegetation is far less severe and damage to terrain and soils is less than when equipment-based methods are applied, and negative environmental impacts of fuel spills, noise, dust, etc are reduced.
- Are very appropriate for dispersed rural locations for which heavy machinery encounters problems of mobilisation and costs; and for congested urban settlements into which large equipment simply cannot enter.
- Are flexible enough to accommodate both slower community execution and a higher delivery rate (by increasing the number of enterprises involved)
- Require parts of the system of infrastructure delivery to be adapted (technical design, contract unbundling, etc.).
- A good entry for new delivery agents, i.e. emerging local enterprises. As the approach is heavily dependent on locally available resources, committed entrepreneurs have a chance to succeed.

2.2 Investment in infrastructure

African countries are characterized by high levels of poverty, unemployment and under-employment and an abundant labour supply. With the high proportion, typically between 40 and 60% of government and external aid budgets of African countries directed to public investment in infrastructure, local resource-based approaches provide the opportunity to create much needed sustainable infrastructure assets while at the same time generate jobs and incomes. This approach offers the means to involve local communities in the infrastructure and productive sectors, and in the development process as a whole, right from the planning to the construction, maintenance and operation of infrastructure assets. There is thus a combination of labour, capital and assets that maximizes total factor productivity in a particular country, and increased employment creation, distributional economic growth and poverty reduction can be achieved by getting the right combination of productive factors.

Developing countries in the region and beyond have identified lack of infrastructure and unemployment as main challenges in their fight against poverty. As a result resources are allocated to provide the necessary infrastructure including telecommunications, electricity, roads, water and sanitation, irrigation, etc. that

contributes to increased growth, development and self sufficiency. For this purpose developing countries globally spend about US\$ 250 billion annually on infrastructure works⁶. A recent World Bank research paper estimates that sub-Saharan Africa needs to spend around five per cent of its GDP between 2005 and 2015 on infrastructure investments and a further four per cent on operations and maintenance. This means additional expenditure in the order of US\$ 20 billion a year⁷. Much of this investment is by the public sector and could be used to meet government's development agenda in terms of employment and poverty reduction targets.

According to the Sub-Sahara African Transport Programme, the World Bank and the European Union alone are investing US\$ 1.4 billion annually in the transport sector in the region. Bearing in mind the catalyzing effect of infrastructure on development, and both the direct and indirect jobs that can be created through an employment-friendly approach to infrastructure, such investments can have a major impact on employment creation and poverty reduction. This quoted investment is only based upon combined World Bank and EU investment in a single sector, and therefore the multi-sectoral potential of the total investment by countries and donors will be much greater.

To achieve a significant impact in addressing local challenges, governments have to earmark a portion of investments in infrastructure be directed to create employment and business opportunities, and skills training. This will then contribute to create a sustainable employment opportunity and strengthen governments' delivery capacity in this area. Such levels of investment therefore present a tremendous opportunity for massive employment creation to enable impoverished societies to work out of poverty and to make a significant impact on poverty reduction through the creation of opportunities for decent work.

2.3 Infrastructure and its employment creation potential

Several commitments have been made at national, regional and global levels. To benefit the disadvantaged such commitments have to be translated into action. Governments have to allocate sufficient resources and put in place a monitoring mechanism to document achievements and impacts. Investments in infrastructure have to be influenced to meet government's development agenda including employment creation and strengthening of local capacity through the participation of emerging service providers.

NEPAD under its strategic thrust 2 has set a target of improving rural infrastructure and market access⁸. Approximately US\$ 134 billion is earmarked for the implementation of this strategy in the period 2003-2015, focussing on improving land and water management, farming technology for small farms and rural infrastructure including roads. This investment does not include an estimated US\$ 37 billion for the maintenance of infrastructure. Over the period 2003-2015 about US\$ 62 billion is allocated to roads to improve mobility and improved access to markets by farmers. If only a limited percentage of this investment is earmarked to carry out works with an optimal use of locally available human and material resources, such a realignment of

⁶ DFID: *Making Connections – Infrastructure for poverty reduction* 2002

⁷ *Our Common Interest: Report of the Commission for Africa* March 2005

⁸ A Summary of NEPAD Action Plan

investment would make an immense contribution to employment creation and local economic development.

Assuming that 20% of the above roads improvement allocation or about US\$ 1 billion per year would become available to delivering works through the optimisation of widely available local resources, and assuming that some 40% of this investment on average would go towards the creation of employment opportunities at a rate of US\$ 2 per day, this realignment of investment will create 200 million worker-days of employment opportunities during the investment period. This is equivalent to about 1 million full-time jobs per year (using 200 worker-days per year), roughly 5 times as much as when conventional technology would be used. The developed skills can subsequently be applied for maintenance of the assets, thus creating significant additional and long-term jobs for the local populations, while at the same time providing sustainable infrastructure.

A study carried out by DFID using the data from projects executed in Limpopo Province on rural road rehabilitation using labour-intensive approaches has shown that about 4,594 person-days of employment could be created for each kilometre of road rehabilitated. The same study has also shown that 54% of the rehabilitation cost goes back to beneficiary communities in a form of wages and salaries.⁹

In addition to the socio-economic benefits of using employment-intensive approaches in the maintenance and improvement of low volume rural roads, several studies have compared the benefits with conventional methods of delivery using equipment based approaches. One such comparative study was carried out in Lesotho and Zimbabwe¹⁰ with the following results:

- In Lesotho, by applying an employment-friendly approach to all road works for which labour can be used effectively, employment creation accounts for 44% of the total infrastructure cost, compared with only 6% on the equipment-based approach. Similarly, in Zimbabwe, the equivalent figures are 43% and 13% respectively;
- Addressing financial costs, the employment-intensive approach is found to be cheaper than the equipment-based approach by about 37% in Lesotho and 7% in Zimbabwe;
- In terms of the economic costs, the employment-intensive approach is 50% and 79% of the conventional cost in Lesotho and Zimbabwe respectively;
- Employment-intensive approaches are technically comparable to those of equipment-intensive approaches in terms of quality of works; and
- Foreign currency requirements of the employment-intensive approaches are significantly lower than those of the equipment-based approach.

2.4 Local enterprise development

The benefit of labour-based methods of work is not limited to the direct employment creation potential at the time of asset creation, but also stimulates the growth of the

⁹ Gary Taylor, et al: *Limpopo Province Labour-Intensive Rural Roads Maintenance Programme (Gundo Lashu), Cost Comparison Report* March 2005

¹⁰ Maria Lennartsson, David Stiedl: *Technology Choice – Man or Machines*; ILO September 1995

local economy in different ways. First, locally spent wages will create substantial indirect economic impact and second, the capacity building of upcoming entrepreneurs and the creation of local skills will be an important asset for future development of the areas concerned. In this context, it is important to strengthen the implementation capacity of governments through partnerships with the private sector based on addressing common objectives. Local entrepreneurs can assist governments in implementing employment creation and local economic development policies. Local emerging contractors in Ethiopia, Ghana, Kenya, Lesotho, South Africa, Tanzania and Zambia are some of those trained small local enterprises, employing thousands of workers and have strengthened government's delivery capacity on the construction and maintenance of infrastructure using employment friendly approaches, and thus contribute to the achievement of the national development agenda.

The conclusion is hence that if conducive policies and a suitable environment are in place, investments in infrastructure could create much needed employment opportunities.

3 Joining hands in the fight against unemployment and poverty

3.1 National commitment

Most countries have reflected these challenges and opportunities in their PRSPs and national development plans. For instance, the Mozambique *Action Plan for the Reduction of Absolute Poverty; May 2006* has clearly described the government's intention in promoting social issues including the creation of employment opportunities in its poverty reduction paper. The paper states that in the area of roads and highways, the government will contribute to an increase in family income and employment by creating thousands of seasonal and permanent jobs through incentives directed towards¹¹:

- Giving priority to labour-intensive technology in maintenance of tertiary and neighbourhood roads;
- Making it mandatory that all unskilled labour be recruited locally;
- Promoting the participation of women in roads projects;
- Designing specific programs to use labour-intensive technology; and
- Contributing to a reduction in the rates of HIV/AIDS infection and discrimination against infected persons in the highway industry by inserting into all project contracts clauses relating to programs that combat HIV/AIDS.

The translation of such clearly outlined policies has to be monitored and enforced through sectoral and local development plans.

¹¹ Government of Mozambique: *Action Plan for the Reduction of Absolute Poverty* Para. 557 May 2006

3.2 Regional commitments

The African Union (AU) has identified poverty, unemployment and under-employment as a key challenge for the continent. To focus on these developmental challenges, the AU has set as the main goals of its Labour and Employment division under the Labour and Social Affairs Commission, to be “*the promotion of decent work, employment strategy, reducing unemployment, child labour, improving conditions of work*”.¹²

The African Heads of State and Governments met at the Extraordinary Summit of the African Union on Employment and Poverty Alleviation held in Ouagadougou in September 2004. At the end of the meeting a declaration on **Employment and Poverty Alleviation in Africa**, and its **Plan of Action**, was released with key recommendations on employment and infrastructure development, including:

- Promoting public works programmes in infrastructural development;
- Re-orienting public sector investments;
- Creating productive labour-absorbing jobs to labour-intensive approaches;
- Encouraging African investors and provid[ing] them with the necessary facilities, protection and conducive environment for the establishment of economic enterprises that will contribute to job creation and production;
- Ensur[ing] that public work programmes facilitate sustainable income generation.¹³

The African Ministers of Finance, Planning and Economic Development met at the 39th Economic Commission for Africa (ECA) Conference in Ouagadougou in May 2006 with an aim to increase employment generation. They committed themselves to further embedding employment criteria in investment promotion policies, and to create an African Employment Forum in order to exchange best practices on employment creation initiatives.¹⁴

Under its implementation strategy, NEPAD has indicated its intention to fight poverty by committing itself to “*provide focused leadership by prioritising poverty reduction in all the programmes and priorities of NEPAD as well as national macroeconomic and sectoral policies*”.¹⁵ The provision of suitable infrastructure has been identified as one of the major means of action. For this purpose, NEPAD is forging alliances with both public and private sector institutions and international bodies which have similar goals and objectives.

¹² African Union, Social Affairs Directorate – *Mission Goals and Objectives*

¹³ Assembly of the African Union, Third Extraordinary Session on Employment and Poverty Alleviation, 8-9 September 2004, Ouagadougou, Burkina Faso, *Declaration on Employment and Poverty Alleviation in Africa* (Document EXT/ASSEMBLY/AU/3 (III)) and *PLAN OF ACTION FOR PROMOTION OF EMPLOYMENT AND POVERTY ALLEVIATION* (Document EXT/ASSEMBLY/AU/4 (III) Rev.4)

¹⁴ *Ministerial Statement*. Thirty-ninth session of the Commission/Conference of African Ministers of Finance, Planning and Economic Development, Ouagadougou, 14 - 15 May 2006.

¹⁵ See Para 118. NEPAD – The New Partnership for Africa’s Development, October 2001

3.3 Global commitments

By accepting the Millennium Development Goals (MDGs), the governments of both developing and developed countries have emphasised their commitment to halving the number of people living in extreme poverty by 2015. Employment is a key instrument to self reliance and increased local economic development and as such public and private investments have to respond to this global commitment.

Employment and the reduction of unemployment and underemployment have always been at the core of the ILO mission. Concern over poverty is enshrined in the ILO constitution “Poverty anywhere is a threat to prosperity everywhere” and Decent Work¹⁶ is considered by the ILO as the route out of poverty for the majority of poor people. Employment friendly methods of construction have also been long recognised as a key component in reconstruction activities in countries recovering from crisis, as a key catalyst for re-establishing economic activity and recovery.

The global Employment-Intensive Investment Programme (EIIP) of the ILO promotes and supports the generation of productive and decent employment through local resource-based investment policies and programmes in infrastructure to contribute to local economic development, social progress and poverty reduction.

Selected country responses to the ILO Director General's Report entitled “Working out of Poverty” of October 2003 as reflected during national consultations:

“We consider individuals to be free from poverty when they have work which allows them to feed themselves, have access to medical care when they are sick, give their children an education and have a decent roof over their head.” – **Democratic Republic of the Congo, 3-10-2003**

“It is important to stress that the labour-intensive approach to public investments creates a large number of jobs, often for the most marginalised population groups, and thus fights against poverty and social exclusion.” – **Madagascar, 23-10-2003**

“Transport and communication infrastructure is absent in most parts of the country. About 75% of the rural population is half a day’s walk from the nearest all-weather road. This has severely constrained the development of input and output markets in the country labour-intensive works of rural road construction have contributed significantly to improving the livelihoods of a large proportion of the rural population.” – **Ethiopia, 28-10-2003**

¹⁶ ILO’s contribution to poverty reduction through employment strategies is articulated through the Decent Work Agenda and Global Employment Agenda. These documents are at the core of the ILO strategies including four key areas of work where **the deficit must be reduced:**

- ❑ **employment** : unemployment and underemployment
- ❑ **rights** : denial of rights
- ❑ **social protection** : unsafe working conditions and income insecurity
- ❑ **social dialogue** : inadequate representation and institutions to permit the voice to be heard

4 Improving the environment suitable for employment creation

There is increasing recognition that economic growth is not sufficient to adequately impact upon employment and poverty reduction. Consequently, there is movement at all levels to bring increasing focus on equitable growth, which not only addresses macro-economic stability and related issues, but also optimises opportunities for poverty reduction and the creation of jobs, particularly for the poorer sections of society. Hence, if governments are to record achievements in their poverty reduction strategies, they have to introduce progressive planning and monitoring tools that will let them direct investments towards achieving national goals for employment and poverty reduction.

Planning must therefore involve beneficiary communities for improved identification of needs and benefits from different investment options, for improved social dialogue, participation and ownership, and maximum impact on social and economic development efforts. Positive results can be achieved by targeting and focusing already dedicated resources on infrastructure essential also for local development.

Furthermore, it is important that the implementation process is analysed with an aim to involve local resources in construction, maintenance and operation of the infrastructure. This includes the use of local labour, both unskilled and skilled, materials, tools, finance, and last but not least, local entrepreneurs. In this way, existing public resources can be better geared towards poverty reduction and generate an added value of the same level of investment for the provision of much needed infrastructure. Infrastructure build by increased level of local resources also stands a much better chance of being properly maintained.

The above environmental issues relate closely to the way national development frameworks are conceived including Poverty Reduction Strategies (PRSPs) and National Development Plans. It impacts firmly on the development and implementation of Public Investment Programmes (PIPs) and the need for comprehensive but operational employment impact assessments in order to adequately integrate social and economic objectives in operational strategies.

The strategy is underpinned by the development and implementation of the ILO Decent Work Agenda with its integrated promotion of employment, standards, social protection and dialogue. Existing developments in ensuring good employment and labour practices in construction and contracting is one example. Another is the support to capacity building at all levels including the decentralization processes to ensure that investments are focused to meet agreed community needs (following local dialogue), providing employment and entrepreneurship opportunities to those who can work and other protection to those who are not in a position to work.

In order to capitalize on all commitments made to using employment as one of the tools to eradicate poverty and the good will shown through increased allocation in infrastructure and services by both governments and development partners, there is a pressing need to (i) bring into the strategy a greater focus on poverty reduction and hence to bring employment at the forefront of delivery, and (ii) scale up the impact of

the strategy by integrating above interventions into large-scale infrastructure programmes at national and regional levels, also those funded by the World Bank and the Regional Development Banks.

Governments have a key responsibility in making infrastructure investments better contributing towards commitments made and to the achievements of their strategic plans. Below are some of the key areas governments have to consider or put in place for optimizing the creation of employment from investments made in infrastructure.

Policy development

- Develop, enact and enforce a policy framework that supports and encourages the:
 - Use of locally available resources in a move to promote increased local economic and social development;
 - Participation of beneficiary groups for increased ownership and skills transfer;
 - Targeting of disadvantaged groups of the community for increased impact;
- Establish a resource allocation mechanism that supports and rewards implementing agents who create employment opportunities in the delivery process;
- Put in place financial and procurement guidelines that legally supports the government's objective of addressing its development challenges through employment creation, participation of local emerging entrepreneurs, targeting the disadvantaged in the community, etc.;
- Introduce an appropriate and progressive planning tool that supports the participation of beneficiary groups in the planning and delivery of essential local infrastructure and service delivery, and has employment creation central to the whole process.

Strengthening delivery capacity

- Strengthen the capacity of implementation agencies, centrally and locally, through the necessary skilled manpower and resource allocations;
- Commit a fixed portion of public budgetary allocation to be used to meet targets for optimizing local resources across all sectoral ministries.

Partnering with the private sector

- Encourage local construction industry to participate in employment creation
- Create opportunities for the increased participation of emerging local entrepreneurs to strengthen government's delivery capacity;
- Support local service providers to develop and possess the necessary skills and knowledge to plan, design and implement infrastructure works using local resources.

Monitoring of implementation

- A key aspect in the promotion of local resource based methods will be to further develop the evidence base to support the employment-intensive investment approach and to improve and streamline monitoring mechanisms and tools to effectively measure and document the true impact of the investment approach.

References:

1. C. I. Lema: Rural Transport Infrastructure Improvement in Tanzania: Assessment of Communities' Ability and Willingness to Pay – A Case Study of Morogoro Rural District, Tanzania; 2001
2. DFID: Making Connections – Infrastructure for Poverty Reduction; 2002
3. Gary Taylor, et al: Limpopo Province Labour Intensive Rural Roads Maintenance Programme – Cost Comparison report; March 2005
4. ILO; Global Employment Trends; ILO Geneva 2003
5. ILO: Working Out of Poverty – Report of the Director General; Geneva 2003
6. ILO: Employment-intensive Investment in Infrastructure: Jobs to Build Society; Geneva 2000
7. Maria Lennartsson et al: Technology Choice – Man or Machines; ILO, September 1995
8. Our Common Interest: Report of the Commission for Africa; March 2005

Annex 1 Examples of national government's commitment towards employment creation through investments in infrastructure

Country	Policy statement	ILO response
Ethiopia	<p>... The Development strategy adopted will also help increase employment of both rural and urban people (hence reduce poverty) through the promotion of a modern sector based on labour-intensive production techniques. ...</p> <p><i>Ethiopia: Sustainable Development and Poverty Reduction Programme(SDPRP) July 2002</i></p>	<ul style="list-style-type: none"> ■ The ILO is supporting GoE in several regions of the country on the delivery of rural roads using employment-intensive approaches (EIA). ■ Support is also provided on strengthening the capacity of regional administrators through the participation of emerging local entrepreneurs that can support the region infrastructure delivery and employment creation.
Ghana	<p>... Promote labour intensive methods in all appropriate building and engineering projects ...</p> <p><i>Pg 45, Ghana Poverty Reduction Strategy 2003-2005: An Agenda For Growth And Prosperity, 19 February 2003</i></p> <p>... In the 1980s, the Programme of Action to Mitigate the Social Cost of Adjustment (PAMSCAD), had included a number of infrastructure projects which used labour-intensive production technologies:</p> <ul style="list-style-type: none"> ◆ Priority public works programme; ◆ Labour intensive feeder roads project ◆ Hand-dug wells; and ◆ Sanitation projects. <p>An International Labour Organisation (ILO) study on structural adjustment and employment in Ghana estimated that these works created 20,000 person-work-years of employment during a five-year implementation period. Only a third of this employment would have been generated in the conventional equipment/capital intensive methodologies. Technical assessments have indicated comparable quality between the two methodologies. The construction and maintenance of civil infrastructure like roads and water supply systems, irrigation systems, erosion control and building works are areas in which labour based methods have equal financial advantages with equipment intensive ones. In the implementation of the GPRS the former will be the priority methodology wherever it is feasible. ...</p> <p><i>Pg 71, Ghana Poverty Reduction Strategy 2003-2005: An Agenda For Growth And Prosperity, 19 February 2003</i></p>	<ul style="list-style-type: none"> ■ Ghana is one of the countries where ILO's continued support on EII has been institutionalized. It is one of the first countries that introduced emerging entrepreneurs in the delivery of infrastructure using EIA.

Country	Policy statement	ILO response
Kenya	<p>.... In areas where labour-intensive technology is appropriate, especially in rural and minor feeder roads, the Government will sub-contract maintenance to communities which will use labour-intensive methods. <i>IPRSP, GoK, June 2000</i></p> <p>... In this regard, if the country is to succeed in the increasingly competitive global market, the economy must be supported by low-cost high quality infrastructure services that most of her competitors already have or are aspiring to get. Therefore, the physical infrastructure sector is an important building block in efforts aimed at economic recovery. The broad objectives in this sector include supporting the other sectors (productive, social, etc); and facilitating creation of employment and poverty reduction. ... <i>Pg 16, Economic Recovery Strategy for Wealth and Employment Creation 2003-2007; June 2003</i></p> <p>The Roads Sector policy explicitly states its mission as...to reduce transportation costs by promoting the maintenance of the road network to an economic level of serviceability using local resources, labour based methods and the private sector to the satisfaction of all stakeholders. The policy has the following objectives: Objective 1: to sustain cost effective maintenance of maintainable roads Objective 2: to increase the maintainable road network by 10 % annually during the plan period. Objective 3: to provide all season road access within 2 km to 80% of the Kenyan population by the end of the plan period. Objective 4: to increase the use of local resources including small and medium size enterprises, materials, tools and equipment in road maintenance. Objective 5: to create a minimum of 150,000 part time jobs annually during the plan period. Objective 6: to adopt the Roads2000 strategy nationally by 2008. Objective 7: to ensure that all cross cutting issues such as road safety, gender equity, environment, health concerns, workers rights and good governance are included in all road works. amongst others.... <i>Roads 2000 Road Maintenance Strategic Plan 2005-10</i></p>	<ul style="list-style-type: none"> ■ The ILO has supported the GoK since the mid seventies on introducing, tools development, capacity and institutional building on the application of EIA in the improvement and maintenance of the road network. ■ In supporting the achievements of the targets set under PRSP and ERS, the ILO in collaboration with UNDP and others development partners, provided the under mentioned services during 2004/5 to support the implementation of the Roads 2000 strategy <ul style="list-style-type: none"> ▶ Development of tools and procedures that improve the application of EIA for nation wide application. ▶ Development of General Training Plan for EIA practitioners. ▶ Development of procurement tools and procedures that promote EIA and the participation of emerging entrepreneurs. ▶ Extending employment-intensive approaches to the urban infrastructure. ■ Currently the ILO is discussing possible support to GOK to upscale the approach, oversee the implementation of the tools developed and coordinate interventions towards institutional development and capacity building.

Country	Policy statement	ILO response
Lesotho	<p>... The Government will, therefore, provide a conducive legislative, policy and institutional framework while at the same time increasing road access. High priority will be given to labour-intensive construction and maintenance methods. ... page XV, <i>Lesotho PRSP 2004/5 – 2006/7</i></p> <p>... From the community consultations, it is apparent that ordinary people believe that the state should create work for them through infrastructure development and other projects. However, with the finite resources available, the Government recognises that this can only be achieved <i>to a very limited extent</i>. Where possible it will target labour-intensive schemes to provide limited and temporary employment to the poor. ... pg 20, <i>Lesotho PRSP 2004/5 – 2006/7</i></p>	<ul style="list-style-type: none"> ■ Lesotho is one of the countries where the ILO supported introduction of EII, capacity building and institutionalization of EII. It has successfully institutionalized EII under the sectoral ministry as a fully fledged department. It now continually receives recurrent and capital allocations through GoL's budgetary allocations. ■ As part of regional collaborations, the ILO has supported GoL to train the first group of entrepreneurs from Limpopo province SA on EII application.
Malawi	<p>... Improving rural infrastructure is an essential requirement for the commercialisation, modernisation and growth of agriculture and MSMEs. Better market incentives will be irrelevant if the physical barriers to and economic costs of doing business in rural areas are too high. Hence, there is need to provide good rural roads (including bridges), water and sanitation, energy, and telecommunications.</p> <p>Investment in rural roads has direct impact on linking the rural areas, urban and peri- urban areas. Improved access to rural areas reduces transport costs and leads to the creation of marketing networks to enhance value adding. Rural feeder roads also have social benefits through better access to social services such as health centres by facilitating mobility. Further, improved rural infrastructure will alleviate gender disparities, as women bear the burden of transporting heavy loads and traveling long distances to access social services. The rural population will benefit directly from the construction of the rural roads through employment generation under the Public Works Programme (see Pillar 3).</p> <p>... <i>Pg 57-58, Malawi PRSP, April 2002</i></p>	<ul style="list-style-type: none"> ■ Malawi is one of the countries where EII has been introduced in the late seventies. It is generally recognized within the country that the introduction of EIIP / cash for work programmes could make a significant contribution and support a more long term approach to partially reduce vulnerability and the extent of the cyclical humanitarian crisis. ■ The ILO continued to provide input in support of IRAP application under the Rural Access and Mobility Pilot Activity (RAMPA), which is managed by Malawi Rural Travel and Transport Programme (MRTTP). The input has included provision of information and documents, study and inputs to the project related documents/reports, etc. It is also being considered under the Rural Feeder Roads Programme, which is currently under discussion within the Government stakeholders.
Mozambique	<p>557. In the area of roads and highways, the government will contribute to an increase in family income and employment by creating thousands of seasonal and</p>	<ul style="list-style-type: none"> ■ In 1981, the ILO introduced EIA as a pilot project in one of the provinces that were rapidly expanded nationwide in the post

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	<p>permanent jobs through incentives directed toward:</p> <ul style="list-style-type: none"> ◆ Giving priority to labor-intensive technology in maintenance of tertiary and neighborhood roads; ◆ Making it mandatory that all unskilled labor be recruited locally; ◆ Promoting the participation of women in roads projects; ◆ Designing specific programs to use labor-intensive technology; and ◆ Contributing to a reduction in the rates of HIV/AIDS infection and discrimination against infected persons in the highway industry by inserting into all project contracts clauses relating to programs that combat HIV/AIDS. <p><i>Action Plan for the Reduction of Absolute Poverty; May 2006</i></p>	<p>conflict period following the signing of the peace accord in 1991.</p> <ul style="list-style-type: none"> ■ The expanded programme provided over 8 million workdays of employment and rehabilitated over 7,900 Km of roads. ■ The ILO has managed to mainstream EIA in the roads sector. Currently under negotiations with DFID to develop a strategy to mainstream within the public sector for multi sectoral application.
Namibia	<p>...Support and harmonize current efforts in the Ministry of Works, Transport and Communications (MoWTC) and Ministry of Agriculture, Water Resources and Development (MoAWRD) to foster cash-based labour-intensive public works programmes by identifying and removing obstacles to their expansions.,</p> <p><i>PRSP, GoN</i></p>	<ul style="list-style-type: none"> ■ The ILO continues to build on its work, which started in the early 90s with labour-based in-house pilot projects to entrepreneurship development and policy development. Initiatives that originally commenced as isolated sectoral labour-based road projects are today recognised in the National Development Plans, as models for employment creation for all sectors such as railway line construction and environmental rehabilitation.
South Africa	<p>Expanded Public Works Programmes (EPWPs) can provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities.</p> <p><i>Growth and Development Submit 2003, Building a Partnership for Growth and Development; 7 June 2003; Para 2.3.1</i></p>	<ul style="list-style-type: none"> ■ In support of GSA's efforts to reduce unemployment poverty and in equality, the ILO has supported the Government of South Africa (GSA) since 1995 in developing policies and action plans that facilitate the creation of employment opportunities in the infrastructure sector. The following are some of the services that resulted in major shift in the development process. ■ Evaluation of the Community Based Public Works Programme (CBPWP). This resulted in a major re-alignment of the programme to focus on higher impact programmes on poverty reduction. ■ Technical advice and support to the formulation of the Code of Good Practice for employment and conditions of work for The Special

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		<p>Public Works Programme.</p> <ul style="list-style-type: none"> ■ Assessment of the Targeted Procurement Approach that identified constraints in the implementation of the tool and provided recommendations as to how these could be overcome. ■ Research on the expected socio-economic benefits of employment-intensive approaches in the delivery of infrastructure. This study provided the necessary information to ensure that the potential impact of employment and poverty reduction was factored into all future infrastructure programmes. ■ Support on the design and implementation of the Expanded Public Works Programme (EPWP), a national programme aimed at creation one million job opportunities.
Tanzania	<p>Whereas the central government assumes responsibility for the bulk of investment in infrastructure, community based initiatives need to be encouraged for smaller scale labour based road initiatives, to alleviate acute communication problems in rural areas. In addition to community based initiatives, public private partnerships in the provision of infrastructure will be promoted.”</p> <p><i>Pg 14, National strategy for growth and poverty reduction - MKUKUTA 2005/06–09/10; June 2005</i></p> <p>1.2.1 Implement investment strategies that promote employment creation and promote self employment.</p> <p>1.2.2 Create employment in communities through Community projects community based construction and maintenance of rural roads</p> <p>1.2.3 Increase public investment to influence the pattern of employment creation towards poverty reduction, and promote private sector investment in “lead” sectors including, agriculture, tourism, mining and manufacturing</p> <p>2.7.1 Develop and implement Regional based investment plan and, promote investment for employment creation, capacity building and increased productivity</p> <p>2.8.1 Provide adequate level of physical infrastructure needed to cope with the requirements of poverty reduction targets</p>	<ul style="list-style-type: none"> ■ The ILO has had a long engagement on employment-intensive investment programmes which have enabled EIA strategies to be scaled-up in the PRS process. ■ ILO has supported the Government in developing a White Paper on “Taking local resource-based approaches to scale”, which resulted in the adoption and mainstreaming of this methodology, as a means to create employment through infrastructure investments and optimising the use of local resources with emphasis on labour-based technology ■ A regional programme to provide support to municipalities and private and community service providers in solid waste management in Tanzania, Kenya and Uganda was launched in February 2004

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	<p>2.8.2 Involve rural communities in construction and management of rural roads <i>MKUKUTA June 2005, Annex, example of cluster strategies to achieve operational targets</i></p> <p>The Specific Objectives of “Tanzania’s draft National Employment Policy of 2006” among others:....Promote faster economic growth and more adequate allocation of investment resources to more labour intensive sectors such as small and medium enterprises in agriculture, labour-based, infrastructure development, manufacturing, social services and other economic services and productive sectors <i>Tanzania’s draft National Employment Policy of 2006</i></p> <p>“Taking labour based to scale”: An immediate objective is to establish a National Framework for the use of LBT in Tanzania, encompassing:</p> <ul style="list-style-type: none"> ◆ Formulation, adoption and publication of an appropriate and adequate national policy to guide the use of Labour-based Technology in Tanzania. ◆ Expansion of knowledge and capacity building in the public and private sectors for the proper planning, designing and implementation of infrastructure works using Labour-Based Technology ◆ Creation of an enabling environment for the provision and maintenance of infrastructure using labour-based technology, principally with appropriate and supportive involvement of the private sector <p><i>Taking Labour Based to Scale, 2005</i></p>	
Uganda	<p>...encouragement and promotion of active private sector participation; involvement of stakeholders at appropriate levels in the formulation and management of road projects and policies; encouragement of the use of labour-based construction and maintenance methodologies where appropriate...</p> <p><i>Transport Sector Policy – Road sub-sector policies</i></p>	<ul style="list-style-type: none"> ■ ILO’s support to Uganda in promoting EIA approaches in the urban and rural infrastructure lead to the establishment of a labour-based policy promotion unit. The unit was charged with policy formation in support of the governments efforts in poverty alleviation through the promotion and coordination of labour based policies. The unit was involved in the formulation of the national employment policy which mentions labour-based approaches as one of the strategies to develop sustainable infrastructure and

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		<p>create jobs. This position was further articulated in the White paper "District, urban and community access roads rehabilitation and maintenance strategy" which were endorsed and incorporated in the ten year Road Sector Development Programme RSDP2 (2001/02-2010/11).</p>
Zambia	<p>... Road rehabilitation creates jobs and business opportunities, often at the lower end of the labour market and this has direct impact on reducing income poverty. ... Pg 106, Zambia PRSP 2002-4; March 2002</p> <p>...in order for the Infrastructure Sector to meaningfully contribute to the growth of the economy, poverty reduction, and employment creation, the following challenges shall be addressed during the FNDP period...sufficient resources shall be earmarked for the maintenance and rehabilitation of infrastructure...public-private partnerships shall be explored and fully exploited...Government shall explore all avenues that would open up opportunities for a fuller involvement of the private sector, particularly in road infrastructure ...Government shall review the experience thus far and embark on further efforts to empower indigenous companies to fully participate in infrastructure development; Zambia Fifth National Development Plan 2006-2010, June 2006 pg 76-77</p>	<ul style="list-style-type: none"> ■ ILO's involvement in labour-based technology in Zambia goes back to the late eighties. The training component of the NORAD supported and ILO managed Northern Province Project was, in mid 1994, transferred to the nascent Roads Department Training School (RDTS) in Lusaka to form part of a broad Road Sector Programme (RSP I) of the Ministry of Works and Supply. The Training School was in 2004 transferred to the National Council for Construction and labour-based technology remains a key component. ■ Implementation of the Feeder Roads project in Eastern province 1996-2001 which built capacity in both public and private sector and successfully piloted the use of labour-based approaches for road rehabilitation and maintenance in the Province. The project rehabilitated some 400 km of feeder roads, generated some 872,000 worker days and paid out over ZK 2billion in community wages. ■ The ILO has also supported the work in the urban sector on municipal service delivery with UNDP and UN Habitat under the Sustainable Lusaka Programme. This support has had an impact on Lusaka new waste strategy and training material developed under this programme is in use in adapted format elsewhere, e.g. in the regional project for Tanzania, Kenya and Uganda