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**A PROGRAMME THAT TARGETS YOUTH FOR SKILLS AND EMPLOYMENT:
A CASE STUDY OF THE UPGRADING OF THE GOLELA BORDER POST,
KWAZULU NATAL, SOUTH AFRICA**


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'WE CANNOT ALWAYS BUILD THE FUTURE FOR OUR YOUTH, BUT WE CAN BUILD
OUR YOUTH FOR THE FUTURE'.

FRANKLIN D. ROOSEVELT, US PRESIDENT 1933-1945

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Key note paper by Jan de Veen

Policies, Strategic Planning and Action Plans for employment creation aimed at achieving "Prosperity for all"

Creating prosperity: market forces or Government steering?

1. National Governments today have far less direct control over the economic and political destinies of their countries than 50 years ago. The world has become smaller and economies interdependent. The economic power of multinational companies is rapidly increasing. Communication is instant, long distance travel has never been so cheap and internet has become an all powerful and independent source of information that does not stop at borders. The world population is growing and puts new demands on available resources, resulting in higher food prices and energy needs.
2. What then should be the role of Governments in a situation where the pace of change is both rapidly increasing and less controllable? Principally, they should work towards creating an environment where the people are able to take care of their families, have productive work for which they can be respected and live in a peaceful, healthy and clean environment. In developing countries the UN Millennium Development Goals indicate clearly the many steps that need to be taken to make this possible. These principally boil down to the need to improve the quality of life of the countries' populations through economic growth in which the poor can participate. If Governments fail in this the result may be civil war, pollution, piracy, hyper inflation, high levels of unemployment and no enforcement of legislation that protects the people.
3. Remedial measures towards economic growth with local participation need to aim at large scale application in different sectors of the economy. They should redistribute the gains of such growth to reach as many of the rural and urban poor as possible. Increasing productive employment opportunities is crucial for this purpose. Productive employment will not only result in assets and improved standards of living, but will also maintain human dignity, enhance self-esteem and sustain hope for a better future. The "yes, we can" strategy of Barack Obama very much relies on realizing just this.

The construction industry as an instrument for growth, income distribution and poverty reduction

4. In countries with deficient infrastructure (most developing countries) the construction industry accounts for more than half of public spending. It is therefore a powerful means available to Governments to influence the job market and the economy. However, the impact of these investments on poverty reduction and wealth creation at the local level depends critically on the delivery process of all stages of the construction process!
5. The realization of the massive productive employment potential of these investments requires the right investment decisions, policies, strategies, institutional and implementation frameworks. Engaging the poor in the delivery of sustainable infrastructure assets is the key because this enables them to play a real part in their own economic and social development. This paper illustrates the chain of interconnected measures that is needed to go from policies to large scale practice of local resource use in the construction sector.

Potential and rewards of using local resource-based construction approaches

6. In many countries it has been shown that the well-managed utilization of local resources offers a sustainable means to create and maintain much needed infrastructure. The quality and cost-effectiveness of the approaches cannot be denied. Productive job opportunities of this kind have contributed both to the growth and the improved redistribution of national wealth. It is worthwhile to note in this context that the introduction and safeguarding of decent working conditions positively influences productivity and sustainability.
7. Major socio-economic benefits have accrued to communities in those regions where local resource-based infrastructure works have been implemented. First, there is the direct employment and the wages that are earned. Second, there are important indirect benefits such as:
 - returning more of the investment to the local economies because of local wage payments;
 - reduction of rural-to-urban migration because of rural employment and completed infrastructure;
 - community ownership of the infrastructure through their planning and implementing involvement;
 - direct relief of poverty caused by natural disasters such as drought and floods;



- easier entrance into the civil engineering market for small scale entrepreneurs, because of low investment requirements; and
 - empowerment of women because equal employment opportunities are offered.
8. Based on this experience the argument is strong to involve as many communities and small local contractors as possible in a variety of sectors of the economy. Yet, in spite of the strong economic case that can be made, the favorable socio-economic results, the rich experience, the know-how acquired and the installed capacity, the current use of local resource-based approaches is nowhere near its potential. Contrary to the political will expressed in the formal policies of a number of countries there is no spontaneous increase in the use of these approaches. This means that the policies are not backed up adequately with implementation strategies, supporting initiatives and funding. This paper sets out to show what is needed to go from policy to large scale practice.

Bringing policies together

9. Most countries have formulated and politically endorsed general policies that are relevant to poverty reduction. A crucial first step is to review these policies to find out about their relevant recommendations and directives in relation to the use of local resource-based technologies for infrastructure construction and maintenance.
- Is there a decentralization policy that sets out procedures for the effective functioning of executive and financial authority at district or lower levels?
 - Is there a construction industry development or private sector development policy that deals with creating an enabling environment for small contractor development? Does it deal with procurement procedures and regulations in order to enable an optimum participation of small and medium enterprises? In what way does it promote small enterprise development in the domestic construction industry? Does it discuss and facilitate the involvement of new partners in the delivery process, e.g. public-private partnerships, local community-based organizations (CBOs) and small and medium-scale local enterprises?
 - Is there an employment policy that promotes the use of local resource-based approaches for job creation? How can this be applied in relation to the cost-effective utilization of local resources for infrastructure works?
 - Is there a rural or urban development policy that aims to increase local participation and directs local government officials to promote local economic development?

Policy on the use of local resources for infrastructure construction and maintenance

10. What needs to be done to go from general policy to large-scale local implementation with a much increased engagement of the poor in the construction and maintenance processes of infrastructure works? A first step can be the formulation, as a collaborative effort between the principal stakeholders, of a draft policy "Green paper" to stimulate popular interest and a wide debate on the issues that determine whether, how and to what extent people are to participate in infrastructure planning and implementation.
11. Such a draft policy paper should refer to and draw upon the country's relevant existing approved policies, such as those referred to above. Specific information should be gathered on the socio-economic and physical environment in the country concerned.
- Is there political support for local resource use for infrastructure works amongst the social partners? Are unemployment rates high? What are the daily wage levels in typical rural and urban areas? Is there adequate labor availability in the areas concerned? What is the capacity of the country's private sector? Has there been relevant experience with the use of local resource-based methods in the construction sector? Does the procurement system allow decentralized payment, management, supervision and control? Is there a regular supply of and are there maintenance facilities for different types of (light) equipment and tools, and if yes, where and at what cost? What are the current cost levels of construction, maintenance and equipment use for different types of infrastructure assets?

Preparatory work will be needed to gather this information before informed discussion and drafting can be started.

12. A "Green Paper" objective that specifically relates to infrastructure and local participation could be for example: "To provide decent jobs through increasing employment opportunities in infrastructure development and maintenance, using local



enterprises and communities where technically and economically feasible. The use of 'employment-friendly' technologies, substituting local resources for imports, should be done in a focused and targeted manner in order to improve living standards in a sustainable way for the rural and urban poor."

13. Following the drafting of this "Green Paper" a process of political endorsement can lead to a politically approved "White Paper". This should describe in detail how the Government proposes to engage the population in the construction and maintenance processes in the country. It should deal with the national level implications in terms of capacity building, procedures, regulation and legislation. Furthermore, it should present practical steps for a phased expansion towards the large-scale, nation-wide application of technically viable and cost-effective approaches to infrastructure construction and maintenance.

Prerequisites for large-scale impact on employment

14. In most countries local resource-based projects or programs focus on one or two sectors, for instance feeder roads and sanitation. If such programs already do exist in more than one sector, they are mostly implemented without coordination or synergy. In order to realize optimum job creation benefits and to offer job opportunities that are more than temporary, the concept of a coordinated, broad application of local resource use must be pursued to cover as many sectors as possible.
15. The first step towards up-scaling is to create an enabling environment characterized by policy coherence, realistic expectations and commitment by both Government and the private sector. Institutional support is of prime importance in order to facilitate acceptance, implementation and sustainability of these approaches. Fundamental is the availability of a stable flow of funding. Even in the context of existing budget constraints policy directives can aim at redirecting existing budgets towards financing different technological approaches that use locally available resources in an optimum fashion.
16. To work towards this objective certain initiatives will be necessary:
 - generation of commitment by Government and stakeholders;
 - the earmarking of sustained funding within existing budgets;
 - decentralization and devolution of the functions within government structures especially with regard to procurement;
 - modification of existing procurement systems to make the wide scale use of local resources practically possible;
 - adaptation of design standards to facilitate the use of local resource-based approaches;
 - capacity building to ensure that an adequate volume of work/number of contracts can be handled and that high standards are maintained; and
 - formulation and introduction of labor clauses in contracts and agreements to ensure decent working conditions and to avoid labor exploitation.

Facilitating policy implementation

17. People and time are needed to work on these initiatives. A good way of organizing this is to set up a specialized Board with a status recognized by the line ministries that it would work with. It must therefore be formally established at a sufficiently high level and empowered to operate through an appropriate legislative framework. It should, in principle, comprise a representative national stakeholders' committee, a control board and an executive secretariat. The main task of such a Board would be to ensure that the policy implementation assumes the scale and diversity necessary for its impact and success.
18. Its main work tasks in respect of policy would be to:
 - ensure that relevant principles and elements of existing policies (such as those dealing with poverty reduction, decentralization, rural and urban development, privatization, employment, private sector development and procurement) are incorporated into a specific policy dealing with local resource use in the construction sector;
 - critically review the above general policies in terms of their focus on employment and the creation of an enabling environment that permits an optimum use of locally available resources in the construction process;
 - create awareness with stakeholders, the Government and the public of both benefits and strategies of applying local resource-based approaches in infrastructure construction and maintenance.



19. To facilitate implementation it would need to:

- develop guidelines for appraisal of programs and project proposals so that due consideration is given to local resource use and employment related aspects;
- draw up implementation strategies with relevant line ministries;
- initiate and coordinate (inter)national capacity building and accredited training as necessary;
- offer advisory support, for example related to necessary modifications to procurement systems and procedures;
- ensure that institutional arrangements within the line ministries that are responsible for the sector concerned permit an optimal use of locally available resources;
- aim to decentralize managerial and financial authority;
- consult with stakeholders on relevant legal issues to enable the identification and agreement of key concerns/obstacles and facilitate their review. This could concern for example:
 - i encouraging the registration of micro-enterprises in industry associations, which are capable of representing and lobbying for their members with the public authorities;
 - ii review and/or introduction of new byelaws allowing community built and operated structures to link to the formal structures and systems;
 - iii eliminating inappropriate byelaws and/or "nuisance" taxes;
 - iv negotiating temporary tenure with local government authorities.

20. Its general tasks would include:

- the co-ordination of activities of relevant actors;
- the promotion of research and development activities;
- the establishment of appropriate standards; and
- monitoring and periodically evaluating implementation.

Implementation

21. There are various ways to deliver local resource-based construction and maintenance approaches. These include public sector procurement, private sector initiatives and community agreements. Different, but coordinated strategies will need to be developed for each of those. Reviewing current and past practice and experience, and consultation with all concerned stakeholders are invaluable in determining the implementation strategies, identifying obstacles and eliciting options for overcoming them, and negotiating win-win solutions with all concerned.
22. Public sector procurement (provision of goods and services by and for public bodies) can be targeted in such a manner that they include socio-economic policy goals in addition to primary output objectives. Such "targeted" procurement will necessitate various policy directives, the most important amongst which will be the classification and unbundling of contracts (packaging tenders into smaller contracts); increasing the labor content of contracts where practicable; and enhancing the accessibility of contracts to Small and Medium Enterprises (SMEs).
23. The private sector can assist substantially to increase the labor absorption capacity of the economy if local resource-based approaches are recognized as representing sound business opportunities. Country Governments can take a variety of measures to stimulate private sector interest in using locally available resources. Examples are works in support of sectors that have potential to generate additional employment such as agriculture, use of local building materials, water supply, sanitation, forestry and tourism.
24. Communities are well able to plan, manage and execute externally financed and facilitated infrastructure works. Contractual agreements with community-based organizations (CBOs) should spell out the roles, rights and obligations of the different parties. These agreements should also describe the agreed working conditions and the negotiated contributions in kind or in cash by the communities and the funding agency/contracting agency.



25. It cannot be stressed enough however that the successful application of policy is highly dependent on an enabling institutional environment and an adequate level of sustained funding. Appropriate institutional arrangements should go hand in hand with a comprehensive training and skills development program so that officials and external service providers are able to perform their tasks in an optimum way. Programs should be set up using realistic employment parameters. Good work organization, efficient management and control procedures, negotiated and agreed working conditions, and good quality tools and light equipment should permit an increase of labor productivity without exploitation of the workers.

Funding

26. For works carried out through local small-scale contracts or contractual agreements with communities it is critical to ensure (i) a regular flow of funding for a reasonably stable volume of work, and (ii) timely payments permitting monthly wage payments to large numbers of workers.
27. To ensure adequate funding and a reliable flow of funds for local resource-based works the Board or "Local Resource Authority" referred to above would need to screen major infrastructure investments in all sectors for their employment impact. The approved budgetary allocations of line ministries should then be reviewed in terms of works that could qualify for execution using locally available resources. Agreements with the ministries should indicate what (gradually increasing) proportion of the budgets could be made available for local resource-based approaches. Such agreements could also include conditionalities for the use of for example maintenance funding. Finally, the possibilities for local authorities to raise their own funding specifically earmarked for local resource-based infrastructure works should be explored.
28. Payment delays severely impact labor confidence and productivity, jeopardising agreements with communities and/or profits of contractors. They ultimately cause works to stop and businesses to fail. Reforms to financial regulations and procedures should therefore ensure regular and timely payments for locally delivered works by contract or community. Generally, an effective decentralization of financial authority to the local level is needed for this. Local authorities should be enabled to plan, allocate resources and make regular and timely payments. Transparent financial allocation and disbursement mechanisms are prerequisites for success.
29. If contracting agencies do not fulfill their legal obligation to make regular and timely payments to contractors or communities they should be obliged to compensate. Penalty clauses for late payments should be enforced by an independent body. An alternative way to compensate could be for the Government Contracting Authority to provide guarantees to local Banks so that these, in case of late payments, can grant overdraft facilities to the contractors/CBOs at previously agreed and fixed interest rates.
30. Other financial support measures could also be taken, for example enabling access to credit by small local contractors. Measures may be taken that support a variety of financial intermediaries (local banks, NGOs) to deliver microfinance solutions such as micro-credit, micro-insurance, micro-leasing and payment services. An important measure also would be to reduce collateral requirements when these are out of reach for typical domestic firms. Existing bond requirements for minor works contracts can be reassessed in cases where the contracting agency's risk is limited. Other services that could play an important role are those that provide leasing and hire-purchase of (light) equipment and transport. More generally, tax and price incentives to encourage investment and local resource use by local domestic enterprises could be considered for introduction in sectors with high private investment (e.g. tourism, agriculture, housing and building construction).

Public procurement and technology choice

31. Procurement procedures and practices should be modified if full advantage is to be taken of opportunities to use local resources for the provision of goods and services. The tendering process, the contract documentation and the design requirements must be adapted to local needs and possibilities. Finally, steps should be taken to decentralize procurement decisions, improve transparency of contract award and streamline procedures.



32. With regard to design and work specifications an optimum use of the local workforce and locally produced tools, equipment and materials should be aimed for. This means that suitable standards and specifications for minor and medium-sized infrastructure works should be adopted, without compromising technical quality. Construction standards should take into account affordability, level of service and availability of materials. Also, where technically feasible and economically desirable, contracts for infrastructure works should be downsized to smaller packages that allow small local firms to bid, with an earmarked share for community contracts.
33. An approach to procurement may be considered where bidding requirements make the bidders take account of development and social criteria and resource utilization. Price mechanisms should favor those bidders that respond best to these requirements. This forces the bidders to use their knowledge, skill and creativity to arrive at an optimum economic mix of equipment, technology and labor in order to meet the specified objectives.
34. In special circumstances and for certain works the tender document may be the instrument to prescribe the use of specified employment-friendly technological approaches. The tender could then specify methods of construction/manufacture that restrict the use of certain types of equipment and/or manufacturing methods.

Capacity building and formal training

35. The above means that capacity building for contract management is crucial. Line ministries and their field staff should be enabled to:
 - i. assess and introduce technological alternatives,
 - ii. adapt existing design standards so that these are suited to an optimum use of local resources (without compromising end-user requirements) and
 - iii. procure, manage and control many small-sized contracts at district or lower levels.

Capacity building for contract management should focus therefore on the development of appropriate technical, planning, negotiation and contract management skills for staff of local authorities and decentralized technical agencies.

36. Formal implementation training, adapted to the needs and time constraints of different target groups (contractors, supervisory personnel, village technicians) should be provided. This should concern as an essential minimum the improvement of business management of small enterprises, the technical requirements of the infrastructure construction or maintenance works, and the organization and cost-effective management of local resource-based infrastructure works.
37. Decisions should be made in respect of the training strategy. Training programs should be planned in accordance with both the projected demand for trained staff and the supply capacity of (inter)national training institutes. The proportion of theoretical to practical training should be adapted to the needs of specific target groups. This requires a comprehensive analysis of training needs.
38. On the demand side the analysis should take account of the capacity levels and numbers of different categories of existing staff and compare this to the capacity and competence requirements in the different areas/fields. The training program outputs should be planned so that the supply meets the demand in a timely manner.
39. On the supply side the analysis should review the capacity and competence of the local training institutions as well as of relevant professional and contracting associations. The requirements for external training or the provision of training assistance for the training of trainers should be assessed.
40. Funding should be made available in a timely manner to ensure that the training institution(s) can deliver the needed outputs of trained staff. Cost-recovery aspects should be considered.



Labor issues

41. The working conditions and working environment must be good if local resource-based approaches to construction and maintenance works are to be sustainable and large-scale. As a basic minimum the core labor standards (no child labor, regular and timely payment of agreed wages, decent health and safety conditions, etc.) should be applied. Fair conditions of employment should be introduced in accordance with relevant national legislation.
42. Wage policies should relate to the development objective and the type of works. For example “food for work” or un-paid labor may be appropriate for humanitarian works that are of direct benefit to the workers. Decent wage levels and agreed working conditions should be set for normal infrastructure development works.
43. Appropriate directives and labor regulations should be issued, monitored and enforced on a wide range of topics related to the human dimension of working in construction. These should address issues including workers’ rights, the legal status, rights and obligations of temporary workers, hours of work, manner of payment (e.g. piece work limitations to avoid exploitation of workers), and wage levels. They should describe, where applicable, special measures related to access to employment opportunities for disadvantaged groups such as youth and women, and the use of local entrepreneurs.
44. This means that the country’s existing labor legislation should be reviewed in terms of its relevance and applicability to the type of workers concerned (construction workers employed on a temporary or contractual basis). Where necessary modifications should be proposed and measures taken to ensure the respect of workers’ rights and the enforcement of decent working conditions. Necessary reforms or changes should be negotiated and agreed by the Government with the employers’ and workers’ organizations so that a satisfactory working environment is created that permits nation-wide applicability in a sustainable way.

Conclusions

45. Every man or woman, from minister to landless labourer, wants to be able to provide in a dignified manner for his or her family and to participate in the improvement of his or her living environment. This given fact should play a major role in the thinking and decision-making about the way that programs, projects and initiatives are planned and carried out. Productive employment and active participation in planning and implementation at different levels is the key. A great deal of human energy and talent is still unused and people are keen to have jobs in their home environments. Such jobs can be created either in the private sector as entrepreneur or worker or in the public sector at different levels ranging from manager to worker.
46. In the construction sector proven delivery processes exist that enable wider local participation and greater use of local resources for most basic rural infrastructure such as roads, drainage, water supply and irrigation works but also for certain elements or parts of large infrastructure projects. Enabling a wider range of partners to participate in the infrastructure delivery process is crucial to realize the employment creation and poverty reduction potential of the investments. Such partners include community contractors, CBOs, and SMEs including local contractors, consultants, manufacturers and artisans.
47. Enterprises, groups of workers or individuals can also undertake short or long term contracts for maintenance and operation of infrastructure. Registered CBOs can participate in the planning and management of community projects, help to mobilize resources (funds, labor or materials) and become responsible for the maintenance of the infrastructure asset.
48. This paper has outlined the multiple complementary activities that are indispensable to make large scale participation by the above partners possible. These concern legislation, regulation, funding, management and capacity building. Necessary initiatives would include the promotion of public-private partnerships for service delivery, revisions of byelaws to accommodate local resource-based approaches in consultation with stakeholders (infrastructure standards and service levels, local taxation, maintenance responsibilities and property rights, local planning, etc.), and dissemination of information on technical and contracting solutions and mechanisms for self-replication.



49. Sectors with potential for local resource-based methods both in construction, rehabilitation and maintenance include: water supply and sanitation, housing and public buildings, slum upgrading, drainage and urban services, roads and transport, natural resource development and conservation, transport, irrigation, forestry and environmental interventions such as erosion control.

50. If infrastructure works in these sectors are tackled with a new mind set

.....“For and with the people”

a significant positive change in prosperity through participation and employment will be possible!