

# RURAL DEVELOPMENT through DECENT WORK

FOR GROWTH, PRODUCTIVE JOBS, INCOME, FOOD SECURITY, GOOD WORKING CONDITIONS, EQUAL OPPORTUNITIES, RIGHTS, VOICE, SUSTAINABLE DEVELOPMENT, CRISIS RESILIENCE



International Labour Office

Themes

Rural Policy Briefs

## Employment-Intensive Investments Providing Infrastructure, Jobs and Income

*Investments in employment-intensive infrastructure contribute concurrently to multiple rural development priorities: They improve infrastructure, while providing much needed employment, stimulating private sector growth, promoting local economic development, and enhancing rural household income security.*

### Why action is needed

#### Poverty and rural infrastructure deficits

- The majority of the world's poor reside in rural areas, have limited access to infrastructure, employment and economic opportunities, and are highly vulnerable to economic, health and environmental risks.
- The need to improve rural infrastructure is vast. To date many rural people lack access to basic services like safe drinking water, adequate sanitation, public transport and electricity (see Fact and Figures box)

### Facts and Figures

- About 70 percent of the world's poor reside in rural areas.<sup>1</sup>
- In 2004, 900 million rural people continued to lack access to drinking water, and by 2015 this number may only decrease to 679 million.<sup>2</sup>
- In 2004, 2 billion people in rural areas lacked access to sanitation, and by 2015, a projected 1.7 billion people will still continue to be without this basic service.<sup>3</sup>
- Only 7 million hectares, in a handful of countries, are equipped for irrigation. Although irrigation-equipped areas constitute about 3.5 percent of Africa's cultivated area, they represent 20 percent of the value of agricultural production.<sup>4</sup>
- Every year soil erosion and other forms of land degradation rob the world of 5-7 million hectares of farming land, and 25 000 million tons of topsoil are washed away.<sup>5</sup>
- Employment-intensive methods of constructing rural infrastructure can generate up to five times more jobs than equipment intensive methods.
- Employment-intensive investments (EII) in infrastructure in rural areas is cost effective, saves on foreign currency, and empowers the rural population to a greater extent than capital-intensive equipment-based approaches.



- Improved infrastructure is indispensable for enabling rural economic growth. Irrigation infrastructure can increase agricultural productivity; improved roads can reduce the cost of transport and improve access to markets; and access to electricity is critical for the growth of farm and non-farm businesses.
- Improving rural infrastructure requires a comprehensive and long-term approach that includes construction, as well as timely repair and maintenance. This calls for appropriate delivery systems and for building the capacity of local people and institutions.

### Vulnerable livelihoods, need for economic diversification and income protection

- Migration helps offset the consequences of aging populations and declining work forces in destination countries. It also fulfills labour needs in rural areas, including agriculture, mining, infrastructure construction and other activities.
- Employment and income from agriculture are often unreliable given their exposure to natural and man-made calamities, such as droughts, floods and fluctuations in food and commodity prices; but in rural areas where employment in other sectors is relatively scarce. EII provides an alternative, thus increases rural households' resilience to a variety of shocks.
- EII can be used to address physical changes in rural areas resulting from climate change, such as through adapting infrastructure, implementing measures to prevent soil erosion and landslides, and fortifying embankments, while providing much needed employment and income opportunities.
- Social protection schemes are often limited or non-existent in rural areas. EII maintenance programmes can provide a regular and predictable income, thus enhancing income security and social protection.



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## Post-crisis need for EII based reconstruction, employment and social cohesion

- Countries emerging from crisis (armed conflicts, natural disasters, etc.):
  - ◆ Urgently need to reconstruct infrastructure that has been damaged or has suffered from lack of maintenance;
  - ◆ Have difficulty import resources and need to maximize the use of local supplies;
  - ◆ Need to rapidly create employment opportunities to establish a sense of normalcy and prevent the use of violence by frustrated civilians seeking income;
  - ◆ Need to mobilize around a cause to rebuild peace and enhance social cohesion. Community members' involvement in the reconstruction of their infrastructure greatly helps weave the social fabric, and can help organizing communities.

### Box 1

#### EII creates more jobs and is cost effective

In Ghana, small contractors were trained in the 1990s to rehabilitate and maintain feeder roads using EII. Compared to similar works carried out by contractors using conventional, equipment-intensive methods, EII created 3.2 times more employment, was approximately 10 percent less expensive, and reduced the foreign exchange required by about 50 percent.<sup>6</sup>

In Mozambique, cost comparisons in 2003 for the maintenance and rehabilitation of regional roads concluded that EII gave a financial advantage of 43 percent for routine maintenance, 64 percent for periodic maintenance, and 54 percent for full rehabilitation of roads.<sup>7</sup>

In Cambodia, cost and employment impact comparisons in 2003 of EII versus equipment based methods in a large sample of rural road construction works indicated that EII allowed savings of 9 percent; and used nearly 5,000 unskilled workdays per km as opposed to 200 workdays (i.e. 25 times more).<sup>8</sup>

In Madagascar, comparisons in 2006 for the construction of rural roads and schools revealed that EII created three times more employment,; were at least 30 percent less expensive, and reduced the foreign exchange required by 10 to 20 percent. In some remote rural areas, EII were over five times less expensive than highly mechanized approaches. In school construction, they created almost twice as much employment, at cost savings of up to 40 percent.<sup>9</sup>

In Sierra Leone, an on-going comparison is finding that every USD 1 million investment in a roads project using EII instead of conventional methods creates an additional 42,000 person-days of employment, equivalent to some 185 full time unskilled jobs,; and is about 24 percent cheaper.<sup>10</sup>

## Clear advantages of EII, compared to capital-intensive investment

- Various studies (see box1) confirm that EIIs:
  - ◆ Generate considerably more jobs
  - ◆ Create employment quickly
  - ◆ Produce infrastructure of required standards
  - ◆ Supports the use of more appropriate technologies
  - ◆ Are cost effective
  - ◆ Reduce the foreign exchange required
  - ◆ Reduce the need for imports
  - ◆ Increase the local economic impact, generating further growth, employment and income
  - ◆ Are easier to maintain
  - ◆ Develop local enterprises and their organizations
  - ◆ Build local capacity for further construction and maintenance
  - ◆ Develop a variety of technical and other skills, including planning, negotiation, decision making
  - ◆ Strengthen community linkages and build community organizations
  - ◆ Build local ownership and sustainability of the infrastructure and assets created

## Policy options

### Mainstreaming EII in policies and regulations

- Identify opportunities to increase the use of labourers in existing rural infrastructure projects.
- Incorporate the use of employment intensive methods of construction and maintenance in all relevant rural development policies and technical standards for rural infrastructure. This should include setting minimum standards for the employment intensity of certain categories of rural infrastructure.
- Introduce education and training at various levels on the use of employment intensive methodologies.
- Integrate employment intensive infrastructure approaches into rural social protection schemes, public works and public employment programmes, so these programmes not only provide rural infrastructure, but also employment and income.
- Ensure that EII approaches are an integral part of disaster risk reduction measures and recovery plans, so that they are able to contribute to reconstruction, as well as the immediate creation of employment after crises.
- Establish procurement and implementation frameworks that enable the use of employment intensive methods. This includes:
  - ◆ procurement regulations that facilitate community contracting and small-scale local contractors;
  - ◆ training of local officials so they can manage employment-intensive contracts;
  - ◆ introducing contract conditions appropriate for small rural infrastructure projects.

### Prioritising local resources and ownership

- Prioritize the use of local resources: materials, knowledge, institutions, enterprise and most of all people, both skilled and unskilled in rural infrastructure investment programmes.
- Use investments in rural infrastructure to support the development of local private contractors through training and mentoring, so they can be efficiently engaged in future maintenance and continued infrastructure rehabilitation and development.

## Box 3

- Build local ownership of EII and of the assets created through participatory planning, such as the Integrated Rural Accessibility Planning (IRAP), to ensure that the infrastructure meets the local needs and that it is used and maintained.

### Ensuring decent work in EII

- Ensure labour policies and practices are in place for EII. While these should be based on ILO Conventions and national labour legislation, it is often necessary to develop specific policies and practices for rural areas, especially for safe work.
- Design rural infrastructure investment programmes to enhance the resilience of rural stakeholders and communities, by selecting those that contribute to:
  - ◆ Livelihood diversification
  - ◆ Adaptation to climate change, and preparedness and prevention of natural crises.
- Establish rural infrastructure maintenance programmes to ensure rural infrastructure remains in working condition, and rural communities enjoy greater employment opportunities, income security and social protection.
- Set an appropriate wage level for work on employment-intensive rural infrastructure projects through careful preparation and deliberation, taking into account factors such as minimum wages, market wages, labour productivity, gender wage gaps, poverty lines and existing social protection measures.
- Ensure that disadvantaged groups can participate in and meaningfully contribute to the planning and implementation of rural infrastructure. In many contexts this requires specific policies and interventions such as quotas for such groups in

## Box 2

### Building resilience after natural disasters using EII in Haiti and Indonesia

In 2004 the Gonaives region in **Haiti** was badly affected by hurricane Jeanne that caused heavy mudslides, killing over 3,000 people and leaving thousands more homeless. Its effects were made worse by the deforested and eroded hills surrounding the regions, as there was little soil to absorb the enormous amounts of water, or vegetation to slow down that water. From 2006 to 2010, the ILO, along with other development partners, implemented an employment intensive programme which included various infrastructure-based erosion control measures, such as gully erosion control, river training, afforestation and the construction of erosion control ditches. The project also created on average 75 days of work per year for 7 150 people.

In response to the earthquake and tsunamis of 2004 and another earthquake in 2005 that severely impacted Aceh and the island of Nias in **Indonesia**, the ILO engaged in a project to improve livelihoods and local economic development of their communities by rehabilitating and improving their rural infrastructure (transport, irrigation, heritage, etc.) and building the capacity of small contractors, communities and local government to plan, deliver and maintain the infrastructure. By the end of 2012, the project's physical outputs included 100 km of rural roads and motorcycle trails and 36 trail bridges, all delivered by small contractors and communities using local resource-based approaches. Maintenance systems have also been put in place, and the community, contractors, supervisory staff, and local government officials have been trained in all aspects of the work.

### Building Capacity for EII

It is critical that local officials, contractors and technical staff have the capacity and skills to use employment intensive methods, to achieve the expected productivity, quality, standards and cost effectiveness. The ILO:

- ◆ Assists with the establishment of permanent training centres, for example in Kisi, Kenya and in Antananarivo, Madagascar, where it focuses on training technical staff, from the government, as well as organisations and private sector to implement rural employment-intensive projects.
- ◆ Provides, through long-term technical support programmes, training to small contractors and their staff, as well as local government officials on the planning, management and execution of rural infrastructure projects using employment-intensive approaches.
- ◆ Provides customized short-term in-country training, in support of specific projects or programmes. In 2012, for example, such training has taken place in Brazil, Egypt, El Salvador, Guyana, India, Indonesia, Kenya, Kyrgyzstan, Nicaragua, Nigeria, Paraguay, Philippines, South Africa and Timor Leste.
- ◆ Offers policy support, namely through the EIIP Learning Forum and regular training courses offered by the ILO's International Training Centre in Turin: "Employment Intensive Investments for Sustainable Development" and "Innovations in Public Employment Programmes (IPEP)", and also through regional partnerships and on demand at country level.

committees, hiring professional facilitators and translators, and conducting meetings in remote areas.

- Engage women in planning processes and ensure that they can also benefit from the employment offered. Women may have different priorities for infrastructure investments than men and their involvement may change the kind of infrastructure investments, their function, and location. Enabling women to take up employment also requires specific policies depending on the local customs and culture, but measures like equal pay, child care, targeting quotas, work close to home, flexible working hours and options for part-time work tend to enhance their participation.

## Box 4

### Contractor development programmes for EII

The ILO has implemented or supported contractor development programmes in over 20<sup>11</sup> countries throughout Africa, Asia and Latin America.

In many countries rural EII has provided an important opportunity for local private contractors. Local contractor development programmes have many elements of partnership with the local government, which supports contractors through training, access to finance, and mentoring. In return these contractors commit to implementing projects using employment intensive methods, generating broader economic and social benefits as a result. Local governments benefit by gaining the capacity to implement rural infrastructure projects through a pool of local contractors trained to tackle a broad portfolio of projects using employment intensive approaches.

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## ILO's role

- The ILO has been promoting employment intensive methods of infrastructure development for over forty years, accumulating a wealth of knowledge and experience on policy, technical and operational aspects.
- The ILO currently supports Employment Intensive Investment Programmes for rural infrastructure development in 45 countries in Asia and the Pacific, Latin America, the Caribbean, the Middle East and Africa (see box 2).
- The ILO:
  - ◆ Provides policy advice on optimizing the direct, indirect and induced employment that can be generated through rural infrastructure development.
  - ◆ Supports decision making on rural investment priorities by quantifying the employment impacts of employment intensive infrastructure investments through Employment Impact Assessments using, among other tools, the Dynamic Social Accounting Matrix (DySAM).
  - ◆ Provides technical support to governments and rural development agencies in the planning, design and implementation of employment intensive rural infrastructure programmes.
  - ◆ Designs and implements capacity building trainings for governments, development agencies and private sector partners on employment intensive infrastructure through special courses tailored to specific countries and programmes, and by documenting case studies and innovative approaches (see box 3).
- ◆ Supports monitoring, evaluation and impact assessments of employment intensive infrastructure programmes and assists with adjusting and improving programmes based on the results of these evaluations and assessments.
- ◆ Supports governments and private sector partners to ensure EII projects adhere to required labour standards.

<sup>1</sup>IFAD: Rural Poverty Report 2011 - New realities, new challenges: new opportunities for tomorrow's generation (Rome: 2010)

<sup>2</sup>Meeting the MDG drinking water and sanitation target: the urban and rural challenge of the decade., WHO/ UNICEF 2006

<sup>3</sup>Idem

<sup>4</sup>Africa's Infrastructure: A Time for Transformation, Vivien Foster and Cecilia Briceño-Garmendia Eds. (2010 ), World bank

<sup>5</sup>FAO, <http://www.fao.org/docrep/u8480e/U8480E0D.HTM>

<sup>6</sup>Department of Feeder Roads (DFR), compiled by E.N. Ashong: Labour-based road improvement in Ghana, The development and utilization of small-scale contractors, DFR Accra (1996)

<sup>7</sup>Cost comparison study, Mozambique regional roads, by IT Transport Ltd. For *Direcção de Estrada Regionais*, Government of Mozambique, (2003)

<sup>8</sup>Jobs or Machines - Comparative Analysis of Rural Road Work in Cambodia, Paul Munters, ASIST-AP Rural Infrastructure Publication No.4, International Labour Office, Bangkok 2003

<sup>9</sup>Van Imschoot M: Etude comparative des différentes approches utilisées pour la réalisation des infrastructures de base à Madagascar, Impact sur la création d'emplois et l'utilisation de devises (2007) and Razafindrakoto, M. et Roubard, F.: L'approche à haute intensité de main-d'oeuvre: Une opportunité pour Madagascar; essai de cadrage macro-économique, Séries Réflexions sur le développement, Document de discussion No. 8, BIT Genève (1997)

<sup>10</sup>Baseline survey and employment impact assessment of infrastructure investments in Sierra Leone, Airey T, Samuel Yemene S and Taylor G, IT Transport Ltd DRAFT (2012)

<sup>11</sup>Including South Africa, Ghana, Senegal, Burkina Faso, Tanzania, Egypt, Zambia, Indonesia, Nepal, Philippines, Cambodia, Bolivia, Colombia, Ecuador, Guatemala, Honduras, Nicaragua, Paraguay, Peru and Uruguay

## Links

- ILO Employment Intensive Investment Programme (EIIP): [www.ilo.org/eiip](http://www.ilo.org/eiip)
- ILO-ITC Learning forum on innovations in public investment and employment programmes: [http://www.itcilo.org/calendar/18067?set\\_language=en](http://www.itcilo.org/calendar/18067?set_language=en)
- ITC-ILO Learning platform on Innovations in Public Employment Programmes (IPEP): <http://ipep.itcilo.org>

## Tools

- ◆ ILO: *Local resource-based approaches for infrastructure investment - Source Book* (Harare: 2010) [http://www.ilo.org/public/english/employment/recon/eiip/download/lbt\\_sourcebook.pdf](http://www.ilo.org/public/english/employment/recon/eiip/download/lbt_sourcebook.pdf)
- ◆ ILO: *Employment-intensive infrastructure programmes: Capacity building for contracting in the construction sector* (Geneva: 1999) [http://www.ilo.org/emppolicy/pubs/WCMS\\_114960/lang-en/index.htm](http://www.ilo.org/emppolicy/pubs/WCMS_114960/lang-en/index.htm)
- ◆ ILO: *Employment-intensive infrastructure programmes: Labour policies and practices* (Geneva: 1998) [http://www.ilo.org/emppolicy/pubs/WCMS\\_114940/lang-en/index.htm](http://www.ilo.org/emppolicy/pubs/WCMS_114940/lang-en/index.htm)
- ◆ ILO: *Organisation, contracting and negotiation in development programmes and projects* (Geneva: 1999) [http://www.ilo.org/emppolicy/pubs/WCMS\\_ASIST\\_8747/lang-en/index.htm](http://www.ilo.org/emppolicy/pubs/WCMS_ASIST_8747/lang-en/index.htm)
- ◆ ILO: *Community Contracts in urban infrastructure works - Practical lessons from experience* (Geneva: 2001) [http://www.ilo.org/emppolicy/pubs/WCMS\\_ASIST\\_9580/lang-en/index.htm](http://www.ilo.org/emppolicy/pubs/WCMS_ASIST_9580/lang-en/index.htm)
- ◆ ILO: *Improving access in rural areas - Guidelines for integrated rural accessibility planning* (Bangkok: 2003) [http://www.ilo.org/public/english/employment/recon/eiip/download/guidelines\\_irap.pdf](http://www.ilo.org/public/english/employment/recon/eiip/download/guidelines_irap.pdf)

- ◆ ILO: *Integrated rural accessibility planning - modular training package* (Harare: 2003) [http://www.ilo.org/dyn/asist/docs/F1029928975/irap\\_training.pdf](http://www.ilo.org/dyn/asist/docs/F1029928975/irap_training.pdf)
- ◆ ILO: *IPEP Guidance notes* (Geneva: forthcoming) <http://www.ilo.org/eiip>
- ◆ ILO: *Local investments for climate change adaptation: Green jobs through green works* (Bangkok: 2011) [http://www.ilo.org/asia/whatwedo/publications/WCMS\\_172716/lang-en/index.htm](http://www.ilo.org/asia/whatwedo/publications/WCMS_172716/lang-en/index.htm)
- ◆ ILO: *Analysing the employment impact of public investment and sectoral policies - the DySAM methodology* (Geneva: 2011) [http://www.ilo.org/emppolicy/areas/employment-intensive-investment/WCMS\\_165131/lang-en/index.htm](http://www.ilo.org/emppolicy/areas/employment-intensive-investment/WCMS_165131/lang-en/index.htm)

## Other Materials

- ◆ ILO: *Towards the right to work: Innovations in Public Employment Programmes* (IPEP), Working paper (Geneva: 2011) [http://www.ilo.org/employment/Whatwedo/Publications/working-papers/WCMS\\_158483/lang-en/index.htm](http://www.ilo.org/employment/Whatwedo/Publications/working-papers/WCMS_158483/lang-en/index.htm)
- ◆ ILO: *Dynamic Social Accounting Matrix (DySAM): Concept, Methodology and Simulation Outcomes - The case of Indonesia and Mozambique*, Employment working paper no. 88 (Geneva: 2011) [http://www.ilo.org/employment/Whatwedo/Publications/working-papers/WCMS\\_159920/lang-en/index.htm](http://www.ilo.org/employment/Whatwedo/Publications/working-papers/WCMS_159920/lang-en/index.htm)

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