



# ▶ Employment-Intensive Investment Programme (EIIP) Guidance

5 May 2020

## COVID-19: Job creation through employment-intensive public works programmes

### SUMMARY

This note was developed by the Employment-Intensive Investment Programme (EIIP) of the International Labour Organization (ILO) to promote the design and implementation of short-term emergency employment programmes and longer-term employment-intensive public works schemes to create jobs and generate income for people in vulnerable situations in the aftermath of the crisis caused by the coronavirus disease (COVID-19).

For general information about the Employment-Intensive Investment Programme see: <http://ilo.org/eiip>.

The coronavirus pandemic is an ongoing global health emergency. It is having significant social and economic implications in almost all countries. The ILO has estimated that the impact of COVID-19 on the global world of work will be devastating. Full or partial lockdown measures are affecting almost 2.7 billion workers. This includes 2 billion workers in the informal economy<sup>1</sup> who will be pushed further into unemployment and underemployment. Poverty is increasing due to the economic consequences of the crisis and current restrictions on the movement of people and goods.

Certain groups are disproportionately affected. These include the underemployed and the working poor in the informal economy who have low-paid jobs and lack social protection. Casual workers are vulnerable, as their wages depend on their daily attendance or production and they are not compensated when their work reduces or

<sup>1</sup> ILO, *Women and Men in the Informal Economy: A Statistical Picture (Third Edition)*, 2018.

stops. Measures need to be taken to limit the impact on these groups of society in vulnerable situations, which include rural and agricultural workers, women, youth and migrants.

Governments are announcing far-reaching financial support measures to limit the immediate economic fallout. New macroeconomic policies are being introduced to alleviate the negative impacts of the crisis, including economic stimulus packages to boost income, consumption and economic recovery. Such stimulus measures include additional investments in infrastructure.

Small and medium-sized contractors in the construction industry in particular will be affected as the sector contracts due to the economic downturn, which will have a detrimental effect on the workforce. Stimulus measures in infrastructure will help to revitalize the local construction industry and will therefore have a positive impact on employment.

## **2. Employment-intensive investment strategies**

History shows that public works have often been used as a response to a crisis or to economic shocks. The ILO has been engaged with public works throughout its 100-year history to address poverty, unemployment and a lack of adequate local infrastructure and services. Different approaches have been adopted over time, but the principle has remained the same: generate jobs and increase income through public investments in infrastructure.

Employment-intensive investment approaches can further enhance the employment outcomes of public investments in infrastructure and environmental works and thereby support groups of society in vulnerable situations. Over the decades, the ILO's Employment-Intensive Investment Programme (EIIP) has designed, demonstrated, promoted and provided capacity-building for approaches that create jobs through public investments in over 50 countries in the world. Its main recommendations for enhancing the employment impact of public investments are twofold:

- Focus on public works activities that are labour-intensive by default (such as maintenance works, forestry works, land and environmental improvements, community works and sanitation);
- Introduce labour-based technologies and increase the labour inputs of selected construction activities when the use of labour is a competitive alternative to conventional construction methods.

It is expected that employment creation and poverty reduction will be given a high priority during the economic recovery period in response to the COVID-19 pandemic. Governments may launch fiscal stimulus packages that include large increases in infrastructure investments. In this regard, the EIIP promotes a wider and improved use of employment-intensive investment policies and approaches for the planning, implementation and maintenance of infrastructure and environmental works. Mainstreaming employment-intensive investment approaches in infrastructure and environmental programmes has been a viable solution to create additional jobs and

reduce income poverty while stimulating the economy. The approaches make optimal use of labour while ensuring cost-effectiveness and quality. The purpose of using these approaches is to develop and maintain infrastructure while producing a positive impact on employment creation and income generation.

Many low- and middle-income countries already have a long tradition in implementing employment-intensive public works programmes. These programmes have commonly been used as a means of achieving combined goals on employment and income creation, providing local infrastructure and rehabilitating the environment, often targeting regions or groups in vulnerable situations, sometimes in response to crises and conflicts. As the economic crisis resulting from COVID-19 unfolds, there is again increased scope for employment-intensive investment approaches in regular and special investment programmes.

The duration of the current crisis is still difficult to predict. The latest forecast from medical authorities is that, while certain restrictions may be relaxed once the number of COVID-19 transmissions is reduced, there will be a prolonged need for certain measures that will continue to have a negative impact on the economy and labour market. In this context, short-term emergency employment programmes and longer-term employment-intensive public works schemes are policy options that should be considered.

### **3. Short-term emergency measures**

Rapid emergency employment programmes are generally developed, funded and implemented in the aftermath of an economic shock, natural disaster or conflict. Emergency schemes advocated by the ILO are a more sophisticated form of cash for work, where labour productivity and the quantity and quality of work play a significant role. The ILO has decades of experience in the planning and implementation of such schemes. The crucial factor is that they must be up and running in a short time to respond to negative impacts on local infrastructure and employment and on income during or after a crisis. Decent work remains a main concern in these schemes, and the aftermath of a crisis is no exception.

Emergency employment programmes are generally implemented in the short term. The programmes have to be designed considering the specific context, the funding and implementation options available and the type of interventions. Emergency schemes can transition to into longer-term recovery support once the immediate response has been provided and the crisis-affected areas start recovering.

The COVID-19 pandemic poses clear health risks that warrant rapid improvements in primary healthcare, access to clean water, and sanitation and hygiene. In many places, such measures require improvements to the related infrastructure. While different humanitarian agencies generally share such an approach, the ILO's emphasis is on the quality of works, productivity, optimizing local resources, capacity-building and the creation of decent employment.

In addition, a number of other public works activities can quickly offer jobs, such as cleaning, garbage and waste removal, improving drainage and flood control, infrastructure maintenance and repair works, reforestation and environmental works. These activities are labour-intensive and relatively easy to design and implement. Although the interventions may be aimed at providing jobs and income for an interim period, the ILO places an emphasis on ensuring that the outcomes of the interventions contribute as much as possible to longer-term recovery efforts by increasing resilience through capacity-building and strengthening local institutions, skills development, working standards and policies, and quality assurance of assets created.

Many governments are already implementing public works programmes that seek to provide additional employment and income for poor and vulnerable households. These programmes, some of which the ILO is already supporting or has supported in the past, can now be repositioned to address the new demand for creating jobs as a result of the economic impact of COVID-19, with additional preventive and mitigation measures.<sup>2</sup> Channelling support through existing institutions that are already involved in employment-intensive public works allows for a more rapid response.

#### **4. Longer-term efforts to create more jobs through public investments**

The employment-intensive approaches promoted by the ILO can also address longer-term economic, social and employment impacts of the COVID-19 pandemic. Existing public infrastructure needs to be maintained and gaps in current infrastructure need to be addressed. More than ever, efforts need to be made to develop, sustain and expand long-term programmes that provide jobs and income to the poor and vulnerable.

The ILO offers technical assistance to technical, finance and planning ministries and local authorities to develop their capacity in employment-intensive investment approaches. Such assistance includes assessing the employment potential of existing investment programmes or fiscal stimulus measures, reviewing procurement processes, developing technical guidelines, conducting training and promoting community involvement.

The scope for the effective application of employment-intensive investment approaches and technology depends on the sector and types of activities. Based on more than 50 years of experience, the ILO has found that employment-intensive investment approaches are particularly relevant for the development, construction, maintenance or management of the following:

- natural resources, such as agriculture, forestry, and soil and water conservation;
- rural roads and high-volume roads;
- irrigation schemes and small earth dams;
- flood protection and river control;
- social infrastructure, such as schools and clinics;
- markets and other economic infrastructure;

---

<sup>2</sup> ILO, *Considerations for Employment-Intensive Works in Response to COVID-19*, 15 April 2020.

- low-cost housing;
- water and sanitation systems;
- solid waste collection, recycling and composting;
- public washing facilities and sanitation facilities;
- potable water supply and rain water harvesting, such as water storage tanks;
- drainage facilities, including for storm water;
- community and public facilities, such as nurseries, health posts, parks and other recreation areas, children's playgrounds, schools, health centres, markets and fencing of public areas, among others.

Small and medium-sized contractors play an important role in the development of the above infrastructure. Contractors in the construction industry are severely affected by COVID-19, as many construction sites were closed because of lockdown measures and to avoid the risk of infection of workers. Employment-intensive investment programmes can help to revitalize the local construction industry. Specific occupational safety and health and financial measures may be required in addition to training and technical support to help the industry to cope with the new requirements resulting from the COVID-19 pandemic.

## **5. Opportunities and recommendations**

It will take time, effort and investment for economies to recover from the global crisis triggered by the COVID-19 pandemic. Millions of people are affected, and the poor are suffering the most. In the short to medium term, markets and businesses are unable to create sufficient employment to make up for the losses in jobs and income. Publicly funded investment and employment programmes can complement private sector employment creation during these difficult economic times.

The ILO has been working since the 1970s on developing and supporting such programmes, and its EIIP team stands ready to help through technical assistance, programme design, demonstration projects, guidelines and training, knowledge dissemination and exchanges of South–South experiences among national partners.

Improving livelihoods through improved infrastructure and job creation is the main objective of employment-intensive investment approaches. Targeted beneficiaries generally include poor rural and urban people (including youth), including those in vulnerable situations, whose livelihoods are affected. The effectiveness of the proposed interventions is not limited to the creation of short-term temporary job opportunities alone; it is just as important to ensure that the selected infrastructure and environmental projects are beneficial and address key bottlenecks that hinder socio-economic development in general.

In addition, the proposed policy measures will contribute to a range of other longer-term development agendas, including local economic development and income support, the attainment of the Sustainable Development Goals (SDGs), and climate change adaptation and environmental rehabilitation.

## Local economic development and income support

Employment-intensive investment approaches make optimum and flexible use of local labour and locally available materials, skills and capacities. Small-scale contractors and local communities are involved in the implementation, which ensures that the majority of the funds remain locally. This makes a greater contribution to local economic development than alternative approaches would. Experience has shown that up to 70 per cent of the amounts invested remains and circulates in the local economy, which creates an additional multiplier effect stimulating local economic development.

Casual workers in the informal economy are among the most vulnerable in the workforce, since their wages depend on their daily production and they are mostly not compensated when work stops. The COVID-19 crisis may lead to a sharp increase in poverty and the numbers of working poor, and will likely undo some of the advances made over recent years in poverty reduction. By providing income support through wage employment, employment-intensive investment measures will allow beneficiaries and their families to maintain their income and consumption levels while the local economies recover, thereby preventing them from dropping below the poverty line.

## Contributing to multiple SDGs simultaneously

The proposed measures will contribute to multiple SDGs, by creating increased income (SDG 8) and investments in roads, irrigation, dams, markets, schools and health centres (SDG 9) and community, land, ecosystems and environmental assets (SDG13), and to several other SDGs. Overall, the proposed measures will help the world community to continue on its path towards achieving the 2030 Agenda for Sustainable Development. This is even more important now, as the attainment of the SDGs will be more challenging due to the deteriorating socio-economic situation in many countries as a result of the COVID-19 crisis.

## Adapting to climate change and reversing environmental degradation

The climate change agenda is still as important as ever. Even amidst the current pandemic, there is still an urgent need to respond to the challenges of climate change. Well-designed employment programmes can make distinct contributions to mitigating and adapting to the effects of climate change, in particular in rural areas, where communities can benefit from improved water and soil conservation, irrigation and drainage systems and improved, climate-proofed rural transport.

Employment schemes can assist with the recovery of ecosystems that have been damaged or destroyed, or reverse environmental degradation in general. Activities that protect or restore ecosystems can apply solutions that make use of local or natural resources and employ local people to help to reverse or adapt to the changes in their environments. Activities could include reforestation, forest protection, slope protection, soil and water conservation, construction of dykes, sluices and footbridges, lining of rivers and creeks, among others.