Chapter VI

Demand-side employment schemes

In most countries, Governments are expected to assist the unemployed (International Labour Organization, 2004a) through the provision of income security. It is less clear, though, what types of interventions are most likely to benefit individuals and their communities.

In both developed and developing countries, Governments have promoted employment directly through various special measures designed to create demand for labour, although they have given less attention or fewer resources to measures designed to promote decent work. The present chapter reviews the most popular policies promoting jobs and employment, such as public works, food-for-work schemes, workfare and labour subsidies, examining their impact on decent work.

This chapter also seeks to bring out the social implications of such special measures, including their distributional aspects and the tendency for all of them to involve large "deadweight", "displacement" and "substitution" effects.

In analysing special demand-side measures, it must always be remembered that they inevitably involve spending public resources that have an opportunity cost, in that the money allocated could have been spent on other schemes, some of which might have larger or more sustained effects on employment and work. This consideration emphasizes the fact that it is extremely difficult to evaluate

Box VI.1

What do Chinese workers want government to do for the unemployed?

In a 2001 International Labour Organization survey on what government should do for individuals who become unemployed, Chinese workers were asked if they agreed or disagreed with a selection of policy responses. Only 3.6 per cent agreed that government should do nothing; 86 per cent agreed that it should provide unemployment benefits; 82.5 per cent agreed that — Government should provide public works for the unemployed; 88.9 per cent agreed that there should be training schemes for them; and 85.8 per cent agreed that Government should help them relocate in their search for alternative employment.

the effectiveness of such special measures, in part because of the difficulty of identifying or measuring the *externalities* and the longer-term effects.

Employment subsidies

Employment subsidies, whereby employers are offered financial support for the extra jobs they create, account for a large percentage of expenditure on active labour-market programmes in many countries members of the Organization for Economic Cooperation and Development (OECD). The advocates of low-wage employment subsidies argue that such subsidies help relatively unskilled workers obtain low-paid jobs, which they would otherwise be unable to obtain, since their potential productivity is below the market wage. It has been stated that low-wage subsidies are both non-discriminatory and cost-effective. They enable employers to hire more workers, contributing to the fall in unemployment, which in turn causes most of the subsidy to be paid out as direct or indirect labour compensation.

Most employment subsidies are aimed at specific target groups, such as low-wage, less skilled workers, the long-term unemployed, youth, older persons and persons with disabilities. By targeting the more vulnerable groups, they counteract social exclusion. They also contribute to the reduction of long-term unemployment and in the long run tend to pay for themselves.

Among the biggest subsidies are earned-income tax credits, usually a refundable income tax credit for low-income working individuals or families. They encourage and reward employment, boosting labour-force participation among less skilled workers, and may be effective in fighting poverty.

Critics of employment subsidies emphasize that they tend to twist the demand for labour towards less skilled, lower-paid employment, thus encouraging labour-intensive production, resulting in lower productivity. Such subsidies are also likely to encourage inefficient allocation of labour and distort relative prices, and are likely to be a subsidy to capital, rather than to workers, allowing firms to pay lower wages, knowing that the incomes of workers are being topped up by the subsidy.

Moreover, employment subsidies tend to discriminate against older, well-established firms in favour of new, growing firms. This is intrinsically inequitable, since it penalizes firms that have been providing employment for some time and this could result in a substitution of subsidized jobs in new firms for non-subsidized jobs in older firms. The net effect on jobs could thus be very limited.

In the global context, many subsidies, especially those intended to boost certain sectors and, often, help export industries or strengthen sectors threatened by imports, are likely to become an issue before the World Trade Organization in that they may be construed as constituting an unfair trade practice. They may not be deliberately selective of export or import sectors but there can be little doubt that, at the margin, they influence national competitiveness.

Labour subsidies tend to go to the less poor, rather than to the most insecure. The reason is that they support those actually in employment (Marx, 2005).

Social funds

Social funds have been promoted as effective means of generating employment and economic activity in developing countries. They have been developed by the World Bank in the late 1980s, at a time when the Washington Consensus and structural adjustment programmes were being criticized for having generated a rise in poverty and more labour displacement than labour reabsorption. The first such fund was launched in Bolivia in 1987. Since then, they have been introduced in almost all Latin American and Caribbean countries and in about half of all sub-Saharan African countries. The World Bank has taken the lead, funding over 100 such funds in some 57 countries.

The essential idea is that the social fund provides finance and technical assistance in low-income communities, while those living in the communities are expected, selecting from competing contractors, to decide on how the money is to be spent, in carrying out investment activities. The core of the activity is expected to be some sort of public works, with an emphasis on development and infrastructure — water, sewage, transport, health-care facilities and so on.

The main claims in favour of social funds have been that they can moderate the risks faced by low-income communities while enabling the poor to decide more freely on how to spend the financial resources. It has also been argued that they help communities recover from social or economic shocks and are flexible because they are controlled at the local level.

Despite high levels of investment, most social funds were not designed to deal well with systemic shocks and, owing mostly to limited funding and inadequate planning, had only marginal effects on poverty reduction (Cornia, 1999).

Although social funds in some countries have been shown to benefit the very poor, the targeting involved in most social funds has been much less than perfect. For instance, in both Nicaragua and Peru, social funds were based on geographical targeting, which identified extremely poor communities reasonably well, but not all of the poorest households (Coady, 2004; Paxson and Schady, 2002). Other analyses have found that social funds typically have high exclusion and inclusion errors, supporting many who are not in need and failing to support many who are (Stewart and van der Geest, 1994), and have a poor record in terms of gender equity (Sabates-Wheeler and Kabeer, 2003).

Recent assessments of social funds for community-driven development by the World Bank indicate high ratings in development effectiveness, higher sustainability and stronger institutional development as compared with other Bank-wide averages.

Nevertheless, despite the favourable World Bank assessments, social funds are no longer seen as a powerful mechanism for community development and as a means of generating sustainable livelihoods. Increasingly, those funds have focused on supply-side improvements, shifting from public infrastructure to “human capital” development schemes.

Micro-insurance and microcredit schemes

Microfinance and microcredit have become hugely popular as development tools; they are strongly supported by the United Nations, and are promoted within the International Labour Organization by its Social Finance Programmes. In 2006, the Nobel Peace Prize was given to the founder of the Grameen Bank, the pioneering microcredit scheme for Bangladesh. Examples also exist across Africa, Asia, inner cities of the United States of America and, most recently, Eastern Europe. The “common minimum programme” of the Government of India includes a commitment to expand microcredit.

The primary feature of microcredit schemes is the provision of small loans to the poor and vulnerable, as start-up capital for small business activity. They have been seen as assisting people in setting up microenterprises or in becoming self-employed. Group lending is encouraged, and the outstanding aspect has been the heavy orientation towards lending to women.

Their advocates have claimed that microcredit schemes encourage participatory involvement, and are self-targeting and empowering. Some schemes appear to have a good record in respect of reimbursement; others much less so. Crucially, for those concerned with the promotion of livelihoods, they have been seen as a means of tying people over during periods of economic difficulty, thereby providing informal insurance, as well as of preventing a collapse of some small-scale businesses and a drift into unemployment.

Access to financial services by the poor is very important for their economic and social empowerment. As pointed out in the United Nations "Blue Book" (United Nations, 2006h,) on building inclusive financial sectors:

> "Creation and expansion of financial services targeted to poor and low-income populations can play a vital role in enhancing financial access. Inclusive financial sectors — those in which no segment of the population is excluded from accessing financial services — can contribute to attaining the goals contained in the United Nations Millennium Declaration, such as halving the proportion of people in the world who live in extreme poverty by 2015" (p. 4).

It has been proved that microfinance helps create jobs, empower women and reduce vulnerability. It not only facilitates increase of their incomes by the poor, but also helps enhance productivity in agriculture and informal urban economy sectors, thus contributing to the equitable distribution of the benefits of economic growth.

The main criticisms of microcredit schemes concern their sustainability, limited scope and difficulties with management. Some consider them to be too small to deal with systemic shocks and risks. They may also create the dependency of the near-poor on a series of small loans (Kabeer, 2001).

There is also concern about their ability to reach the very poor, since those working in what has been called the "mini economy" require such small amounts of money that even the microcredit institutions cannot handle the sums, owing to standardized administrative and monitoring costs (Matin, Hulme and Rutherford, 1999). There are some efforts under way, however, to correct these deficiencies and improve microfinance targeting so as to provide income-generating assets and prospects of self-employment to the very poorest.

Microfinance helps create employment among women and empowers them to generate and control their own income. Some concerns have been raised, however, that it may put women under more pressure by inducing them to overextend their work commitments (Goetz and Sen Gupta, 1996; Rahman, 1999).

Finally, many observers have questioned whether microcredit institutions are sustainable without the large donor assistance they have long been receiving. Moreover, it appears that there has been a drifting away from "group lending with joint liability" as originally conceived towards conventional individual lending and, in the process, away from a focus on the poorest and most economically insecure.

Food for work

Food for work is a direct measure to boost employment and respond to emergency needs. It has been an instrument of State policy all over the world for quite some time. Some countries have relied heavily on food-for-work schemes. In Ethiopia, for example, the Government has devoted 80 per cent of its food assistance to such projects.

The primary claim is that such schemes effectively target the poor, since they are self-selecting that, and like all direct employment measures of the workfare kind, they are relatively easy to legitimize among the middle class, who can see people working for their food. It is also argued that such schemes can be focused relatively easily on predetermined vulnerable groups, notably women. Indeed, the World Food Programme (WFP), which has been a major driver of food-for-work schemes, has required Governments to make women the major beneficiaries.

The main shortcoming of food-for-work schemes is that those engaged in what is often onerous labour end up burning more calories than are gained through the food given to them. The schemes may actually be detrimental to participants' health (Quisumbing, 2003; Osmani, 1997). Also, food-for-work projects can be inefficient and plagued by corruption. Moreover, food-for-work schemes may create disincentives for people to grow their own food, and may thus have a detrimental effect on long-term livelihoods.

Another peculiar feature of food-for-work schemes is that typically, women's share of the jobs obtained has been larger than that for similar cash-for-work schemes. This has been the case in Lesotho and Zambia, for instance (Subbarao, 2003). One interpretation is that food compensation is more gender-equitable. On the other hand, this feature may reflect the stigmatization effect of food as a form of compensation, which discourages men from participating. Food compensation may nevertheless be more gender-equitable inasmuch as the benefits for families are shared to a greater degree.

Food-for-work schemes may not be the most appropriate policy for promoting livelihoods or decent work. They are more consistent with charity than with the extension of human rights. Nevertheless, they attempt to lift people out of the hunger trap. In poverty-stricken communities hit by natural or man-made disasters, they may offer the only means to rebuild infrastructure and feed people at the same time.

Cash-for-work schemes

Cash-for-work projects, like food-for-work schemes, set out to combine poverty relief and employment generation, but are faster to implement and more cost-effective. They often involve ”quick-impact projects” in disaster-affected areas, mobilizing communities to undertake rehabilitation efforts and offering people an immediate source of income. By providing cash, rather than specific food items, they allow recipients greater autonomy with respect to how they spend their earnings. In Aceh province in Indonesia, cash-for-work programmes enabled displaced populations to return and rebuild their communities in the aftermath of the tsunami.

Another example is the cash-for-work project operated in north-east Turkana in Kenya under the direction of Oxfam in 2001 and 2003. The primary objective was to assist in livelihood recovery, food security, skills transfer and local community empowerment, through projects to improve basic infrastructure. Oxfam staff concluded that the approach was more cost-effective than food-for-work schemes, producing higher multiplier effects on incomes in the local economies; but the administrative overheads were significant, which led them to conclude that larger cash transfers were needed, because food was not enough of an inducement to ensure efficient labour, and that more people in the community needed assistance than were actually involved in the work compensated by food handouts.

It was also concluded that the “sustainability of community projects was not always clear cut” and that there was a need to rethink suitability of projects that require hard labour" (Lothike, 2005), mainly because, as the available workforce in the area had consisted mainly of women, the additional demands placed on them while working on these projects "overburdened already difficult livelihoods". Thus, project identification should be more gender-sensitive, and labour-intensive projects may not always be appropriate.

Public works

Public works programmes have developed into a major policy instrument for employment-creation in situations of high or chronic unemployment and under-employment, as well as for minimizing consumption shortfalls in times of crises such as famine or drought. As social policy, public works are often presented as *self-selecting* or *self-targeting*, since, it is claimed, only those who are desperately in need of income will offer to work on public works projects. Public works projects create public goods, such as local infrastructure and schools, and have a political purpose in that they relieve social discontent through highly visible projects showing immediate results and raising the poor above a certain poverty line.

Public works have become central to some Governments' anti-poverty programmes. In Chile in 1983, they provided 13 per cent of total employment; in Botswana in 1985-1986, they accounted for 21 per cent of the labour force; and in India in 1995, the public works scheme known as the Jawahar Rojgar Yojuna programme was supposed to have provided 1 billion person-days of labour (Subbarao and others, 1997). Often, the schemes have been introduced as a temporary measure, following an emergency or economic shock. For example, the public works scheme in Brazil known as the North-east Work Front Programme was implemented for two years (1998-2000) (Rocha, 2000).

The most famous public works scheme is the Maharashtra Employment Guarantee Scheme in India, which had been set up in the early 1970s and is still operating, although it peaked in the 1980s. Drawing in part on the Maharashtra Scheme, in 2005, the Government of India launched its most ambitious public works scheme, known as the National Rural Employment Guarantee scheme, by which the Government "guaranteed" employment to the rural poor (see box VI.2). Under this, initiative the Government made a commitment to provide 100 days of employment per year to each poor household in 200 districts, with the intention of rolling out the scheme to the whole country.

Box VI.2

The National Rural Employment Guarantee scheme in India

The National Rural Employment Guarantee Act in India ensures 100 days of employment per year to one unemployed member of every rural household. People employed by the scheme mostly work on infrastructure projects, such as construction of roads and water irrigation projects. Ninety per cent of the costs are covered by the central Government and 10 per cent by the state. The programme is designed to use manual unskilled labour rather than machines and prohibits the use of contractors.

Its main objectives are to uphold the right to work, reduce poverty and limit rural-urban migration of labourers. Workers are to be paid the statutory minimum wage applicable to agricultural workers. At the designated worksite, safe drinking water, access to on-site childcare (since the project aims for 60–70 per cent female participation) and first aid should be provided.

The Act will not be extended, as planned, until a review has been carried out to assess the results. There is a considerable gap between demand and supply in employment.

Critics have also questioned the process by which funds were allocated from the central Government to the States, and the claim of uniformity of wages, and have expressed the fear that the scheme will not generate valuable public assets.

Monitoring surveys have shown low awareness of the scheme among the rural poor, delays in issuance of job cards and discrimination in the registration process. It has been also demonstrated that work can be prioritized, with higher priority given, for example, to irrigation and land development, than to the construction of roads.

The success of the programme is linked to the new Indian Right to Information Act, giving every individual the right to request and receive information on how public money is being spent. It is hoped that this Act will be used by citizens' groups to monitor the effectiveness of the NREGA and will make it easier to expose corruption and the limitations of the scheme , thereby ensuring its improvement.

Public works can act as a sort of social insurance or, more correctly, social assistance. If the economically insecure knew that such jobs were available, or would become available in the seasonally slack period or expanded if there was an economic recession, they could be expected to have a greater degree of economic security. It has been shown that farmers living in the region covered by the Employment Guarantee Scheme in the State of Maharashtra were more likely to invest in higher-yielding, riskier varieties of seed than farmers living in neighbouring States (Department for International Development, 2006).

Box VI.3

Battling exceptionally high unemployment in South Africa through public works

Faced with chronically high unemployment and income inequality, in 1994, the new Government of South Africa had made a commitment to use public works extensively. It launched a series of such projects — the National Public Works Programme, the Community-based Public Works Programme and the Special Public Works Programme. However, although they had generated about 4 million workdays in a year at one stage, this corresponded to a fraction of what was needed to make a serious dent in unemployment (McCord, 2003).

Still the trade unions and the Government were united in pressing for more public works, even though they were proving costly and rather ineffectual, as had all previous efforts (Standing, Sender and Weeks, 1996). So, in late 2004, an "Expanded" Public Works Programme was set up. Although the Expanded Programme used targeting so as to include women, youth and people with disabilities, the jobs created were short-term, concentrated in labour-intensive, low-productivity activities and involved little or no skill development lasting effects. By 2006, the outlook was pessimistic (McCord, 2005b).

Significantly, in 2002, the Government had negotiated a Code of Practice for Special Public Works Programmes with the Congress of South African Trade Unions stipulating that wages should be just below the minimum in the relevant sector and area. Ironically, this turned out to be higher than the actual earnings in many areas of the country, so that a large proportion of the temporary jobs were taken by those who were not among the poorest and were often engaged other forms of non-wage activity as well.

Public works create valuable infrastructure and enhance productive capacities through land development projects such as irrigation and prevention of soil erosion that may have a high economic return through increased agricultural output. They can result in the construction of roads or in better water supplies, as was the case for a public works scheme in Arba Minch, Ethiopia (Benn, 2006). Not always, though, are the results sustainable, durable or more efficient than other those obtained through means aimed at producing such infrastructure. The outputs may be less durable when the objective of maximizing employment leads to highly labour-intensive methods dependent on unskilled and ill trained labour (see box VI.3).

A related criticism of public works is that they tend to be predominantly short-term "make-work" schemes. The productivity is low, and the labour is temporary, so that they do not provide either value for money or sustainable employment. The inefficiency is compounded by high administrative and monitoring costs, so that the proportion of the funds devoted to public works that actually goes to the intended beneficiaries is cut severely. It is generally estimated that of all forms of social protection, public works have the highest administrative costs as a share of total expenditure.

It is also clear that often there are large-scale substitution effects and deadweight effects. In other words, public works may merely displace other workers doing the work for private firms or they may entail the undertaking of a project that would have been carried out anyway.

It is also claimed that the degree of effective targeting is, in practice, very limited. Although the usual objective is to provide labour for the poorest and for the unemployed in greatest financial need, numerous studies have found that this is not what usually happens. One obvious shortcoming is that public works schemes discriminate against labour-constrained households. Another is that those living far from the worksites have the greatest difficulty in benefiting from the available work opportunities. Moreover, those with disabilities are the least likely to be able to do the work on offer. Women, in particular, are frequently penalized, because often they are subject to severe time pressures owing to their other work demands in and around the home.

However, even if the public works do succeed in exclusively targeting the poor, they may create poverty traps, with all the moral hazards that those traps entail. In very poor communities, the poor and vulnerable will then have an interest in staying just below the poverty line or at least appearing to do so.

Some critics have claimed that public works are stigmatizing, while some advocates have suggested that this is actually a desirable feature in that thereby only those most desperately in need are encouraged to apply. While accurate targeting through self-selection may be desirable, achieving it by lowering wages is objectionable in the context of decent work.

Another common criticism is that public works favour men, who receive a disproportionate number of the jobs. This could be countered by design changes. Indeed, if women are historically disadvantaged in the labour market through cultural barriers or discriminatory prejudices, public works could be used as a lever with which to break down the barriers. Some public works projects have attempted to recruit women for traditionally male jobs, thus initiating a process of change in the rigid division of labour between men and women. Although the record in this regard is mixed, public works have a potential for promoting gender equality.

For example, in the South African Zibambele (doing it for ourselves) scheme, employment contracts were given to the household unit, rather than to individuals. In addition, recruiters focused on female-headed households, and worksites were located near the home of potential worker participants. As a result, 93 per cent of participants were women (McCord, 2004; Samson, van Niekerk and MacQuene, 2006). Another way to ensure women's participation is through including women in the planning process, especially for publicly supported community works projects.

Similarly, India's new National Rural Employment Guarantee scheme has established anti-discrimination provisions, access to on-site childcare and worksites close to the homes of potential participants (Right to Food Campaign, 2005). On the other hand, despite the fact that similar provisions were included in the long-running Maharashtra Employment Guarantee Scheme, it still has only a minority of women among its participants, even though many more women have traditionally been registered in the scheme (Gaiha and Imai, 2005).

Another controversy centres on the wages paid for those doing public works. Many supporters believe they should pay decent wages, or the market wage rate, while others argue that they should pay at or even below the minimum wage, as a means of self-selecting the poor, which has been a common tendency. Often, the wage is determined by that prevailing for agricultural manual labour, and some economists have said that this should be the case (Ravallion, 1999); others have said the pay should be below the market wage (Subbarao, 2003; Hirway and Terhal, 1994).

Indeed, the Maharashtra Scheme long maintained its claim to being a "guarantee" of work for all those applying by limiting participation through the offer of a low minimum wage. Once the courts had ruled that it must pay the official minimum wage, and particularly after the minimum wage went up, it had to ration work, thereby ceasing to offer a "guarantee" (Subbarao, 2003). On the other hand, one of the most positive features of the Maharashtra Scheme has been its ability to stabilize the incomes of the poor by ensuring 100 days of work per year to all job seekers (Dev, 1995).

As with other cash-for-work schemes, setting the wage below subsistence flouts the principles underlying minimum wage laws and may intensify poverty

(McCord, 2005b). Moreover, if the objective of paying subsubsistence wages is to induce self-targeting, the result may be the opposite of what was intended, because it may indicate that only those with access to some other source of income could afford to take the low-paying public works jobs. Most perversely of all, paying subsubsistence wages may actually worsen the poverty of the participants if they are induced to give up other forms of work, which may disrupt structured livelihood systems in local communities.

For the public projects in Malawi, the wage was set at the equivalent of US$ 0.30 per day. An evaluation study commissioned by the Government found that the very low wages were ineffective in selecting the very poor, while the low payments left participants exposed to greater poverty as a result of the hard manual labour which raised their requirements, thereby increasing their risk of malnutrition and their need for health care (Chirwa and others, 2004). Members of poor labour-constrained households may be unable to take very low wage jobs because in doing so, they would have to give up other essential domestic and subsistence activities.

Paying low wages on public works also tends to lower the average wage in other jobs in low-income areas. Perversely, this could result in more widespread impoverishment, since lower wages for individual workers may mean that families would have subsubsistence incomes. In a few cases, the authorities have deliberately cut other wages so as to finance public works.

Compounding the problem caused by setting low wages is the fact that many public works schemes have been dilatory in paying workers, reflecting the slackness of regulatory control. In some cases, delays in payment have gone on for months, resulting in indebtedness and considerable local distress (ibid.).

The debate centring around wages in public works leads to one crucial conclusion. Countries where wages are bolstered by some regulatory device, such as a minimum wage or national collective bargaining, are not suited to the establishment of large-scale public works schemes intended to be a form of social protection.

Another criticism is that public works are very prone to political capture, through which powerful politicians ensure that the schemes are located in their areas, even though those may not be among the poorest. Alongside such tendencies, there is likely to be bureaucratic capture, with local bureaucrats' taking a financial cut derived from their allocation of work opportunities.

Ultimately, these tendencies show that there is usually considerable discretionary decision-making.

However, the most damning criticism of public works is that they tend not to benefit the poorest and most economically insecure. Even the Maharashtra Scheme was found to have failed in this respect. Some other schemes may have fared somewhat better, but there can be little doubt that the leakages are substantial, owing to ineffective targeting and administration, corruption and simple errors.

Still, public works may represent a significant response to unemployment and poverty, while creating valuable infrastructure, if they are appropriately designed as far as targeting, scale, wage level, duration of employment and effects on long-term development are concerned. Small in scale and temporary in nature, public works often address unemployment only as a transient phenomenon, ignoring its structural features, but they may still stimulate the production of second-order economic benefits through the infusion of cash into the local economy, thus supporting private sector job-creation (McCord, 2004).

In conclusion, while public works may successfully address transitory crises and threats to livelihoods, political considerations do often overtly influence choice and location. To improve their effectiveness, the wage rate should be set at a relatively high level so as to ensure social protection without causing labour-market distortions. Programmes should generate productive assets benefiting the poor, and it is the poorest who should be targeted. Local governments should be empowered in respect of planning and managing the projects. Moreover, the work schedule should be harmonized with the survival requirements of the poorest households so that caregivers can undertake household activities. Ideally, public works programmes should establish long-term employment prospects for the poorest so that they can lift themselves out of poverty (McCord, 2005b; Ravallion, 1999; Subbarao and others, 1997).

Concluding remarks

Special job-creation measures appeal to politicians because by introducing them they portray themselves as being actively engaged in addressing unemployment and labour market failure. That does not mean that these are the best or even the least bad-options. Much depends on the impact of the sacrifice of other measures and on the indirect effects of these direct schemes, which often are inefficient and result in a waste of public funds.

Different schemes are suitable to different circumstances and involve different levels of administrative and monitoring costs. A common requirement, however, is that every scheme practice proper targeting so as to reach the poor, which would include sensitivity to gender considerations in order to encourage the active participation of women. Since public resources are used to pay for these schemes, efficiency and effectiveness of projects are always a concern. Important lessons have been learned from projects in many countries.

The extensive examination of public works in this chapter leads to the conclusion that they are best suited to emergency situations, as interventions designed to help in restructuring after some economic shock or slump. Yet, even in this role, they tend to be poor and inefficient mechanisms for providing universal economic security. It is doubtful whether they can be conducted on a substantial scale in most countries. Even when established on the scale of India's national scheme, they are certainly not a panacea for the problem of how to generate decent work and full employment in developing countries.

Similarly, other demand-side measures to create employment, as implemented so far, have not been sufficient to achieve the objectives of the decent work agenda despite their positive impacts in terms of both poverty reduction and the provision of a degree of economic security against shocks and other emergencies. A more comprehensive approach which could include some of the existing demand-side measures, rather than one narrowly focusing on employment creation, is needed to promote decent work for all.