

“Strategies for Eradicating Poverty to Achieve Sustainable Development for All”

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“Employment-intensive public investments, a catalyst for poverty reduction: Creating jobs through employment, environmental and social protection policies and strategies”

Unemployment is forecasted to globally impact some 201 million persons in 2017, with an increase of 2.7 million expected in 2018, as reported in the ILO’s World Employment and Social Outlook Trends for 2017¹. 1.4 billion of those employed, representing some 42 per cent of total employment in 2017, are considered to be in vulnerable forms of employment, with limited access to contributory social protection schemes. The Report also highlights the disappointing economic performance in 2016 with global GDP growth hitting a six-year low at 3.1 per cent and highlighting the concerns about the ability of the economy to (i) generate sufficient number of jobs, (ii) improve the quality of employment for those employed, and (iii) ensure that the growth is inclusive. Out of those 201 million unemployed, some 70 million young persons are forecasted to be unemployed in 2017, meaning that one in eight young persons are not finding employment – especially in Latin America, the Caribbean and sub-Saharan Africa. Youth are also joining the already relevant number of discouraged workers, who have given up looking for work.²

Working poverty continues to be a persistent problem – especially in South Asia and Africa where there is a large population of youth - and with progress in reducing vulnerable unemployment slowing down, the risks of eradicating poverty and attaining the 2030 Sustainable Development Goals are at risk. All of this is overshadowed by growing inequality in the world, which has led to social unrest in some countries and significant challenges being faced by host countries facing economic migration and the influx of humanitarian refugees.

Inequality is further being exacerbated by the potential impacts from climate change, protracted conflicts and increasing technological advances which will change the future of work. International aid is also dwindling with the number of crises financial institutions are having to attend to. National governments have to step in to fill the important role of employer of last resort especially in situations where sufficient jobs are not available. Yet at the same time the potential for using public investments as a catalyst - not only to create more jobs, but also to create integrated approaches to implement sectoral strategies (e.g. agriculture, environment, infrastructure / transport) which together can create better synergies - are not sufficiently being used to absorb the excess labour. The use of labour-based approaches is also an enabler to ensure that a maximum number of people are being trained and also being sensitized or made aware of different sustainable sectoral strategies (e.g. sustainable agricultural production, sustainable green works, inclusive indigenous approaches, etc..) in parallel. This note will go more into detail to understand the various challenges faced from an employment perspective and what productive role public investments can have and how through

¹ World Employment and Social Outlook: Trends 2017, Geneva, ILO, 2017

(http://www.ilo.org/global/research/global-reports/weso/2017/WCMS_541211/lang--en/index.htm)

² Global employment trends for youth 2015: scaling up investments in decent jobs for youth, Geneva, ILO, 2015

employment, environment and social protection policies and strategies they are able to address the inequality gap and be an agent for transformation. In some cases, addressing all three at the same time have demonstrated better impact through synergies, and more rationalized use of limited funds.

The Environment and Climate Change. Industrialization, use of fossil fuels, and poor consideration for the environment (e.g. deforestation) have contributed to climate change, intensifying the frequency and strengths of natural disasters around the world. Extreme weather patterns are causing intensified storms and flooding and at the same time in other regions, droughts and desertification are becoming the norm. With increasing temperatures, heat waves will also be felt, severely impacting workers especially in labour-intensive sectors, such as agriculture, construction and transport (infrastructure) where many of the unskilled informal workers are already being employed.

Man-made natural disasters are increasing worldwide, both in numbers and in intensity. Damage in infrastructure and assets; climate displacement; decimated ecosystems and productivity; which in turn has significant impacts on accessibility, labour markets, food and water security – these are just some of the impacts that are caused by the unsustainable practices and further changing climate. Take the example of Haiti, where *vetiver*, a commercialized plant is being torn out of the ground for profit taking away all of the roots that were holding the ground together, further causing erosion in a country where flooding is not only frequent, but also threatening the livelihoods of many more. However, if these plants were adequately planted and proper training were carried out, workers would not only be better informed, they would also be sensitized to the potential environmental degradation of these actions.

It is important to keep in mind how climate change and environmental degradation affects especially those who are the most vulnerable without any form of social or financial security. Many of them live in poor rural households and are the ones who have least contributed to the problems of climate change, and are only trying to survive the day to day. What the impact actually means to their livelihoods and the future of rural employment needs to be considered. This may also in turn be contributing to some of the conflicts and internal and external displacement which are already arising due to food and water shortages in some regions.

And in the name of short-term profits, fossil fuel interests may be influencing the climate change deniers, to the detriment of the poorest who are the ones forced to adapt to the changes in climate, which further increases the inequality gap and leads to stronger social discontent. In addition, although costs are coming down, investments in solar and wind energy are in general still quite too expensive for communities, and ‘foreign’ until the technology is localized so that the benefits can also be felt at the local level. Without access to clean energy, many poor households use biomass as alternative fuel, which as a renewable has its benefits, but also has its consequential impacts on the environment and on health³. For example in India 700 million households use biomass as alternative fuel. Although India has made significant investments towards achieving its commitment to source 40 per cent of its electricity from non-fossil fuel sources by 2030⁴, lack of appropriate infrastructure and financial investments have created a set back towards meeting their intended nationally determined commitments (INDC) as submitted to COP21 .

³ www.iied.org/biomass-energy-optimisings-its-contribution-poverty-reduction-ecosystem-services

⁴ economictimes.indiatimes.com/industry/energy/power/why-india-might-not-achieve-its-2020-renewable-energy-targets/articleshow/56389839.cms

It is also important to consider the alternatives for those employed in traditional energy sources, such as in the coal mines. If workers lose their jobs working with traditional fossil fuels, what alternative means will they have to guarantee their livelihood? The best option may be to find ways to not only build renewable energy sources, but also to build the required infrastructure using local communities and local materials where possible; build the local capacity and ideally, offer national certification schemes for these new green skills, and support this with a public employment programmes (PEP). Public investments can be used to favour local labour to build and maintain the much needed infrastructure in exchange of wages and continue to promote renewable energy and at the same time contribute to the maintenance of existing national infrastructure. The nexus of employment-infrastructure-environment guided by a well-designed public employment programme would create local ownership, employment, income security and at the same time would build the very much needed assets in the process, all which in turn which would eventually make the transition more equitable and possibly even reduce the overall investment costs in renewables.

Finding a good balance between producing capital-intensive renewable energy and offering alternative employment opportunities, especially where supply exceeds the demand of unskilled labour, as in some countries, would be essential. A study carried out by the ILO on the employment impact of investments in renewable energy by the European Investment Bank reconfirmed that the job creation potential of renewable energy was low. However, a combination of green investments in renewables supported by labour-based green works can solve the high energy deficit in a more equitable way. Access roads and infrastructure necessary for renewables can be carried out through community contracting, and would be able to absorb excess community labour and increase employment promotion and overall productivity. One example of this is a public-private endeavour through the Moroccan Agency for Sustainable Energy (MASEN) where they use community-based labour to build their needed infrastructure (e.g. roads and sand barriers) having better impact through employment promotion.

Deforestation is another factor contributing to climate change. Different environmental initiatives have been introduced over the years with insufficient consideration for the opportunity costs and the alternative opportunities needed for the nearby communities and workers that had built their livelihoods from illegal logging. The ILO supported the GLACIER⁵ programme in Kalimantan, Indonesia that not only looked at discouraging deforestation as part of REDD+ programme it also contributed with a successful example of offering other alternative livelihoods such as agro and community forest systems, improvement of roads, trails, bridges and crossings to facilitate rural access, and green value chain development through fishery and rubber production enhancement linked to market activity. Some of the emergency programmes that were initiated following the various typhoons, including Typhoon Haiyan in 2013, supported the initial contributions of informal workers into national insurance schemes, especially to encourage informal workers who had never contributed before.

There are many other ways in which labour-based works, especially Green Works⁶ can have direct environmental benefits and significant employment impact in certain sectors – especially agriculture, construction and transport. Green Works creates jobs through public and private investments in natural resource management and rehabilitation, especially through watershed

⁵ Green Livelihood Access in Central Kalimantan for Inclusive Environmental Response to Climate Change

⁶ Definition of Green Works: “*infrastructure and related work that have direct environmental benefits is or in response to a specific environmental context including changes in climate and extreme weather events*” as highlighted in the Working towards an ILO approach to climate change adaptation.

management, irrigation and flood protection – positively contributing to ecosystems, sustaining biodiversity and increasing agricultural productivity in the long run. Although new green technologies (e.g. solar and wind energy) at present may not be creating sufficient job opportunities to absorb the locally unemployed and integrating unskilled workers in many countries of the south, Green Works on the contrary offers great opportunities to absorbing local unskilled labour.

A balanced approach is in any case needed to carefully assess the opportunity costs of introducing new technologies or changes in existing income generating activities, against the costs of the displacement of workers who were employed in ‘brown’ jobs. However, at the same time, it is just as important to continue to consider balanced schemes that can support existing green technologies which may be more capital intensive, but at the same time labour-based schemes that can be complementary and at the time support a just transition of all workers, especially the poor rural households who are faced with having to adapt to climate change.

Issues to consider:

- The Preamble of the adopted Paris Agreement highlights the need to take *“into account the imperatives of a **just transition of the workforce** and the **creation of decent work and quality jobs** in accordance with nationally defined development priorities”*.
- Vulnerability to climate change is socially differentiated. The poor rural households are the most affected with the least capacity to respond.
- Local adaptation preferences are socially differentiated and conditioned by a host of social factors. Participation and voice are critical in adaptation strategies.
- Lost or degraded infrastructure and assets have significant impacts and severe consequences on livelihoods and access to basic services of communities.
- Heat waves have a higher potential of having an impact on labour-intensive sectors, such as agriculture, construction and transport (infrastructure). This will also most likely have a larger impact on less-skilled and unskilled workers, further risking poverty reduction.
- Displaced climate refugees create instability and competition between host and refugee populations.
- Climate resilience through preparedness (e.g. adequate infrastructure maintenance for quality assurance) and pre-disaster planning, enabling livelihood diversification, and a long term focus is key.
- There is significant potential for job creation through the infrastructure- environment nexus

Protracted conflicts. There is a significant increase in the complexity and in the number of crises in the world, stemming from different causes of fragility, but still leading to the same devastating effect of loss of livelihoods, damage in physical and natural infrastructure, assets and basic services. Most often this also leads to the displacement of many people who become refugees and who have often lost everything and have no other options than to flee their country.

Employment and income security is able to contribute peace dividends to those most affected by conflicts (and slow onset disasters). Work opportunities not only offer individuals the dignity they lost, but also offer the security they often need and a real stake in the reconciliation and restoration in rebuilding their own communities. Dialogue around productive work can also bring different stakeholders together to decrease tensions and conflict and focus on prioritizing needs and taking ownership for rebuilding their communities together.

The ILO has continued to work closely with many different development partners to align and encourage the use of appropriate employment intensive-investment approaches in many of the temporary cash-for-work schemes, with a view to sustainable and predictable employment creation and enhancing the national capacity, in addition to promoting decent work standards. Moving from donor funded short-term emergency employment schemes to a more nationally enhanced and in some cases, nationally financed, multi-sectoral public employment programmes, the ILO has contributed to policies and strategies which are influencing labour-intensive schemes and creating better synergies between the humanitarian-development nexus.

The ILO currently supports a programme for Syrian refugees in Jordan and Lebanon, where work opportunities are given to both refugees and host populations, with the intention to create a fair and socially just working environment for both communities to work together in productive activities. Combining the strengths of an employment-intensive approach, focusing on skills building and employability targeting youth, and extending social protection, the ILO through its Flagship on Jobs, Peace and Resilience works on conflict-affected and disaster prone countries in fragility to prevent, resist, adapt to and recover from conflicts and slow onset disasters.

Issues to consider:

- Labour-intensive approaches can be used to reconstruct badly damaged infrastructure and assets to ensure that the recovery is inclusive and led by the affected communities.
- Local resource-based approaches and investments in local people, material and appropriate technologies can have a better multiplier effects in the local economy, in addition to strengthening local ownership.
- Social dialogue in prioritizing needs and activities can also ease tensions and be used for peace-building in the process.
- In host countries, labour-intensive schemes offered to both host and refugee populations can support social dialogue and contribute to useful and productive activities.
- In countries where they are lacking institutions and national systems, a well-designed public employment programme can provide jobs to those that most needed, at the same time strengthening and building capacity of local institutions.
- Building and strengthening local public and private institutions and national systems that have deteriorated or are non-existent through dialogue and good governance is key.
- Integrated multi-sectoral programmes can create jobs bridging the humanitarian-development nexus.

The Future of work.

Similar to the earlier discussion on new green technologies, new digital ways of working and high tech robotics are creating new work opportunities, but at the same time also weakening employer-worker relationships and threatening to replace human labour with technology in some countries. And although this debate is one that affects mostly the industrialized countries, developing countries have already in some way had to face structural economic challenges in the past that have resulted in long-term unemployment which have led to finding innovative alternative solutions to these through public employment programmes.

The governments' role is one of being dynamic and able to respond to poverty, economic cycles, crises and disasters. Governments have a responsibility to ensure full employment, as well as, universal social protection coverage, which are rights that the government has to realize to its people, to offer

stability and predictability during the life cycle of all individuals. Children, the elderly and the disabled who are not able to work should receive some sort of income grant. However, when an individual is unemployed and is in his / her active and productive years, he / she should have the right to take on work so long as they are physically able to and willing to do so. And when not able to do so (e.g. maternity, sickness) they should be able to fall back on a grant scheme which ensures that they have some income security during times of hardship.

Regardless of how short-term a programme may be, ideally all public works programmes should aim to strengthen or support decent work and the building of a contributory scheme in the case that a national scheme does not already exist. In many cases and over history, public works programmes have been extending social protection in countries by using or setting up non-contributory schemes. Even emergency employment schemes during a post-disaster intervention can be designed to support existing systems, as was successfully done in the post-disaster programmes supported by the ILO after Typhoon Haiyan in the Philippines.

In countries where structural challenges prevail, where formal work opportunities are just not available for the number of people seeking to be gainfully employed in a country, governments have had to take a stronger role in designing and implementing PEPs. Some countries like India and South Africa, have successfully designed sustainable national PEPs which have guaranteed employment (by law)⁷⁷ and extended social protection to many rural households where these did not exist. Many other countries have replicated similar programmes, with initial cost of these programmes being affordable and contained at somewhere around 0.1% to 1.2% of GDP. Governments will have a stronger and active role to play in addressing unemployment and underemployment. And as different initiatives such as guaranteed basic income grants are being tested in some developed countries, it would be worthwhile to consider the important role that PEPs have played in preparing countries for the future of work, to be able to absorb labour in a useful and productive way through existing public investments.

Some PEPs, take the example of the South African Expanded Public Works Programme (EPWP), have introduced various innovations to offer 'useful work' targeting women, youth, and disabled persons which carry out:

- Social works, including care work, early childhood development, activities targeting crime and violence, support to health services, etc.
- Environmental works, including management of alien vegetation to increase water tables, fire management, etc...
- Infrastructure works, including the maintenance of existing national transport infrastructure.
- Work with the non-state actors, supporting the work of NGOs.

Issues to consider:

- There are good examples of national public employment programmes that are bridging the employment-social protection nexus to already address structural problems where markets are not creating sufficient jobs or where social protection systems are non-existent.

⁷⁷ India's Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) offers 100 days of guaranteed employment to all rural households, at one point impacting 55 million households, offering predictability and income security, and extending their social protection through public employment schemes.

- Structural transformation is necessary to change the labour market of some economies to really make a difference.
- Work in the social sector (e.g. care work) can create value to often invisible work being carried out by women.
- Innovative programmes tackling crime and violence, have integrated youth gangs to provide paid useful community activities, which are showing a relevant decrease in some of the crime activities.
- Decrease in TB and other sicknesses have been evident from the support to health care.
- By increasing the employment content of existing public investments through public works programmes (PWP). PEP can support one of the guarantees of the social protection floor to covers those in active age.

Public investments to meet social protection objectives

Public Works Programmes (PWP) over the years have been used to meet different objectives – creating jobs, offering income security, developing physical and environmental assets and services, amongst other activities. However, under some social protection schemes, PWPs have long been criticized for not being sufficiently productive, with the quality of the assets often being criticized and also seen to be competing with other cash transfer mechanisms. PWPs can provide livelihoods and needed income to the poor and most vulnerable, and if designed and targeted well, should and can be complimentary and are able to support the building and strengthening of existing national social protection systems. They can reinforce mechanisms to provide income stability to informal workers and provide the extension to social protection in countries where these systems do not exist - creating multiplier benefits through alternative livelihoods, needed infrastructure, community works and skills for better employability – not to mention, dignity to work.

It is important in addressing unemployment challenges, to also consider the root causes of unemployment and to make sure that the interventions being proposed are adequately addressing these root causes. The approach should be inclusive, locally-driven, labour-intensive to the extent possible, and should strengthen and build local and national institutional capacities.

Having the appropriate employment and social protection policies which are designed in a coherent and integrated way, contextualized to a country's needs, can have significant benefits in ensuring a socially fair and equitable transformation process. If designed and targeted well, public investments and nationally driven public employment programmes can potentially create much needed jobs, provide income and at the same time develop and maintain required physical and environmental infrastructure, assets and services – especially addressing the many challenges mentioned earlier in this paper. Employment and social protection strategies can be complementary in supporting the four guarantees of the Social Protection Floor (SPF), which include:

- access to essential health and maternity care,
- basic income security for children,
- basic income for the elderly and,
- basic income security for persons in active age unable to earn a sufficient income.

There are many agencies and financial institutions working on the design and implementation of PWPs through the use of different sources of funding, and for different objectives – and at times creating

unnecessary competition, competing definitions and indicators, and creating short-term impact altogether across agencies. If designed efficiently, these programmes could be set up as a national public employment programme, with donor financing if necessary, integrating a longer-term vision by each of the line ministries, making potentially a larger impact, and making them both financially and technically more sustainable. An integrated programme can use available public investments to absorb idle and excess labour to guarantee a stable and predictable income to some of the most vulnerable, create community labour-based schemes around PWPs which are needed in a country, such as the protection of watersheds or other environmental schemes for food and water security, ensuring availability of infrastructure for transport, rebuilding community infrastructure, offering climate resilience and jobs. Good examples of PEPs are India's Mahatma Gandhi National Rural Employment (MGNREGA), South Africa's Expanded Public Works Programme (EPWP), and Ethiopia's Productive Safety Net Programme (PSNP). The first two are fully nationally funded, whilst the latter is still partly donor funded, but all showcase a national labour-based PEP with the potential to work in different technical sectors.

In response to the G20 and through the Social Protection Inter-Agency Board (SPIAC-B), and in an effort to help countries improve their national Social Protection Systems, the ILO (along with 20 other development partners) has been involved in the development of various Inter-Agency Social Protection Assessment tools, including the Public Works Assessment Tool. The tool was built on the value that each agency involved had to offer, highlighting the important key issues to keep in mind in designing a PEP/PWP. The ILO is currently leading the working group on the further development of this Tool, to be able to assess the strengths and weaknesses of existing PWPs. The tool generates stylized information on the potential impact of PWPs in a Social Protection context in a given country, helping to interpret the assessment from a systems perspective. While the emphasis is on programs pursuing social protection objectives, the tool could be expanded to assess other types of PWPs, such as infrastructure, social or environmental investments. The Tool has also been used in the design and to influence the scaling up of existing programmes, with the possibilities of building a national PEP.

The ILO's Employment Intensive Investment Programme (EIIP)

The ILO through its Employment Intensive Investment Programme (EIIP) supports countries with the design of national public employment programmes and labour-based schemes to rehabilitate and improve physical and environmental infrastructure and services (see <http://www.ilo.org/eiip>). The ILO has been working in this area for 40 years in over 50 countries to provide income security, employability and accessibility to provide better livelihoods (e.g. access to basic services and to markets) and build resilience and national capacity. The ILO works to build the capacity of national stakeholders and works mostly with and through Government agencies and national contractors (including community contractors, NGOs and cooperatives) using a local resource-based approach, providing jobs to local workers and creating multipliers in the local economy. Appropriate wages are paid through community contracts, or through implementing agencies and small scale contractors depending on the national context. Payments are carried out through a contractual agreement with clear financial obligations.

The ILO in all its efforts promotes the adherence to core labour standards, with equal access and participation of women and men, applying culturally sensitive development approaches, providing protection coverage through social security where possible, socialized healthcare and group accident insurance coverage, in addition to addressing and strengthening local capacities in integrating occupational safety and health (OSH) in emergency responses.

In conclusion:

- Some countries faced with poor service delivery, low productivity, high levels of corruption and a culture of dependency and a sense of entitlement may benefit from a well-designed PEP, by further building trust and credibility in the national systems and instilling a productive work ethic.
- PEPs can address different economic, social and environmental challenges, but through an inclusive and targeted approach, they can ensure that the most vulnerable are benefitting from the productivity of these programmes.
- PEPs are in support to providing a universal social protection floor and can contribute to strengthening or building of national systems and institutions.
- PEPs will require better inter-ministerial coordination and better collaboration between sectors.
- Employment creation should be central to poverty eradication and never be a residual.