

»» Employment-intensive measures: rapid results with a double dividend

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The term employment-intensive measures refers to programmes that require very high input of local labour. Their particular attractiveness in terms of development cooperation is based on the fact that they yield a double dividend: On the one hand, they reduce poverty directly through the rapid generation of income. On the other, the deployment of this manpower also allows urgently needed work to be carried out, to overcome local structural barriers to development.

Purpose 1: Temporary cushioning of macroeconomic shocks

Employment-intensive measures have first been used systematically as a development policy instrument to mitigate the negative social effects of structural adjustment programmes (SAPs) of the World Bank: In many countries, dedicated, partly state-run institutions ("social funds") were established for this purpose, which were generally able to quickly and efficiently implement small-scale infrastructure programmes (construction of roads and schools etc.), often under private management. Due to their highly positive effects on bolstering the decentralised infrastructure, many of these institutions have developed further into institutions for (participative) municipal development following the completion of the SAP transformation process.

Purpose 2: Post-crisis stabilisation and reconstruction

Following natural disasters and military conflicts, infrastructure is often heavily damaged and local economic activity is suspended. Many people then become reliant on humanitarian aid. In these situations, employment programmes kick-start the local economy (by generating local demand for services and building materials as well as through an income effect and a resulting increase in consumer demand) and thereby reduce dependency on humanitarian aid. In addition, reconstructing destroyed infrastructure can help normal-

ise living conditions as quickly as possible and secure basic services. In post-conflict situations in particular, both are important prerequisites for re-establishing confidence in the capability (and legitimacy) of decentralised state control and preventing a rapid regression into instability ("political stabilisation").

Purpose 3: Social security

In recent years, public employment programmes have increasingly developed to serve as instruments for providing basic social care, particularly in Asia. The best known of these initiatives is probably the "Rural Employment Guarantee Scheme" in India: Every rural household has the enforceable right to up to 100 days of paid employment for the local government. The wage payments (equivalent to the national minimum wage) are also due when the municipality is not able to offer any work. For many rural households, this is the only way they can earn a minimum living wage between harvest seasons.

Lessons learnt: Risks and side effects

a) Avoiding parallel structures

Experiences with Latin American social funds in particular have shown that employment-intensive measures can lead to parallel structures, which in effect result in a duplication of the work performed by ministerial and municipal structures already in place (and partially even weaken them through higher pay for management). Poor coordination (e.g. construction of schools without planning for schooling needs and teacher availability) can hamper the effectiveness of these measures.

b) Avoiding an "artificial" increase in demand for labour

Experience has shown that the labour intensity of small-scale infrastructure measures can only be manipulated to a very small extent: The total employment effect can therefore be controlled more efficiently through the manner and scope of the activities initiated (e.g. construction of rural paths is generally more labour

intensive than that of rural roads) than a "forced" substitution of machines for manpower.

c) Avoiding crowding-out

When it comes to large-scale employment programmes, there is a high risk that these will heavily influence local wage levels and reduce access of the private sector to urgently needed manpower ("crowding-out"). This impact can effectively be avoided by setting pay levels for the employment programme at the lowest end of the market (but not below the minimum wage), thus creating a self-selection mechanism: the jobs are now only taken up when there are no other opportunities for employment. The seasonal nature of underemployment must be taken into account in rural areas to avoid negative effects on agricultural production.

d) Combining measures with further qualifications and microcredits

If it is possible to incorporate qualification schemes tailored to the market into employment programmes, benefits can continue to be derived even beyond the actual employment measure. Linking employment to microcredits has proved particularly effective as a way of supporting the first step of entrepreneurs towards independence.

e) Participation and "do no harm"

Engaging the local population in the selection and operation of the infrastructure measures to be realised increases the likelihood of sustainable results. For employment activities in the context of crisis situations, particular attention must be paid to ensure the programme does not knowingly or unknowingly favour one or other side in the conflict and therefore fuel the conflict rather than defusing it.

By taking account of the advice above, employment-intensive measures (often in the form of "cash for work") have proved to be effective instruments of development policy in many different settings. ■