

## “Employment Creation through Public Investment”

20-22 March 2012, Ho Chi Minh City, Vietnam

### Addressing Un(der)employment and Income Poverty through Public Investment as a Social Protection Floor Strategy

Chris Donnges

ILO Bangkok



**DECENT WORK**

A better world starts here

*90*  
year working for social justice



# Key Statistics: Income Poverty and Un(der)employment in ASEAN



International  
Labour  
Organization

- 868 million workers with their families live on less than 2 USD/day in Asia (ILO)
- 422 million workers with their families live on less than 1.25 USD/day (about half rural, half urban) (ILO)
- 100 million unemployed people in Asia Pacific (ILO)
- underemployment totals are likely to be a few times higher
- Unemployment and underemployment drives people into poverty
- Poor and vulnerable people require more protection (social objective)

	Poverty headcount	Rural population	Rural poverty headcount	Rural unemployment	Rural underemployment
Cambodia	30%	77%	35%	2%	8%
Indonesia	13%	46%	17%	9%	
Lao PDR	28%	67%	32%	2%	
Philippines	27%	34%	50%	8%	19%
Timor Leste	50%	72%	NA	5%	
Vietnam	14%	71%	20%	2%	

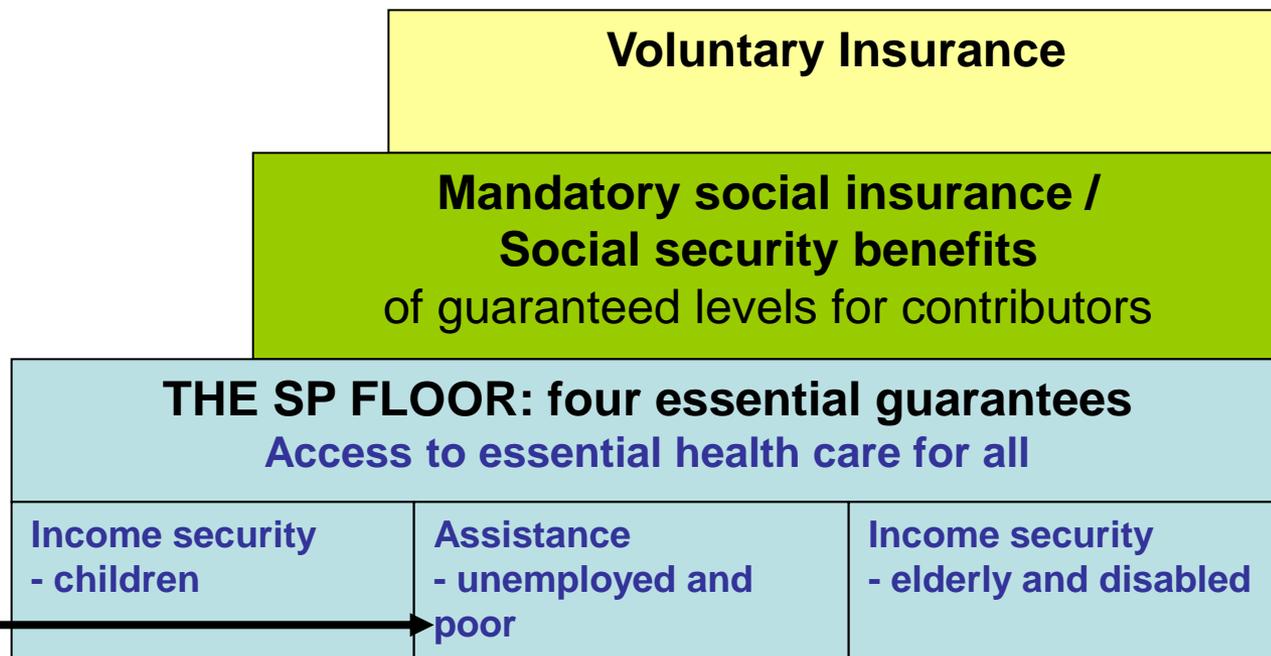
# Employment Creation through Public Investment

## Objective:

To provide (mostly short-term) jobs and income support to poor and vulnerable households (living at or below the income poverty line)



Income Security =  
Component Social  
Protection Floor



# Employment Creation through Public Investment



Provide the un(der)employment and poor with income support (jobs)

(objective)



Using Public Investment (Public Money) to Create such Jobs

(an instrument to achieve the SPF objective)

# Using Public Investment to Generate Employment (income)

Infrastructure Investment Programmes

Primary objective: develop infrastructure (or other assets)



Secondary objective *could be* poverty reduction, employment creation



Economic Development

Community Development Programmes

Primary objective: community development



Secondary objective is often income support or employment creation



Poverty Reduction

Public Employment Programmes (PWP)

Primary objective: create employment (income)



Secondary objective is asset development (or other community works)



Social Protection

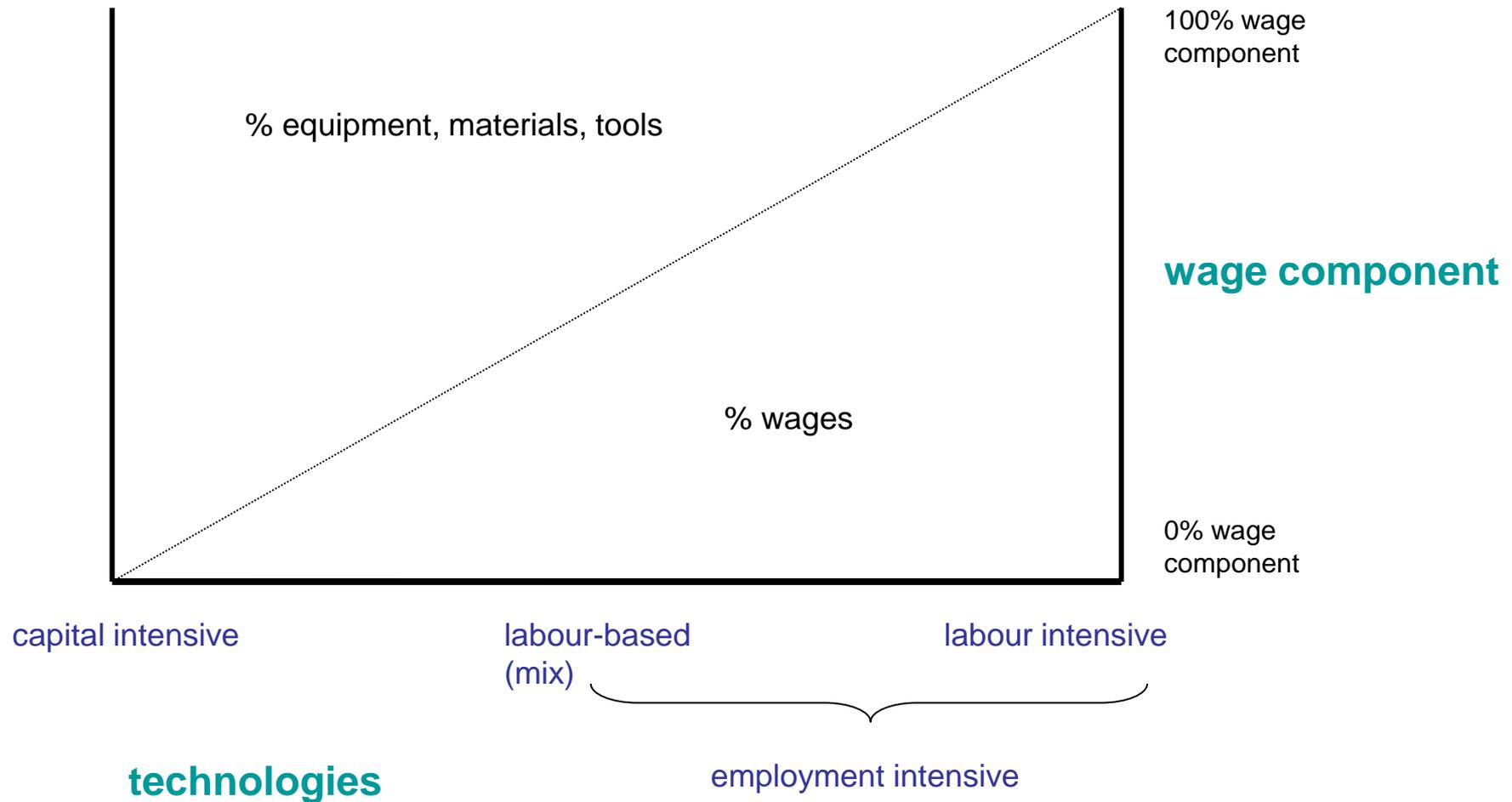


Potential: Jobs and Income

# How to realize this potential.....?



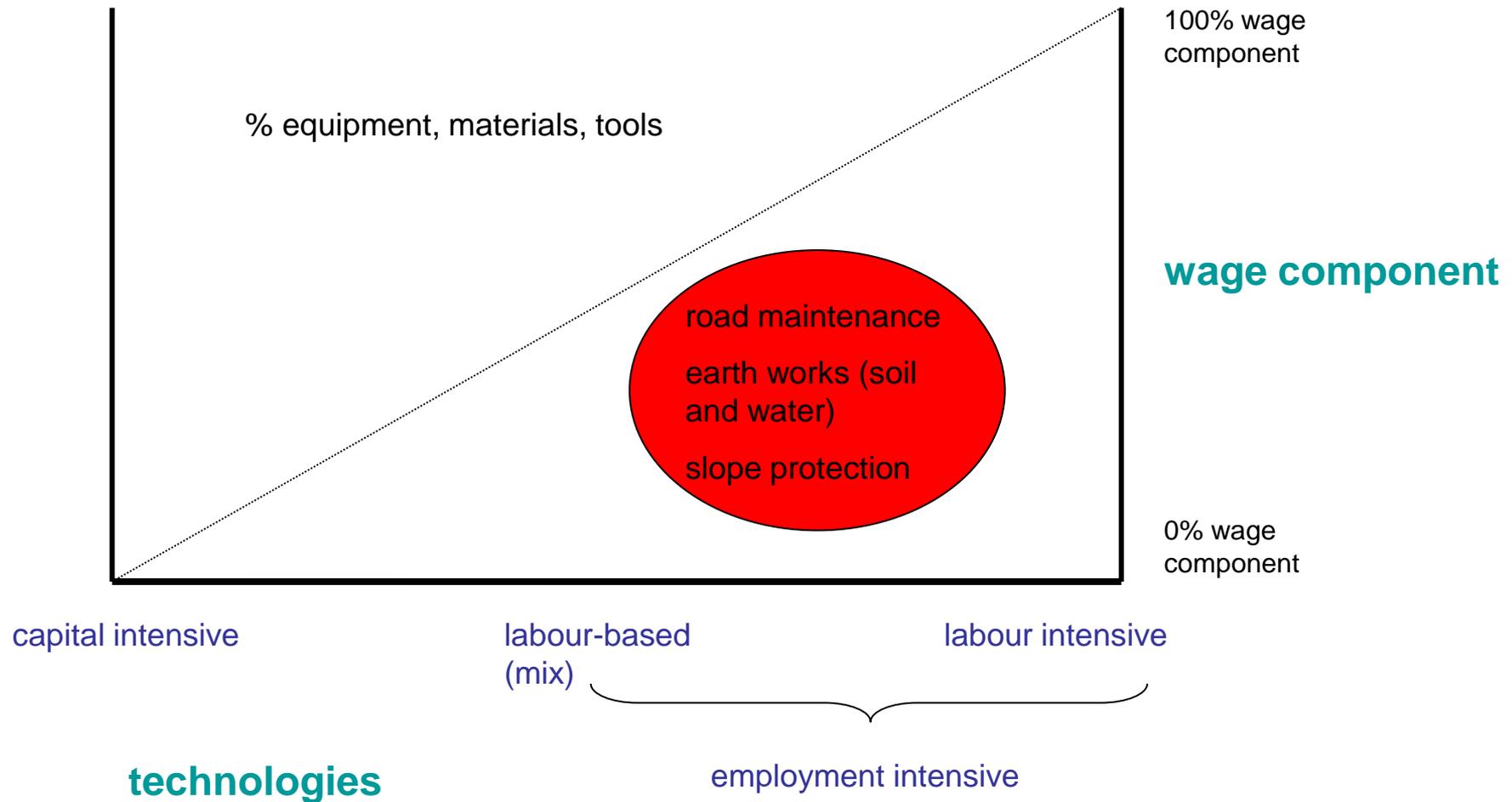
International  
Labour  
Organization



# How to realize this potential.....?



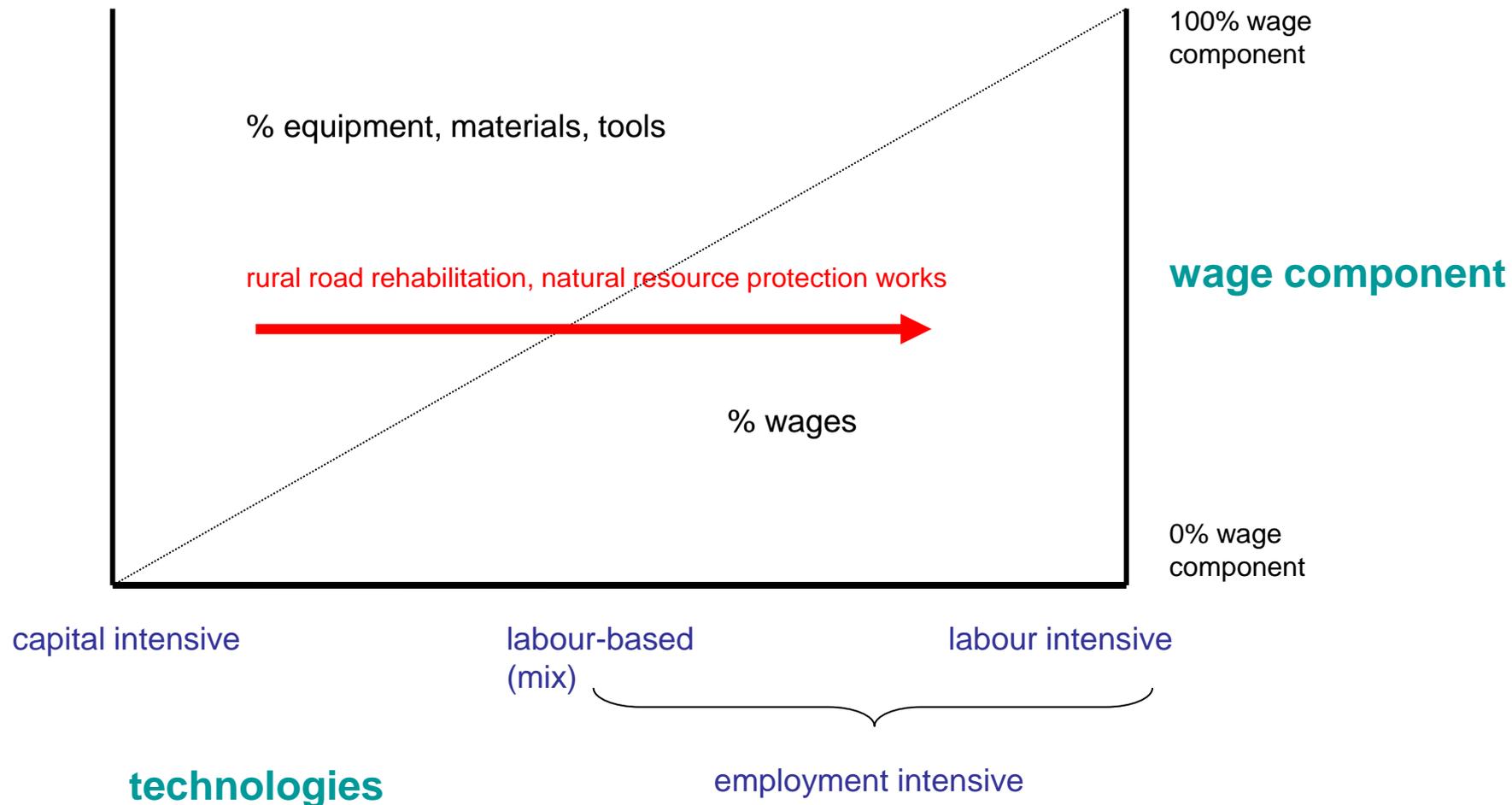
International  
Labour  
Organization



# How to realize this potential.....?



International  
Labour  
Organization



# Realizing the Potential for Using Employment Intensive Methods



International  
Labour  
Organization

## Example Indonesia

Economic Stimulus Package (2009) worth Rp 73.3 trillion (7 billion USD)

- Infrastructure Component Rp. 12.2 trillion (1.2 billion USD)
  - Potential to Create 1.2 million additional jobs (at Rp 50,000 (5 USD) a day)
  - Coordinating Ministry of Economic Affairs and ILO have been collaborating in promoting the implementation of employment intensive approaches
  - Created around 1 million jobs (45 days)

### Indonesia Stimulus package:

- 71% of jobs went to poorest 50% of households
- The work opportunities included vulnerable (poor) groups (60.6% had a 6 years of school), 47% were youth (15 to 29 years), 67% were unemployed.
- Average length of the jobs was 40-50 days



	Construction Sub-Sector Activities	Equipment intensive method (% labour)	Employment intensive method (% labour)	Average additional benefits employment intensive methods (% labour)	Additional direct annual short-term job creation using employment intensive methods (with Rp. 12.2 trillion investment)*
	<b>Indonesia ESP – infra component</b>				
<b>1</b>	<b>Rural and urban roads</b>				
1.1	(Re-) construction/rehabilitation low-volume unpaved roads	10-20%	40-70%	40%	488,000
1.2	(Re-) construction/rehabilitation low-volume paved roads	5-15%	20-50%	25%	305,000
1.3	Routine off-carriageway maintenance of all categories of roads and routine maintenance of unpaved roads	5-15%	75-85%	70%	854,000
<b>2</b>	<b>Social infrastructure (schools, clinics, markets, etc.)</b>				
2.1	(Re-) construction/rehabilitation	20-30%	25-35%	5%	61,000
2.2	Routine maintenance	35-45%	40-50%	5%	61,000
<b>3</b>	<b>Natural resource management (incl. agriculture, fisheries)</b>				
3.1	Agricultural terracing and land development	5-15%	50-70%	50%	610,000
3.2	(Community) forestry plantation and O&M	25-35%	40-70%	25%	305,000
3.3	Water and soil conservation	15-25%	40-70%	35%	427,000
3.4	Fish pond development	10-20%	70-80%	60%	732,000
3.5	Flood protection, river training works and drainage	10-20%	40-60%	35%	427,000
<b>4</b>	<b>(Community-based) gravity irrigation</b>				
4.1	(Re-) construction and rehabilitation	15-25%	40-70%	35%	427,000
4.2	Cleaning channels and reservoirs of large irrigation schemes	10-20%	50-80%	50%	610,000
<b>5</b>	<b>Electrification, water and sanitation, and communication</b>				
5.1	Excavation of trenches for laying pipes and cables.	5-15%	60-80%	60%	732,000
5.2	(Re-) construction, rehabilitation and maintenance works rural airstrips	10-20%	40-70%	40%	488,000

## *Example Public Employment Programme (PEP)*

### **Employment Guarantee Schemes**

**India - NREGA aims at enhancing the livelihood security of people in rural areas by guaranteeing 100 days of wage-employment in a financial year to a rural household whose adult members volunteer to do unskilled manual work.**

Financial year 2010-2011:

- Provide work opportunities 5.5 million households
- 5 million projects
- 2.6 billion workdays
- 47 days/family



## *Example Public Employment Programme (PEP)*

### Cash for Works (Philippines and Timor Leste)



**Crisis Response**



## ***Example Infrastructure Investment Programme (IIP)***

### **Rural Infrastructure (Roads, Irrigation)**

#### **Roads:**

- Rehabilitation (2,000 – 3,000 days of work/km)
- Maintenance (50 - 100 days of work/km)

#### **local resource-based methods for irrigation and road development**

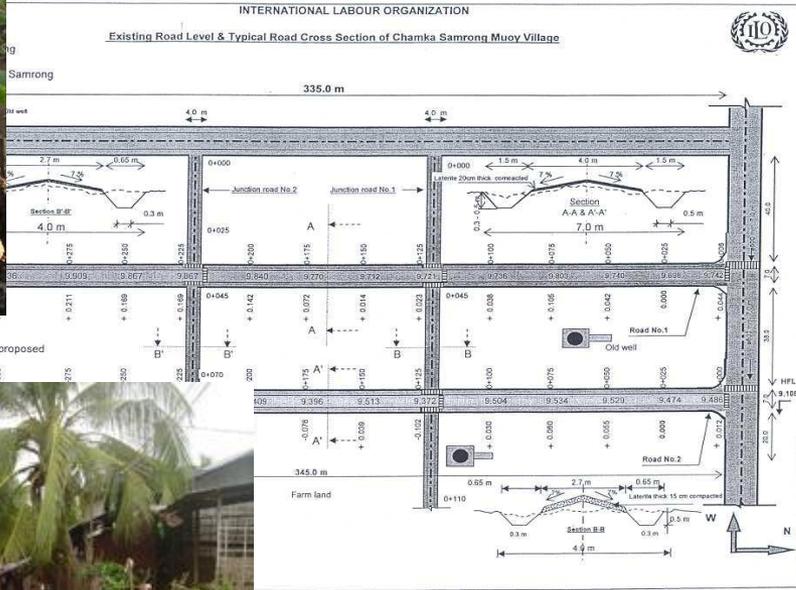
#### **Irrigation field canals (Nepal)**

**28,700 workdays – 500 workers (\$ 4.8 USD per workday created) – USD 135,574 (canals to irrigate 210 ha)**



# Example Community Development Programme (CDP)

## Urban Works in Cambodia



Item	Description	Unit	Quantities	Unit Price US\$	Amount US\$
<b>A- Site Preparation Works</b>					
1	Setting Out drainage and road works ( Two times )	m	900.00	0.18	162
2	Clearing dense bush and other obstacle	sqm	1,690.00	0.10	169
<b>Sub-Total-A</b>					<b>331</b>
<b>B- Road Works</b>					
4	Reshaping and reforming camber with 7% including well compaction	sqm	2,298.00	0.20	459.60
5	Raising the level of existing road of flood prone section with approved quality inorganic soil and reforming camber with 7% cross fall including Compaction	cu.m	267.00	4.00	1068
6	Re-surfacing laterite with 15/20cm thickness after compaction including well compaction as per drawings.	cu.m	627.00	9.00	5643
<b>Sub-Total-B</b>					<b>7,170.60</b>
<b>C- Side drain digging</b>					
7	Side drain digging ( For both sides 1,800 m )	cu.m	779	3.5	2,726.50
<b>Sub-Total-C</b>					<b>2,726.50</b>
<b>TOTAL: (A + B + C)</b>					<b>10,228.00</b>

**USD 10,228**

**1,198 person-days**

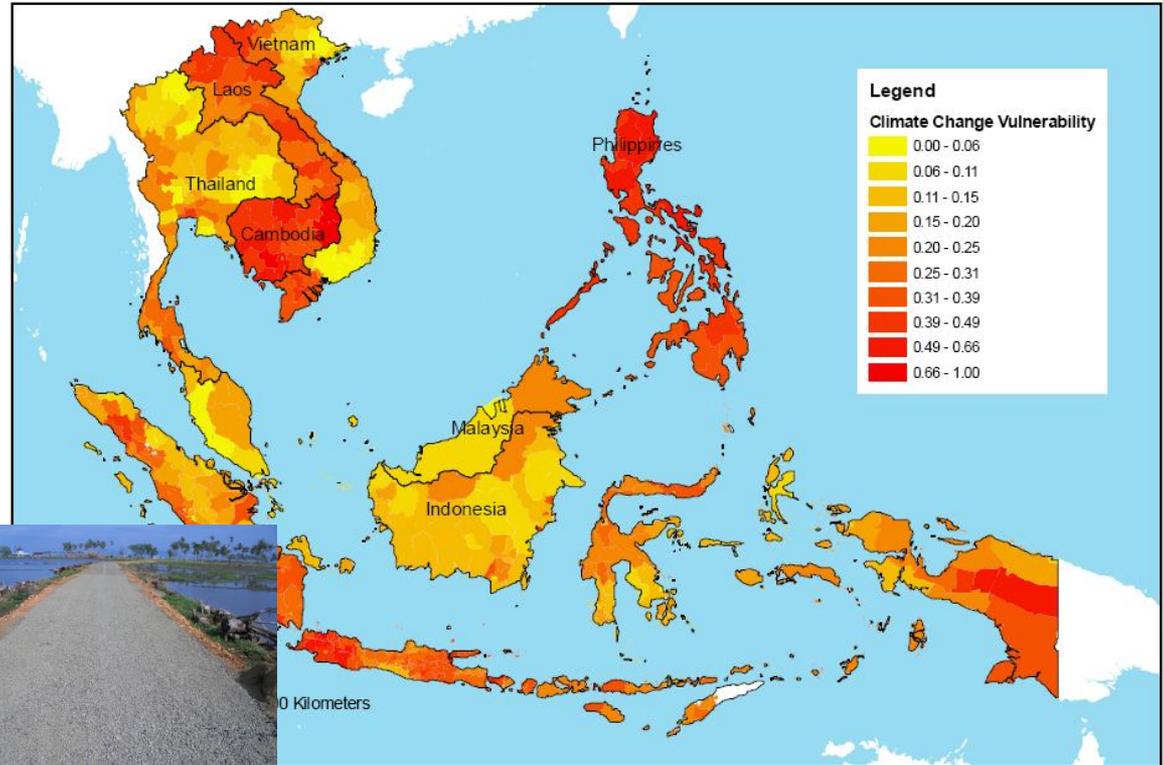
**8.5 USD / person day**

Date: 23/1/2007  
 Contractor Signature: \_\_\_\_\_  
 Name: *Ms. Ham Syna*  
 Address: Kolor Village, Chhng Commune, BTB  
 Date: 07/1/2007  
 Prepared by: *Ms. Ham Syna*  
 Ms. Ham Syna  
 Consultant  
 Date: 11/1/2007  
 Approved by: *Mr. Mukesh C. Gupta*  
 Mr. Mukesh C. Gupta  
 CTA

*Handwritten signatures and initials.*

# Example Infrastructure Investment Programme (IIP)

## Climate Change Adaptation Works



irrigation



soil and water conservation



flood protection



sustaining rural transport



forestry works



- Selecting beneficiaries and targeting
- Deciding on the number of days of participation
- Maximizing employment potential
- Developing a mechanism for fund allocation
- Selection of subprojects
- Selection of procurement modalities
- Determine the wage level
- Promoting good working conditions
- Designing monitoring and evaluation mechanism
- Vocational and skills training
- Gender

# Example – PWP Cambodia

## Cost and Benefit

- With an annual investment of **\$25m**, **40** days employment per year could be provided to some **200,000 beneficiaries**. This would add around **15%** to the annual household income of the beneficiaries concerned
- **Plus** the secondary benefits from the physical infrastructure created
- The PWP would represent around 0.23% of the 2009 GDP



# Thank you

---

