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# **Design Challenges for Labour Based Social Assistance Programmes**

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# Introduction

- This presentation will examine the role of labour based social assistance programmes, Public Works Programmes (PWPs), in providing productive safety nets and highlight the main design challenges
- Based on recent work examining the design of PWP throughout SSA and internationally
- Focus on the two core objectives of productive safety nets;
  - reducing poverty and
  - promoting productivity

# Purpose

- Contribute to a shared understanding of PWPs
- Outline how PWPs work
- Overview of current PWP activity in SSA
- Identify the key design challenges for PWPs to function as Productive Safety Nets in Mozambique

# How Can PWPs Address Poverty and Promote Productivity?

- PWPs can potentially address poverty and productivity through 3 main vectors;
  - the wage (food or cash)
  - the assets created
  - the skills and experience

# Wage (cash or food)

PWP wage can address poverty directly, by increasing,

- consumption
  - investment in human capital (education & health)
  - accumulation of capital or household assets
- Potentially promote livelihoods and productivity
- **However**, typically PWP wages are consumed directly, few are accumulated and so the duration of benefit is limited to period of PWP employment
- If a PWP provides a single short episode of employment in context of chronic poverty the wage will only have a **temporary** effect on poverty and increased productivity is unlikely
- Increased usage of education/health services only if wage is sufficiently high and services are accessible

# Assets Created

Infrastructure can potentially promote ;

- improvements in human capital (creating schools/clinics, improving access to facilities)
- household, community and regional economic development (creating dams, irrigation systems, or transport facilities, such as roads and bridges)
- However, in order to achieve these positive outcomes it is necessary for assets to be
  - strategically selected
  - adequate quality (design and execution)
  - accessible by the poor
  - to be provided with nurses, medicines, school equipment, budgets for maintenance etc (recurrent costs)
  - and, linked with training and investment programmes (eg agricultural production, marketing support)

# Skills and Experience

- Skills and experience from PWP employment and training can potentially promote both ‘employability’ and self-employment which can increase household income and productivity
- However, they will only result in improved labour market outcomes if training is of
  - adequate quality
  - relevant to workers’ needs, and
  - matches labour market demand
- Where there is high unemployment/underemployment little evidence that PWP experience will result in significantly improved labour market outcomes

# Key Implications

- To be successful in terms of social protection and productivity programmes need to be linked in with activities in other sectors
- Design needs to take account of the economic, labour market and institutional context
- Appropriate design is critical for success



# PWP Design Overview

- Many different forms of programmes known as PWPs
- Common terminology but not shared understanding
- Many and varied objectives;
  - temporary poverty relief, skills transfer, promoting livelihoods, infrastructure provision, increasing aggregate employment, political or social stability

# Typology

Four main categories of programme can be distinguished;

1. Single short-term episode of employment, with a safety net or social protection objective
2. Repeated or ongoing employment providing income insurance
3. Labour intensification of infrastructure provision, to promote aggregate employment
4. Enhancing employability by improving labour quality

# 1 Short Term Employment

- Single episode of short term employment during temporary disruption of normal livelihoods, resulting from an **acute** crisis eg drought, flood, conflict or short term economic crisis
- Help households get through a crisis
- Prevent distress selling of assets
- Limited opportunity for skills development
- Quality of output less important than employment creation, may not be productive
- Not sustained impact in situations of chronic poverty

- Typical of PWPs currently implemented in SSA
- Implemented in response to natural disasters often using food aid
- World Bank Social Action Funds with social protection objectives (eg Malawi Social Action Fund)

## 2 Income Insurance

- Provide temporary jobs when market based employment/income not available, on repeated or ongoing basis, eg during the hungry season
- Income insurance / employment guarantee (predictable)
- Effective addressing chronic poverty
- The main challenges are
  - identifying and managing sufficient large scale, ongoing employment opportunities
  - ensuring assets are of adequate quality and not ‘makework’ with limited economic or social value
  - higher cost than alternatives eg cash transfers

- Maharashtra Employment Guarantee Scheme
- Mahatma Gandhi National Rural Employment Guarantee Programme (NREGA)
- Rare in sub-Saharan Africa
  - Productive Safety Nets Programme (PSNP), Ethiopia
  - Zibambebe Programme, South Africa
  - FAIMO, Cape Verde

## 3 Infrastructure

- Infrastructure creation is primary objective
- Use labour intensive techniques to spread the employment benefits of expenditure on asset creation
- Temporary employment, one off, typically 4 months
- Social protection outcomes limited, due to limited duration

- Ethiopian Rural Roads Authority (ERRA)
- AGETIP in Senegal
- AFRICATIP programmes in West Africa and
- ILO's Employment-Intensive Investment Programmes (EIIPs)



## 4 Skills Development

- Skills development programmes to promote employability (part of active labour market policy)
- Where employment period is short, limited opportunity for training
- Limited impact in SSA
- Training component removed from EPWP in South Africa, focus on core objective, direct PWP employment

# PWPs in Africa

- 47% PWPs short term social assistance
- 43% labour intensive infrastructure provision
- 90% offer short term employment c 4 months
- Income insurance programmes rare 4%
- 2/3 pay food (WFP)
- Reliant on international donor funding
- Typically 40-60% of the total cost goes to wages

# Key Design Challenges for Productive Social Protection

- Match programme type & programme objective
- Targeting
- Payment
- Institutional considerations
- Extending PWP employment options

# Challenge of Matching Programme Type with Programme Objective

- A single period of PWP employment is unlikely to have an impact on chronic poverty or household productivity in Mozambique
- To meet ENSSB objectives *income insurance* may be most appropriate design
- If seasonal poverty is a concern, repeated seasonal PWP employment is indicated
- Little international evidence of *graduation* from PWP employment, - recurrent programme participation required

# Targeting Challenges

- Low wage not sufficient to ensure poverty targeting
- Additional measures required for targeting and rationing (excess demand for employment)
- Private sector needs incentives to target the poor
- Participation difficult for labour constrained poor households, need design elements to support, eg flexible working hours, part time work, child care
- Complementary programme interventions required to reduce exclusion, address both those who can work, and those not able – food subsidy / cash transfer combination (MASAF, PSNP)

# Payment Challenges

- If wage too low not significant impact on household consumption
- Consider both local wage rate and intended outcome when setting wage
- Most appropriate wage mode varies– food/cash
- Link to wage inflation
- Timely payment is critical - delays reduce the value of the benefit
- Ensure PWP income is provided at seasonally appropriate times (hungry season)

# Institutional Challenges

- Recognise district government constraints (managerial, administrative, technical)
- Link PWPs with achievement of sectoral mandates at district level eg provision of infrastructure/services (align objectives)
- Create fiscal incentives to implement PWPs at district level (funding wage costs for asset provision)
- Avoid creating parallel processes/structures
- Implementation options; district government, parastatal, NGOs, private sector
- Potential to rationalise PWP programming & design with other donors and government departments

# Challenge of Adopting New Forms of PWP Employment

- Infrastructure creation is dominant (roads)
- Alternatives can provide opportunities for **large scale** employment, ongoing or repeated basis, **low cost**, and **significant social benefits**
  - rubbish collection
  - asset maintenance or repair
  - environmental projects (irrigation, afforestation)
  - Social service provision, eg home based care for those with HIV/AIDS



# And finally...

- Donors reluctant to finance repeated emergency interventions
- Prefer multiple year programmes to reduce vulnerability
- In Ethiopia major donor & government reallocation and harmonisation of emergency funding
- Ethiopia Productive Safety Nets Programme, 2004
- Shift emergency funding into multi-year project; social assistance (income insurance) & infrastructure to mitigate impact of drought (environmental, water management, roads etc)
- Potential opportunity for the realisation of the National Strategy?

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