Employment Guarantee Schemes and Public Works Programmes as Social Protection Measures affecting Informal Economy Workers

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Introduction

- Context of unemployment, poverty and inequality
- Stimulating a search for responses
  - Rapidly implementable
  - Likely to encounter swift success
- Various strategies attempted
  - Social protection is increasingly a prominent component of national long-term development strategies and poverty alleviation priorities
  - Growing interest in the potential role of Public Works Programmes (PWPs) as a social protection strategy
- Paper focuses on developments relevant to policy-makers in sub-Saharan Africa / SADC
  - Particular attention paid to EGS developments in India and Ethiopia
  - Legal / policy perspective, including an evaluation of a rights-based modality
Two broad approaches in the use of PWPs:
- Safety net oriented (part of a national social protection strategy)
- Infrastructure oriented

What are the expectations attached to PWPs in the SSA context?
- Viewed from the perspective of employment creation – could result in different graduation and exit outcomes

Subbarao on the potential of PWPs:
- Critical social protection and safety net response (also in middle-income countries affected by high unemployment rates)
- Can aid higher labour participation and “create pathways out of poverty”
- Success depends on careful design and establishment of an appropriate implementation structure
- Strong checks and balances necessary – concerns regarding error, fraud, corruption, transparency etc.
MGNREGA

- Rights–based approach has led to the largest PWP in human history
- Statutory entitlement to 100 days of wage employment to rural households in India
- Has led to participation by more than 55 million households

Assessment of the MGNREGA

- Not an unqualified success
- Act coupled with landmark RTI legislation
- Has set a floor for labour market standards, including minimum wage implementation
- Equal pay for men and women (+ childcare facilities) an important feature
- Some technological innovations (e.g. ATM roll–outs facilitated)
- Scale, cost and rights–based approach remains in the spotlight
  - Not ideal for proper infrastructure creation?
  - Lack of skills transfer
  - Unintended consequences – affecting the construction sector?
  - Criticised as being driven by political gains
Guaranteeing employment by law

- Link between MGNREGA and the Constitution of India, 1950
- Success of rights-based approach duplicated in other areas in the Indian context e.g. the “Food Bill” – a legal right to food
- Significance of this approach compared to mere policy developments
  - More principled basis for employment creation?
  - Other options: progressive realisation etc.

PWPs in Sub-Saharan Africa

- Play an increasingly important role
  - Nature of the labour market and unavailability of economic opportunity
  - Restricted focus of most social (cash) transfer systems – (lack of unemployment assistance / insurance systems)
  - Social protection deficit for able-bodied unemployed
Ethiopia

- Only EGS in SSA (5 days per month)
- Not rights-based legal framework
- Productive Safety Net Programme
  - Targets vulnerable households
    - Community targeting: eligibility based on 3 years continuous dependence on relief + presence of adult able bodied labour
  - May participate for up to 5 years
  - Focused on infrastructure for the agricultural sector (part of broader food security programme)
  - Over 8.4 million people benefited
  - Provides enough income to meet food gap
  - Builds community assets to address causes of food insecurity
  - Links to education and health services
  - Dependency on donor funds is problematic

SADC: Lesotho and South Africa

- Lesotho Integrated Watershed Management Project
  - 20 days of paid work per month guaranteed for 100 persons per constituency
  - High wage rate – does it target the poor?
- SA EPWP
  - Training and enterprise development support
  - Various sub-programmes
  - CWP: indefinite, regular work provided for two days a week, to develop public assets in poor communities (who decide the work to be done)
  - No rights-based EGS due to fiscal constraints
  - Limited impact on poverty and unemployment
  - Not a long-term solution? Low reintegration prospects
  - Risk that might lure low-paid formal / informal economy workers
**Key characteristics and challenges**

- Clarity as regards outcomes / success indicators
- Targeting beneficiaries (category / geography)
- Linkages and co-ordination with other social protection mechanisms and labour market interventions (incl. micro-enterprise development, employment services)
  - Challenges associated with beneficiaries from poorest demographic and general lack of demand for labour
  - Public works plus model (integrate with other social protection interventions to enhance graduation possibilities)

**Evaluating the long-term impact**

- Little evidence of sustained benefits
- Criticised as an insufficient outcome in the context of extended economic turmoil, structural unemployment and chronic poverty
- Little evidence or anticipation of significant graduation out of poverty following programme participation
- McCord: Selection of PWPs based on a number of (unfounded) assumptions:
“Many of the assumptions that lead donors and governments to select PWPs rather than alternative forms of social protection are poorly supported by the existing evidence. There is little evidence that PWPs have a significant or sustained impact on poverty reduction, livelihoods promotion, graduation, aggregate employment or growth, impacts that extend beyond basic consumption smoothing. This is the case even in the few contexts where large-scale integrated programmes have been successfully implemented.”

The future of PWPs as social protection measure

1. Carefully analyse objectives, in the light of the country context
   ◦ Affects approach followed, pace of activity, setting realistic graduation expectations, and measures adopted to monitor and evaluate
2. View PWPs as part of a country’s social protection strategy, rather than an end unto itself
   ◦ Combinations of interventions may be useful (e.g. skills development)
3. Aims impact on consideration of viable alternatives
The future (cont.)

4. To enhance the impact it should best operate, firstly on the basis of an EGS of sufficient length and, secondly, a rights-based guarantee (legislation + constitutionalisation)
   ◦ This could also be done incrementally (e.g. taking reasonable measures within available resources)
5. Use of PWPs to set a floor of (decent) employment standards and implementation of (realistic) minimum wages
6. New funding models? (EGS unaffordable even in SA)
7. Links with opportunities for longer-lasting employment must continuously be sought
8. Links with activist groups could be significant – fraud and corruption combating

Assumptions underlying operation of PWPs must be continuously interrogated
No one-size-fits-all option
Context is key
Short-term benefits versus long-term impact
Difficult, yet crucial search for longer-lasting ideas to tackle unemployment and poverty