



International  
Labour  
Organization



## ▶ Public Employment Programmes (PEPs)

Creating decent jobs through national investments

Employment-Intensive Investment Programme (EIIP)

## Why is action needed?

### Global employment crisis responses

Global employment prospects are alarming. With the growing inequality gaps in society, along with the inability of some countries to generate sufficient numbers of jobs, improve the quality of employment, and ensure inclusive growth, the current employment crisis will be further impacted by the changing world of work. This will be exacerbated by a myriad of factors, such as climate change and environmental degradation, protracted conflicts, technological changes and demographic shifts, as well as the devastating impacts from the global COVID-19 pandemic. Unless properly addressed, increasing economic, social and environmental inequality – coupled with ever bleaker employment prospects – will further exacerbate social unrest. As part of the response, Public Employment Programmes (PEPs) can improve the labour and income prospects of key segments of society, in particular the poor underemployed and informal and rural workers.

## What is the ILO's EIIP approach?

### PEPs: Creating jobs for those who need them most

**PEPs<sup>1</sup> mainly focus on the provision of public goods and services as a way to generate employment opportunities** – from infrastructure development and maintenance, the promotion of green works<sup>2</sup> through natural resource management and environmental

rehabilitation, as well as building social assets (e.g. schools, hospitals, and water facilities) and services for improving health care, education and sanitation, or supporting social services. By addressing the effects and root causes of inequality through these multi-sectoral approaches, PEPs create much-needed jobs, by way of which they also act as an important catalyst for achieving poverty reduction and meeting many targets of the Sustainable Development Goals (SDGs).

**PEPs can be designed to create jobs for specific target groups**, directly and over the timeframes they aim at, given their resources and capacity to implement the programmes, which other policy instruments are not able to achieve. PEPs do not depend on other actors in society such as private enterprises to create jobs, particularly when these actors fail to generate sufficient numbers of jobs. Therefore PEPs are most relevant when other actors are not able (e.g. due to recession, own turnover, diminishing profits) or willing (e.g. unwilling to hire and invest as they think future prospects are not in their favour) to create jobs.

**PEPs can have multiple objectives and trade-offs**, including creating jobs, enhancing income security, and providing natural or physical infrastructure, public goods and services (see Box 2). These multiple objectives of PEPs can make it difficult to categorize these programmes, which have been labelled social protection measures, or active labour market (ALM) programmes<sup>3</sup>. The key challenge arises when PEPs are designed and implemented with the aim of achieving all these objectives at the same time. This is where some trade-offs may need to be considered (see Box 3).

#### ► Box 1: PEPs defined

**Public Employment Programmes (PEPs)** are publicly financed and government-implemented long-term investment programmes that directly create employment through productive activities with a high labour intensity, rather than through the expansion of civil services. These interventions share **the primary objective of providing employment for workers** who are unable to support themselves due to a shortage of market-based employment opportunities. These programmes may also be financed and implemented by donor agencies, in collaboration with a government, to which the ILO's Employment-Intensive Investment Programme (EIIP) provides technical guidance. The term PEP is used collectively and includes Employment Guarantee Schemes (EGS) that are long-term and institutionalized programmes. PEPs are often a component of the national social protection system.

<sup>1</sup> The terms PEPs and PWP (Public Works Programmes) are often used interchangeably. By the ILO's definition, while PEPs as a policy instrument have the principal objective of generating employment opportunities, PWPs might place an equal or supreme importance to asset creation and service provision aspects.

<sup>2</sup> For more information on green works, see ILO (2020) "Employment-Intensive Investment Programme (EIIP) on Green works"

<sup>3</sup> For example, the World Bank and Overseas Development Institute (ODI) categorize programmes like the Productive Safety Net Programme (PSNP) in Ethiopia and the MGNREGA in India as social protection (safety net) programmes (World Bank 2018, McCord 2012). The Kinofelis programme in Greece was categorized as an ALMP (ILO 2017). The South African Government does not categorize the Expanded Public Works Programme (EPWP) as either, referring to it as a PEP that plays a role in both social protection and employment creation (National Planning Commission 2013).

### ► **Box 2: How PEPs are the effective response to the global crisis**

- Create immediate paid work for those most impacted or those who may be excluded or difficult to reach through other policy measures;
- Provide complementary income and thus compensate for losses of income from other activities;
- Support and stimulate local demand, thus partially offsetting reductions in domestic and international demand;
- Are highly flexible and can be designed to complement and support other social and economic and labour market policy measures.
- Can mobilize the capacity of the private sector through adjusted procurement and incentives, in particular the capacity of construction enterprises to execute infrastructure and maintenance works;
- Strengthen communities through improving local public infrastructure and services and providing them with the resources to implement responses that address their specific needs and priorities arising from the crisis. This could include water, sanitation and hygiene (WASH) health- or care-related activities;
- Limit downward pressure on wages by supporting a wage floor through offering work at what is considered the appropriate minimum or acceptable wage in the specific context;
- Provide a possible pathway to employment through maintaining work readiness, offering work experience and enhancing soft skills, as well as through integration with skills interventions and other active labour market policies (ALMPs);
- Build social capital by harnessing the energy of individuals and communities to assist in responding to the employment crisis and participate in rebuilding a better community and society after the crisis;
- Respond to local needs as well as national and global priorities such as the SDGs, climate change adaptation and mitigation, and ecosystem restoration;
- Help rebuild a social contract by demonstrating government commitments to respond to the needs of those affected by creating useful jobs;
- Scale up administrative capacities quickly, if they already exist - through public employment services, welfare offices or other entry points with records of potential beneficiaries and wage disbursement mechanisms.

PEPs are based on the concept of the State acting as an employer of last resort in addressing unemployment and underemployment. They create a role for the State to be dynamic and responsive to poverty and economic crises by providing a guarantee of work (at minimum conditions)

to all those who are willing to work, for example, by giving legal entitlement to a number of days' work per household in poor areas. See Box 4 for an example of PEPs in India.

### ► **Box 3: Trade-offs to be considered when designing PEPs**

- In trying to reach as many people as possible, input costs other than labour may be minimized, but this can impact negatively on the types and quality of assets and services that are provided.
- Lowering wages reduces costs and limits labour market distortions, but setting them too low may undermine the rationale of helping to arrest labour market deterioration and promote decent working conditions.
- Pressures to expand programmes to respond to a crisis may compromise proper work planning and the ability to ensure that services and assets are provided at the required quality standards.





▶ **Box 4. Mahatma Gandhi National Rural Employment Guarantee Act in India**

In 2005, India passed the Mahatma Gandhi National Rural Guarantee Act (MGNREGA). The Act provides a guarantee of up to 100 days of employment per annum for every rural household to carry out unskilled manual work at the programme's minimum wage rate. The work must have 60 per cent labour intensity with no machines or contractors allowed on the programme. Project selection is through local community and government structures. MGNREGA has not only had the effect of increasing minimum agricultural wages, but it has also brought the gender-gap closer with equal pay for women and men. The programme started in 2006 and has since expanded nationally to the extent that in the 2019–2020 financial year over 300 million workdays have been created, 141.60 million job cards issued to this day<sup>4</sup>, and employment provided to 54.8 million households for an average of 48 days. All of the relevant data are managed on a centralized platform and are publicly available. As the first rights-based approach to public employment, MGNREGA represents significant innovation; many of the challenges it confronts are new and so is the scale and potential of many of the impacts it is achieving.

## PEPs as part of targeting strategy

PEPs are able to target specific groups that are particularly vulnerable or disadvantaged and are often difficult to target with other interventions. Depending on the availability of data, targeting could take place both at macro and micro levels. For instance, when national census data is available, such data could indicate specific geographical locations with high poverty rates where vulnerable people are situated.

In other cases, with absence of sufficient data, local-level participatory process is an effective way to select beneficiaries, under the right conditions. However, the local targeting should not underestimate local power dynamics particularly in relation to patriarchy, gender, as well as tribes and ethnicities and other biases that could skew the selected categories of beneficiaries. The EIIP's experience shows however that the local resource-based (LRB) community approaches, particularly with the use of IRAP (Integrated Rural Accessibility Planning)<sup>5</sup> help identify rural communities that have limited access to resources and basic goods and services, thereby creating an evidence base for community and sectoral targeting strategies. The LRB and community approaches are also found to be useful in encouraging dialogue and enhancing transparency between different social and power structures, especially in post-conflict situations

## PEPs as part of activation strategy

There is general recognition of the devastating social and human effects of unemployment and underemployment. Evidences show that unemployment has a number of far-reaching impacts other than loss of income, including psychological distress, loss of motivation to work, loss of skills and self-confidence, and in other cases disruption of social and family relations.<sup>6</sup>

PEPs integrate those that are unemployed into the labour market. Effective activation through PEPs can have an impact on unemployment at the aggregate level, which provides an entry point for "virtuous circles" of the labour force participation.

<sup>4</sup> According to the statistics on the MGNREGA website: [http://mnregaweb4.nic.in/netnrega/all\\_lvl\\_details\\_dashboard\\_new.aspx](http://mnregaweb4.nic.in/netnrega/all_lvl_details_dashboard_new.aspx). Accessed on July 7, 2020.

<sup>5</sup> For more details on the local resource-based (LRB) approaches, please see ILO (2020), "Employment-Intensive Investment Programme (EIIP) - Local resource-based(LRB) approaches and community infrastructure"

<sup>6</sup> Sen (1999), "Development as freedom." New York, NY, Random House.

## PEPs as a strategy to address key decent work deficits

The impact of PEPs is not only on the *quantity* of employment generated, but also on improving the *quality* of employment. One of the key features of PEPs is that it incorporates a “rights-based” approach, and is therefore designed more from the perspective of individual entitlements than purely from a macro perspective. It is through this objective that PEPs guarantee income and social security coverage as part of decent work. As such, PEPs reinforce minimum wages/wage floor and other key areas of decent work such as occupational safety and health (OSH), through which informal workers are integrated into formal institutions.

Actively setting minimum wages through large-scale PEPs, however, is likely to have profound impact on the labour market as a whole. In some circumstances, wage-setting requires complex analyses that look at poverty lines and other indicators to measure indigence in order to determine the reasonable wage rate within the economic and social context.

## PEPs as a complement to social protection

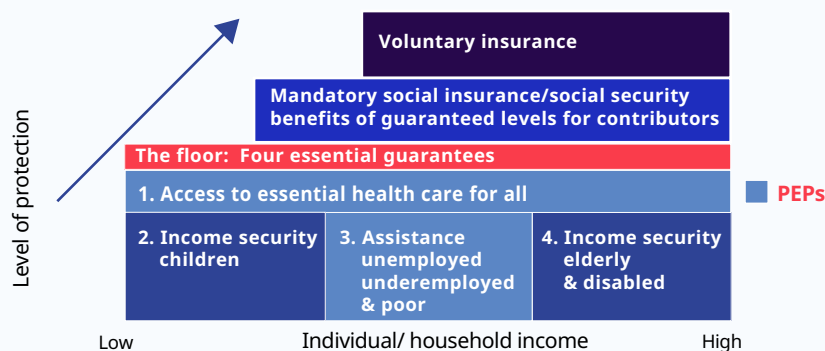
**PEPs play an essential role in enhancing social security through contributing to safeguarding social protection floors (SPF).** PEPs reach the unemployed or underemployed workers and informal and rural workers as well as working poor through providing them with more predictable paid work and enhancing their income security. Because PEPs reach those in the working-age population, they often complement other cash transfer schemes which typically target those who are unable to work (e.g. children, the elderly and persons with severe disabilities). In particular, in countries where national social security systems are inexistent or weak, PEPs can play an important social protection function by allowing the state to still reach segments of the population in need of income support.

The role of governments is to be dynamic and respond effectively to poverty, economic cycles, crises and disasters. They have a responsibility to ensure their citizens’ rights to full employment and universal social protection coverage, which guarantees stability and predictability throughout their lives. When people are unemployed, but still active and productive, they should have the right to take on work as long as they are physically able and willing to do so and they should not

### ► Figure 1. Social protection floor

The ILO identifies the following two elements as part of the “social protection floor”:

- **Services:** geographical and financial access to essential services (e.g. health care, education, water and sanitation, etc.)
- **Transfers:** a basic set of essential social transfers, either in cash or in kind, paid to the poor and vulnerable to provide a minimum level of income security and access to essential services, including health care.



### ▶ Box 5. PEPs as an instrument for social policy measures

PEPs are often associated with infrastructure development investment schemes. However, PEPs can also address social sector issues including care works, health systems, as well as schooling, among many others, reaching out to women, youth and disabled and indigenous people. Below are some examples:

- ▶ Unpaid care works are usually carried out by women in most countries. Paying for the care works through PEPs give the social recognition and adds an economic value to the care works.
- ▶ PEPs can be used to support clinics to enhance public health through home visits for medication and nutrition monitoring as part of preventive health, and/or administrative works in documentation at hospitals and provision of health consultations.
- ▶ School activities can be strengthened such as through homework tutoring, sports coaching, janitor works, food services, library and administrative support.

PEPs can also be implemented for the benefits of skilled workers, and enhance social cohesion. As a result of the economic crisis in Greece that started in late 2009, many skilled workers in the country lost their jobs. The EIIP supported the government to develop the Kinofelis public employment programme. The programme matched the profiles of skilled workers with sub-national projects, for instance, for psychologists to counsel people in distressed communities, for archeologists, historians and computer scientists to create an interactive history program, and for physiotherapists to provide services to the elderly in need of social care. Other jobs created under the programme included the translation of local tourism guides, digitization of library archives, and sterilization of stray animals.<sup>1</sup>

<sup>1</sup> ILO (International Labour Organization). 2018. The Right to Work Now – Lessons from Kinofelis: the Greek public employment programme

lose their right to social protection. When people are not able to work for one reason or another (e.g. maternity, sickness), they should be able to fall back on a grant scheme that ensures they have some income security during that period.

PEPs can also reinforce mechanisms to provide income stability to informal workers (thus supporting transition from the informal to formal economy) through alternative livelihoods, infrastructure, community works and skills for better employability, and fostering dignity through work.

## Delivery of infrastructure assets and services through PEPs

**PEPs differ from other national instruments that aim to provide similar services and assets in the way that the design of such programmes orients “employment generation” as an essential vehicle**, as opposed to other long-term infrastructure or service provision programmes whose employment opportunities and duration of works are subsidiary and thus confined within their scope and cannot accommodate additional employment creation.

However, through applying the employment-intensive approach, most notably in the construction, rehabilitation and maintenance of infrastructure programmes, PEPs and different national instruments can complement each

other. Employment-intensive methods of infrastructure works, or increasing labour intensity of infrastructure investments, offers an economically viable and cost-effective alternative as part of employment strategies, without compromising the quality of work.

Choice of assets and services to deliver is another essential question to be asked when designing PEPs, despite their employment-oriented nature. There are various approaches to deciding which assets or services to invest in or maintain. When decisions are made at the central government level based on existing national plans (e.g. national investment plan), the extent to which such a central plan has consulted and integrated the voice of vulnerable people in local communities varies from a case to another and requires assessments. In other cases, the decision is decentralized at the local level that engages local communities, which has a higher likelihood of generating or maintaining assets that directly benefit these communities.

## Key issues when designing and implementing PEPs

**Design is key to the successful implementation of a PEP as a long-term employment policy or a complementary element within a wider social protection policy.** PEPs have employment creation

► **Box 6: Social and inclusive employment generation: *Trabaja Perú Program***

The Trabaja Perú Program, created in 2011, belongs to the Ministry of Labour and Employment Promotion of Peru. The program at present has the objective of generating temporary employment for the unemployed and underemployed population in urban and rural areas, who live in conditions of poverty, extreme poverty or are partially or completely affected by an emergency or natural disaster. To do this, the Program co-finances, with local governments, basic, social and economic infrastructure projects, and finances immediate intervention activities in the event of natural disasters and emergencies, whose main characteristic is to be low-skilled and labour intensive.

Within the framework of the objective of Equity and Social Justice of the National Policies, the Program emphasizes two strategies to contribute to the inclusion of the vulnerable population to employment and income opportunities. First, removal of barriers to access the Program, which has been achieved through the simplification of formats and the use of databases other State institutions to integrate participant information (to check eligibility and prioritization criteria). Such access ensures that a process that lasted an average of 14 minutes per person is now carried out in 3 minutes. This optimization, along with the use of protocols for the dissemination of calls for participants, was reflected in the registration at 50% more of the total temporary jobs offered. Second, through inter-sectoral and intergovernmental coordination, Trabaja Perú prioritizes access to temporary jobs to vulnerable groups envisioned in the different National policies, such as victims of the period of violence between 1980-2000, people rescued from terrorist groups, victims of gender violence, people with disabilities. These should meet the eligibility criteria of the Program: have a condition of poverty according to the Household Targeting System and be between 18 and 64 years old.

In 2019, 66% of the people chosen as project participants were women, 69% mothers or fathers of a child under 18, 58% are extremely poor. In addition, 667 people who were victims of the period of violence between 1980-2000 were selected, 510 people with disabilities -which implies an increase in two percentage points in relation to previous years-, and 195 victims of gender violence. The challenge of the inter-sectoral and intergovernmental articulation is the integral aspect of the Program: . it has started coordinating with the Ministry of Development and Social Inclusion, the Ministry of Women and Vulnerable Populations and others institutions in order to improve services to participants, such as day care for children under 3 years of age, thereby allowing the beneficiaries to progressively enter the labour market.

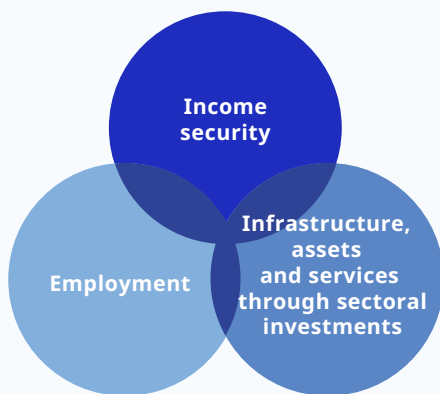
Trabaja Perú is also involved in prevention and immediate action in the event of disasters. The Program allocates an annual percentage of its budget to provide temporary employment for one month to victims, through the implementation of activities related to the recovery of infrastructure damaged by the emergency. In 2019, Trabaja Perú contributed to the recovery of livelihoods of more than 5,000 people in 72 districts who were affected by the rains at the beginning of the year.





as their main priority by definition, but they often also aim to simultaneously enhance income security, while also providing assets and services. These objectives and potential trade-offs are visualized in Figure 2.

▶ **Figure 2. Balancing the multiple objectives of PEPs**



Balancing these objectives and potential trade-offs requires careful design of these programmes with clearly defined objectives, the right types of works and services, well thought-out targeting and consideration of the implementation capacity of partners such as regional and local governments, as well as NGOs.

Of these key stakeholders, Governments have taken a stronger role in designing and implementing PEPs in the face of structural challenges, and limited opportunities for formal work or other gainful employment. PEPs, as a counter-cyclical policy tool, can intervene to respond to these challenges at times of economic downturn or employment crisis. In some countries, governments, such as in India and South Africa, which have successfully designed sustainable national PEPs, have developed legislation to guarantee employment,<sup>7</sup> and have also extended social protection to many urban and rural households.



▶ **Box 7. Expanded Public Works Programme (EPWP) in South Africa**

Some PEPs, for example the South African Expanded Public Works Programme (EPWP), have introduced various innovations offering ‘useful works’ to women, youth and disabled persons which include:

- ▶ 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 non-state actors, supporting the work of NGOs.

## PEPs and their role in the Future of Work

The ILO’s Centenary Declaration for the Future of Work, adopted in 2019 at the International Labour Conference (ILC) calls for 1) investment in people, for them to benefit from a changing world of work, 2) investment in the institutions of work, to ensure adequate protection of all workers and in particular the transition to formality, and 3) investment in sustained, inclusive and sustainable economic growth, and jobs for the future. In the same vein, the Declaration also requires its constituents to develop and enhance adequate and sustainable social protection systems that are adopted to developments in the world of work. PEPs, with their primary focus on employment creation, can contribute to these different outputs, depending on their design and nature.

Governments are calling for the implementation of PEPs to address some of the impacts of the changing world of work. This call recognizes the important roles PEPs can play in creating employment and strengthening national systems.

<sup>7</sup> India’s Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) offers 100 days of guaranteed employment to all rural households, which at one point impacted on 55 million households, offering predictability and income security, and extending their social protection through public employment schemes.



## Policy recommendations

In order to achieve the principal objective of employment creation, while maximizing the multiple objectives of PEPs, the ILO recommends that policy-makers:

- ▶ **Deliver infrastructure and provide services that local communities need** through PEPs with the employment-intensive approach that maximizes the return to labour and enhances cost-effectiveness.
- ▶ **Place PEPs as part of wider national employment policies and strategies**, and take a long-term approach, recognizing that they are counter-cyclical and expand and shrink over time.
- ▶ **Use PEPs as a complement to social protection** by ensuring the provision of social protection floors that guarantees employment and income security as well as access to essential services.
- ▶ **Choose and deliver assets and services that communities need**

PEPs should incorporate the employment-intensive approach in their design in order to maximize the return of investments to labour. Besides PEPs, countries most likely have existing public investment programmes that prioritize the provision of infrastructure assets and services as their primal objective. These programmes could also be complementary to PEPs by maximizing the labour intensity of the task to be implemented, without compromising the quality of work and while contributing to the overall economic development. Choice of infrastructure and environmental assets to be constructed/rehabilitated/maintained, or social services to be provided should reflect the voice of vulnerable people in need.

- ▶ **Place PEPs as part of wider national employment policies and strategies**

PEPs are the State acting as an employer of last resort in addressing unemployment and underemployment. PEPs should thus target specific groups that are particularly vulnerable or disadvantaged, especially in times of global crises, and are difficult to target with other interventions through national policies and strategies. These groups include unemployed people due to economic crises, informal and rural workers, as well as working poor. Through the provision of public employment opportunities, PEPs address their decent work deficits and support the formalization of institutions.

- ▶ **Use PEPs as a complement to social protection**

PEPs provide employment and income stability to unemployed people and vulnerable workers, in situations where market competition alone fails to generate sufficient livelihood and income opportunities. PEPs extend social protection by realizing social protection floor in countries where these systems do not exist, or where protection measures do not reach those in need. PEPs are the only policy instrument that aims to guarantee employment and income security in the absence of such opportunities.

## ► Employment Intensive Investment Programme (EIIP)

- Employment impact assessments
- Public employment programmes (PEPs)
- Public and Private Sector Development
- Green works
- Local resource-based approaches and community infrastructure
- Emergency employment

### Contact details

International Labour Organization  
Route des Morillons 4  
CH-1211 Geneva 22  
Switzerland

T: +41 22 799 6111  
E: [eiip@ilo.org](mailto:eiip@ilo.org)  
[ilo.org/eiip](http://ilo.org/eiip)