

Social Safety Net for Employment: ADB Experiences on Public Work Programs *

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Global Crisis and Social Protection

- Asia is a success story for growth. The past few decades have seen the dramatic reduction in the proportion of Asians living under the poverty line.
- Asia is still the home to 950 million people living below international poverty lines of \$1.25.
- Overall, Asia has rebound from the past crisis. Recovery remains fragile.
- The recent global crisis caused a slowdown in economic growth.
- The recession brought a sharp contraction in employment.
- It is no longer enough to focus on growth. Strategies for growth must be strongly linked to social policies and programs to be sustainable.
- The two economic crises recognize the important role of social protection programs.

Social Protection – urgent agenda for Asia and ADB’s Social Protection Strategy

- During the Asian financial crisis, SP took on new urgency at ADB, the need for more effective coordination strategies became obvious. A framework for SP was approved in 2001.
- ADB’s Strategy 2020 highlights our commitment to support poverty reduction and inclusive growth in its developing member countries.

ADB’s Definition of Social Protection

ADB defines SP as the set of policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, diminishing people’s exposure to risks, and enhancing their capacity to protect themselves against hazards and interruptions or loss of income.

ADB’s social protection consists of five major elements:

1. **labor markets policies** – programs designed to facilitate employment and promote the efficient operation of labor markets. Labor Market Programs consist of active and passive labor market
2. **social insurance** – programs to cushion the risks associated with unemployment, health, disability, work injury, and old age.
3. **social assistance** – programs for the most vulnerable groups with no other means of adequate support.
4. **micro and area-based schemes** – programs to protect and address vulnerability at the community level, and

5. **child protection** – programs to ensure the healthy and productive development of the future Asian workforce.

Active Labor Market Programs include:

- **Training** – aimed primarily at increasing the skills of the labor force.
- **Public works** – designed to help the poorest gain access to temporary employment. They also could act as programs to create more permanent employment, particularly if they include training components.
- **Employment Services and job search assistance** – provides training on financial and advisory support for start up entrepreneurial activities.
- **Entrepreneurship and micro-enterprise development** – aimed at addressing constraint to the job-search process and thus enhancing its effectiveness.

Passive Labor Market Programs include:

- Unemployment insurance, work injury insurance, health insurance, old age insurance, etc.
- Income support and wage subsidies
- An appropriate legislative framework that strikes a balance between economic efficiency and labor protection.

Public Work Programs (PWPs) as an Important Instrument Social Protection

- Effective in reaching the poor and have substantial capacity to redistribute income to the poor;
- Effective in targeting unskilled and/or semi-skilled unemployed or underemployed workers;
- Effective insurance by providing a quick response to changes in circumstances of households;
- Compared to other social protection programs, public work programs do not require complex administration, so they may be quickly set up in areas affected with various shocks;
- Provide opportunity to productively engage temporary surplus labor during economic crisis and slack of agricultural activities.

Objectives of PWPs

- Provide income transfers to poor households during macro economic shocks such as post-natural disasters, post-conflict rehabilitation, and economic crisis;
- Allow households to meet any consumption shortfalls during slack agricultural seasons or years;
- Construct much-needed infrastructure;
- Have the potential to generate second-round employment benefits as needed when infrastructure is developed; and
- Help many small-scale private contractors to grow.

Characteristics of PWP in ADB's Projects:

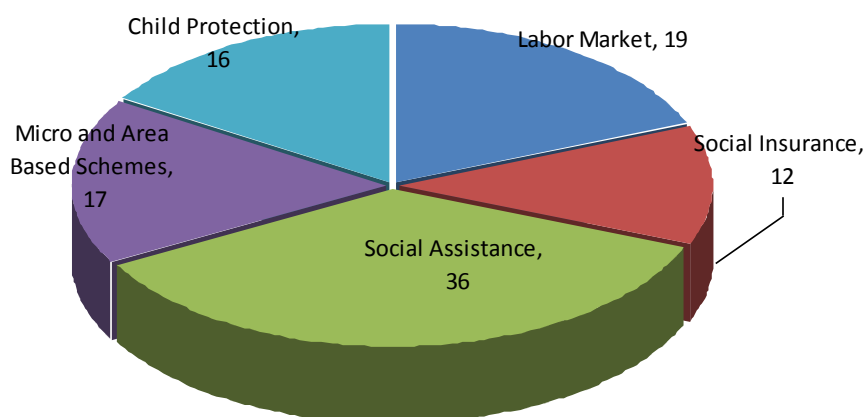
- PWPs are generally defined as public labor-intensive infrastructure development initiatives which provide cash or food-based payments.
- PWPs typically provide short-term employment at low wages for unskilled and semi-skilled workers on labor intensive projects
- Examples of PWPs are: road construction and maintenance; irrigation infrastructure; water and sanitation construction and rehabilitation, soil conservation; reforestation; community social infrastructures such as repairing schools hospital, and local roads, etc.

Public Work Programs (PWPs) in ADB's Operations

An assessment of SP lending portfolio from 1996-2006 shows labor market comprised the second largest share of the overall ADB SP lending portfolio.

Social Protection Loans by Component, 1996-2008

(Share in %)



Example Projects with Significant PWPs, 2001-2009

Year	Country	Project Name
2009	TIM	<u>Our Roads Our Future-Supporting Local Governance and Community-Based Infrastructure Works</u>
	INO	<u>Rural Infrastructure Support to the PNPM Mandiri Project II</u>
	PNG	<u>Extending the Socioeconomic Benefits of an Improved Road Network to Roadside Communities</u>
2008	BAN	<u>Second Urban Governance and Infrastructure Improvement Project</u>
	INO	<u>Rural Infrastructure Support to PNPM Project</u>
	IND	<u>Orissa Integrated Irrigated Agriculture and Water Management Investment Program</u>
2007	CAM	<u>Tonle Sap Lowlands Rural Development Project</u>
	PHI	<u>Integrated Coastal Resources Management</u>
	PAK	<u>Sindh Coastal Community Development</u>

2006	MON	<u>Urban Development Sector Project</u>
	BAN	<u>Secondary Towns Water Supply and Sanitation Project</u>
2005	INO	<u>Rural Infrastructure Support Project</u>
	INO	<u>Community Water Services and Health Project</u>
	IND	<u>Chhattisgarh Irrigation Development Project</u>
2004	BAN	<u>Secondary Towns Integrated Flood Protection Project II</u>
	NEP	<u>Decentralized Rural Infrastructure and Livelihood Project</u>
2003	INO	<u>Neighborhood Upgrading and Shelter Sector Project</u>
	SRI	<u>North East Province Coastal Development Project</u>
	LAO	<u>Small Towns Development Sector Project</u>
2002	PAK	<u>Punjab Community Water Supply and Sanitation Sector project</u>
	INO	<u>Poor Farmers' Income Improvement through Innovation Project</u>
2001	NEP	<u>Road Development Network Project</u>
	CAM	<u>Northwestern Rural Development Project</u>

Source: <http://www.adb.org/Participation/projects.asp>

Lessons Learned from ADB PWPs

1. The outputs of PWPs:

- Jobs of short duration for work to increase income; and
- Creation of public goods in the form of new improved infrastructure.
- providing temporary income transfer benefits to the poor; and
- ensuring household food security, creating assets, and developing poor areas.

2. The Key Design Features

To realize the full potential of PWPs as social protection instrument, there are several key designs to be included:

- The wage rate should be set at a level is no higher that the prevailing market wage;
- Restriction on eligibility criteria should be avoided;
- If the budget is limited, the program should be targeted to poor areas;
- The programs should preferably consist of labor intensive projects;
- The programs should include an asset maintenance component;
- Implementation of the programs should be synchronized to the timing of agricultural slack seasons;
- Ensure appropriate mediation of civil society organizations for protection the right of the poor vis-a-vis programs managers; and
- Ensure observance to core labor standards i.e., no wage discrimination, no child labor, no forced labor, and no restriction to collective bargaining and freedom of association.

3. Implementation Issues

- Institutional capacity for designing and implementing public works programs – different countries have different institutional capacity.
- Decisions as to who participates in the program sometime are taken by the elected officials at the village level, who often exclude members of the socially deprived communities.
- Cross-country evidence suggests that programs are worthwhile if planners give careful attention to the quality of assets to be created, and to their potential to create second-round employment benefits.

Some Gender Concerns and Solutions

- Women's participation is generally limited except among the very poorest and landless – Provide women access to direct wage employment.
- Women's representation in decision-making structure is often limited – A minimum percentage of women's participation is set in the guidelines.
- Piecemeal rates and work allocation may be gender biased – women's participation by providing equal wage for equal work, childcare service and flexible working hours based on task-based wages or piece rates work.

Conclusions and Recommendations

- ADB's experience in PWPs in Asia shows positive impact in creating short-term employment.
- PWPs have played a significant role in mitigating the impact of economic crisis.
- In crisis context, PWPs are relatively easy to implement and can be discontinued quickly when no longer relevant.
- PWPs are an important instrument to assist the unemployed.
- PWPs have emerged as an important component of social protection.
- PWPs can also be used as effective as regular anti-poverty programs, employment creation, and assets creation on a regular basis;
- PWPs could increase social capital in communities;
- Across regions, the sustainability of the programs varied greatly depending mostly on the availability of funding and political commitment of governments;
- Gender-sensitive mechanisms should be embedded within project design and implementation.