Public Works
Perspectives from International Experience

Social Safety Nets Core Course, 2013
Colin Andrews, AFTSE
Outline

• Objectives and trends in Public Works
• Overview of Evidence Base
• The Global View: 3 Cross Cutting Challenges
• Selected implementation issues
• Concluding thoughts
Conceptual Framework

Focuses on addressing multiple objectives around public works, especially combining safety-nets and (short-term) employment perspectives:

- Primary objective of PWs is to provide source of income through temporary employment, thereby smoothing consumption and reducing poverty.

- Evolving “public works plus” approaches link basic safety net function with longer term opportunities via entrepreneurship & skills training, also provision of services.

- Public works programs also achieve important secondary outcomes in terms of the creation of public goods such as generation of infrastructure, land management and services.

- May have important social cohesion effects.
Recent Trends

- PW programs are increasingly used across the developing world as an essential part of the social protection & labor toolkit to response to risk and persistent poverty.

- In the last 10 years, the WB has supported more than 80 public works operations in about 45 countries.

- Recent flagships programs in Argentina, Ethiopia and India have sparked great interest in the efficient use.

PWs Pre 2000

PWs 2010s
## Scale and Attributes of Selected Public Works Programs

<table>
<thead>
<tr>
<th>Country, program</th>
<th>Status</th>
<th>Number of beneficiaries</th>
<th>Timing</th>
<th>Payment modality</th>
<th>Female participation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethiopia, Productive Safety Net Program</td>
<td>Active since 2005</td>
<td>7.6 million people (2009)</td>
<td>Year-round</td>
<td>Cash and food</td>
<td>41</td>
</tr>
<tr>
<td>Bangladesh, Employment Generation Program for the Poorest</td>
<td>Active since 2009</td>
<td>120,000 people (2009)</td>
<td>Seasonal, 4 months</td>
<td>Cash</td>
<td>33</td>
</tr>
<tr>
<td>India, Mahatma Gandhi National Rural Employment Guarantee Scheme</td>
<td>Active since 2006</td>
<td>54.9 million households (2011)</td>
<td>Year-round</td>
<td>Cash</td>
<td>49</td>
</tr>
<tr>
<td>Latvia, Workplaces with Stipend Emergency Public Works Program</td>
<td>Active since 2009</td>
<td>67,800 people (2010)</td>
<td>Year-round</td>
<td>Cash</td>
<td>50</td>
</tr>
</tbody>
</table>
Program by objectives

By Region

- Africa
- Latin America and the Caribbean
- South Asia
- Middle East and North Africa
- East Asia and Pacific
- Europe and Central Asia

Number of programs

By Income Level

- Low income
- Lower-middle income
- Upper-middle and high income

Legend:
- Bridge to self-employment
- Reintegration into labor market
- Antipoverty
- Employment guarantee
- Seasonal
- One-time shock
Correlation of public works program models and objectives

<table>
<thead>
<tr>
<th>Primary Objective</th>
<th>Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>MITIGATION OF COVARIATE SHOCKS</td>
<td>SHORT-TERM SAFETY NET (e.g., Ghana)</td>
</tr>
<tr>
<td>MITIGATION OF IDIOSYNCRATIC SHOCKS</td>
<td>LONGER-TERM SAFETY NET (e.g., Ethiopia, India)</td>
</tr>
<tr>
<td>POVERTY RELIEF AND FOOD SECURITY</td>
<td>PUBLIC WORKS PLUS (e.g., Argentina, Djibouti)</td>
</tr>
<tr>
<td>BRIDGE TO MORE PERMANENT EMPLOYMENT</td>
<td></td>
</tr>
</tbody>
</table>
Flexibly evolving in low income settings ......

- A short term palliative, often to address crises.
- Instrument to support multisectoral priorities
- Typically in the form of cash, or combination of cash & food*
- Emerging efforts to combine public works “Plus” other interventions to address structural poverty and employment challenges
- Use in supporting social stability/cohesion objectives, efforts around transition
- Entry point to build social protection systems

Especially relevant case studies: Yemen, Sri Lanka and many African contexts
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Overview of Evidence from Impact Evaluations


<table>
<thead>
<tr>
<th>Region</th>
<th>High Quality IE’s since 1999</th>
<th>Countries (Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFR</td>
<td>13</td>
<td>Ethiopia: 2003 (x2); 2005, 2006, 2008, 2009 (2) 2010 (x3); 2011, 2012 (x2)</td>
</tr>
<tr>
<td>ECA</td>
<td>3</td>
<td>Poland, 1999; Romania, 2006; Latvia, 2012</td>
</tr>
<tr>
<td>MNA</td>
<td>1</td>
<td>Yemen: 2013</td>
</tr>
</tbody>
</table>

Although much qualitative and light assessments also available e.g. Sri Lanka, Liberia, Sierra Leone crisis response
## Stylized overview: PWs IE Evidence Base

<table>
<thead>
<tr>
<th>Outcomes Of Interest</th>
<th>Impact</th>
<th>Evidence (* weak, ** moderate, *** good, **** strong)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption and income smoothing</td>
<td>+</td>
<td>****</td>
</tr>
<tr>
<td>Food Security</td>
<td>+</td>
<td>***</td>
</tr>
<tr>
<td>Livelihoods</td>
<td>+</td>
<td>**</td>
</tr>
<tr>
<td>Gender Equality</td>
<td>+</td>
<td>**</td>
</tr>
<tr>
<td>Asset Generation</td>
<td>+/-?</td>
<td>**</td>
</tr>
<tr>
<td>Labor Market reintegration</td>
<td>?</td>
<td>*</td>
</tr>
<tr>
<td>Social Cohesion</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

?: unclear  
n/a : not available
Empirical Gaps

• Impact of second round effects from the created assets
• Impacts on the labor market, after factoring in both the immediate and second round benefits from the program
• Implementation and governance issues: variation in experience
• Cost effectiveness, vis-à-vis other interventions
• Effect of program design elements
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<table>
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<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Important counter-cyclical interventions.</td>
<td>• They can be an expensive way to transfer resources to the poor</td>
</tr>
<tr>
<td>• Popular public support as “Productive” investment</td>
<td>• Administratively demanding – must be well designed and implemented, materials must be selected and procured properly, and work must be supervised</td>
</tr>
<tr>
<td>• Mechanism of realizing “right” to work, and earn livelihood.</td>
<td>• Public works tend to suffer from leakages of resources</td>
</tr>
<tr>
<td>• Can provide community wide benefits: asset building, cohesion.</td>
<td>• Countries may often have mixed (bad) record in implementation</td>
</tr>
<tr>
<td>• Complement growth (via infrastructure buildings, supporting small scale contractors)</td>
<td></td>
</tr>
</tbody>
</table>
GLOBAL CHALLENGES (2)
GOVERNANCE AND CORRUPTION

• Critical to develop clear roles, incentives, and legal frameworks
• Successful programs have developed mechanisms to avoid political capture
• Technology is an important driver towards transparency e.g., IT based MIS in Andrah Pradesh, India
• Successful use of bottom up, community led processes:
  – A round of social audits, A.P., India led to recovery of Rs 235 million out of Rs 1 billion in misappropriated funds
  – Community participation in Ethiopia enabled two-thirds of beneficiaries to participate for first time in neighborhood meetings

“Too much money ends up in officials’ pockets”
ECONOMIST
GLOBAL CHALLENGES (3)

PARTICIPATION OF MOST VULNERABLE?

– Issue of inclusiveness implicit across many PW’s. WDR 2012 on Jobs focused on PWs as mechanisms to promote social cohesion within communities via:
  • Voice, participation
  • Inclusion via labor market
  • Smoothing tension, building trust

– Some mechanisms to address this i.e.
  • Set quotas for women
  • Flexible work modalities for women
  • Equal wages amongst all participants
  • Modalities to address needs of vulnerable groups: disabled, pregnant women.

– Note: Current efforts in PSNP on Mainstreaming Gender and HIV / AIDS
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Design & Implementation: Some Thoughts Amongst Many!

Objectives, models, and scope

Institutional and financial arrangements and Managing Information System

Project selection

Procurement of inputs

Management of worksites

Beneficiary selection

Wage payments

Communication strategy

Monitoring and evaluation

Financial flows, reporting

Some Thoughts Amongst Many!
1a Program Objectives, Scope and Models – Establishing & Reforming?

Elements for Feasibility Analysis

- Decision must be the result of informed political dialogue taking into account role of PWs in overall SSN system.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Questions to address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nature of problem</td>
<td>Poverty, vulnerability analysis, target groups.</td>
</tr>
<tr>
<td>Current infrastructure needs</td>
<td>Types of projects, ability to undertake via PWs</td>
</tr>
<tr>
<td>Labor market conditions</td>
<td>Labor demand, seasonality, heterogeneity, wages</td>
</tr>
<tr>
<td>Fiscal space</td>
<td>Available resources, simulations on possibly outcomes</td>
</tr>
<tr>
<td>Institutional capacity</td>
<td>Central, local level, international support</td>
</tr>
<tr>
<td>Related program experience</td>
<td>Current, past experiences. If stopped, why?</td>
</tr>
</tbody>
</table>
If feasible, elements to determine **scope** of program:

<table>
<thead>
<tr>
<th>Element</th>
<th>Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target Group</td>
<td>Target population, vulnerable groups, targeting mechanisms</td>
</tr>
<tr>
<td>Benefits, Timing and Duration</td>
<td>Food/Cash, Seasonal/Year Round, # Employment Days</td>
</tr>
<tr>
<td>Project Selection</td>
<td>Rationale for projects: economic, water/sanitation social, environmental</td>
</tr>
<tr>
<td>Harmonization with other programs</td>
<td>Complimenting similar programs, shares administrative tools with others.</td>
</tr>
<tr>
<td>Flexibility of instrument</td>
<td>Scalability in response to shocks</td>
</tr>
</tbody>
</table>

For more information refer to SPACS PWs Diagnostic Tool, Case Study El Salvador
2. Targeting (a)

• The level of the wage rate is critical for determining *distributional* outcomes,

• A number of options exist for determining the level of the wage rate:
  – Keep it below the ruling market wage *
  – Keep it equal to the minimum wage
  – Keep it higher than the market wage

• In case of first option, self-selection is possible and inclusion errors could be avoided, but does not guarantee avoidance of exclusion errors especially if the program is over-subscribed

• Country circumstances vary a great deal; not all countries succeeded in the first option; not surprisingly varied experience
2. Targeting (b)

Relationship between Public Works wages (P), Market Wages (Mw) and Minimum wage (Min) is not straightforward.

<table>
<thead>
<tr>
<th>Wage Relationship</th>
<th>Country, Program</th>
<th>Start date</th>
</tr>
</thead>
<tbody>
<tr>
<td>P &lt; Mw</td>
<td>Ethiopia, PSNP</td>
<td>2005</td>
</tr>
<tr>
<td>P = Min</td>
<td>South Africa, EPWP</td>
<td>2004</td>
</tr>
<tr>
<td>P &gt; Mw</td>
<td>Liberia, CFWTEP Botswana, LIPW</td>
<td>2007</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1992 (wage after 1998)</td>
</tr>
<tr>
<td>P &lt; Min, and &lt; Mw</td>
<td>Argentina, Jefes</td>
<td>2002</td>
</tr>
<tr>
<td>P &lt; Min</td>
<td>Yemen, Public Works</td>
<td>1996</td>
</tr>
<tr>
<td>P &gt; Mw, but &lt; Min</td>
<td>Madagascar, LIPW</td>
<td>2000</td>
</tr>
</tbody>
</table>
2. Targeting (c): Excess Demand

- Multiple Targeting Methods
- Refining Geographic targeting
- Community mechanisms e.g. household, beneficiary ranking
- Focus on youth and youth groups
- Other approaches for excess demand:
  - First come, first served; rotation (shorter projects) rationing. (lottery, fixing # days)

Based on 66 Countries, 77 Programs
3. Community Assets

- Type: Infrastructure, land management and social services
- The selection of asset types depends on:
  - program objectives; desired share of labor cost; program timing and duration; and the potential for participation of vulnerable
- Based on clear eligibility/ ineligibility criteria
Evolving Issues on PWs Agenda

• Integration with broader social protection agenda
• Labor and Employment linkages, especially for youth
• Strengthening the evidence base, especially on asset creation