



Poverty and Employment Guaranteed Programs

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Session of 1:30-2:45pm

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Annandale-on Hudson, Levy Economics Institute of Bard College

Issues presented

- **Gender informed (macro) economic analysis**
- **“Economic” versus “Social” policy**
- **Why ELR**
- **What is an Employment Guarantee Policy**
- **The Experience of India and South Africa**
- **A new possibility? Mexico**

Gender aware economics

- **Feminism or “humanism” or...?**
“gender” as a social construct (class, race, ethnicity...)
- **Starting point: ASSYMMETRY and POWER relations are *embedded* in the economy, it is a structural characteristic of the functioning of markets**
- **gender-aware macroeconomic analysis?**

Underpinnings of gender-awareness

- asymmetries are prevalent within hh but also in the market sector of the economy and in all key institutions: remediation?
- different conception of human behavior
- importance of changing institutions and recognizing path dependencies in evolutionary processes
- economic “facts” are outcomes of analytical *processes (resources allocated ...)*

Underpinnings of gender-awareness

- **the non-neutrality of “knowledge”**
- **need for historical grounding of theory**
- **expanded methods of investigation**
- **interdisciplinary dialogue**
- **what is worth asking, who is asking, who is
providing the answers: social construction
of Economics**

Gender aware economics

Gender-aware macroeconomic analysis?

- (a) the “Macro-Economy” includes the Household production sector: goods, services, the next generation of workers**
- (b) Work is a continuum: paid formal, paid informal, unpaid work**
- (c) Policy decisions regarding growth, ‘stabilization’, fiscal-monetary-exchange rates affect women and men, but women are impacted differently because of (a) and (b)**

Gender aware economics

Economic policy targets

From Keynesian to neo-liberal, and now the New “neo-liberal”

Growth nothing but Growth:

- **Free-capital markets (for FDI); Institutional arrangements that allow/enhance Financialization; Free-trade agreements**
- **Inflation targeting; Balanced internal external accounts; Do away with National Planning; Discipline “Labor”: flexibilization etc**
- **Social policy? Away from entitlements to remedial “poverty reduction strategies”**
- **MARKETS KNOW BEST- MARKETS KNOW BEST**

The role of Markets revisited

- **Challenge:** Sub-prime mortgage **crisis** leads to turmoil in financial markets...
- **Challenge:** *Overall* demand is **insufficient** to provide jobs and hire those who need and wish to work
- **Challenge:** Poverty, inequality, discrimination, precarious work conditions, low wages

The role of Government revisited

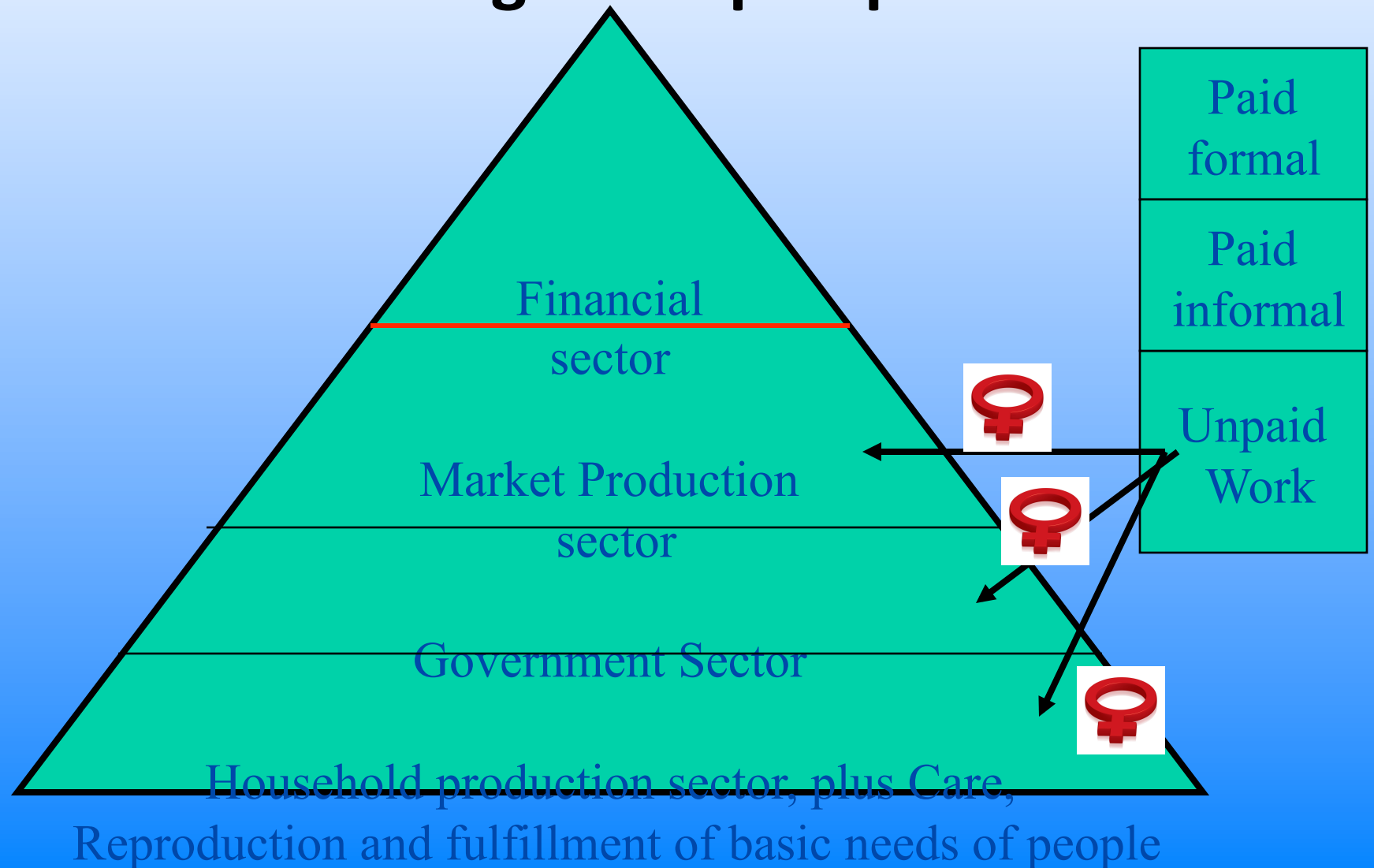
Economic and Social outcomes of *Laissez faire*,
and small government prove disappointing

- In financial markets an analytical framework a la Minsky is needed to inform policies-different rules and regulations are needed etc

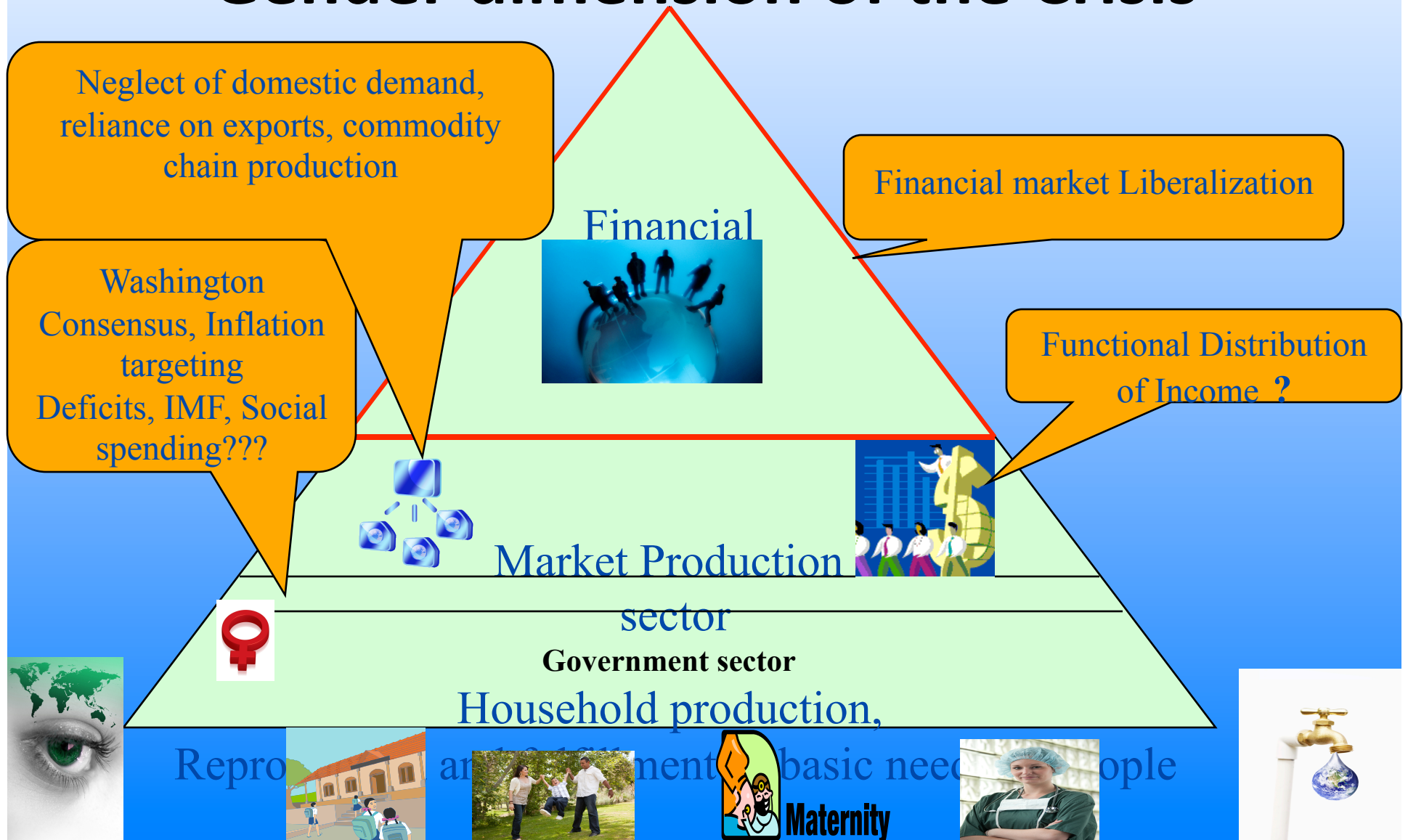
Is that all? Other failures?

Minsky had much to say about poverty

A framework to understand the crisis from a gender perspective



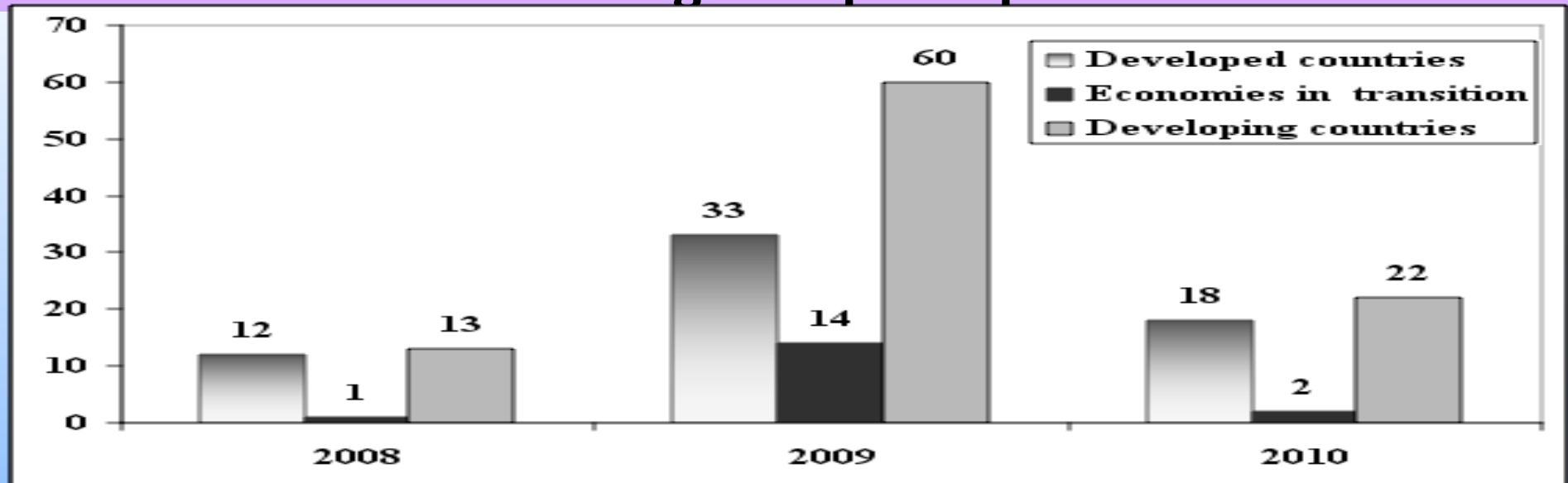
A framework to understand Gender dimension of the Crisis



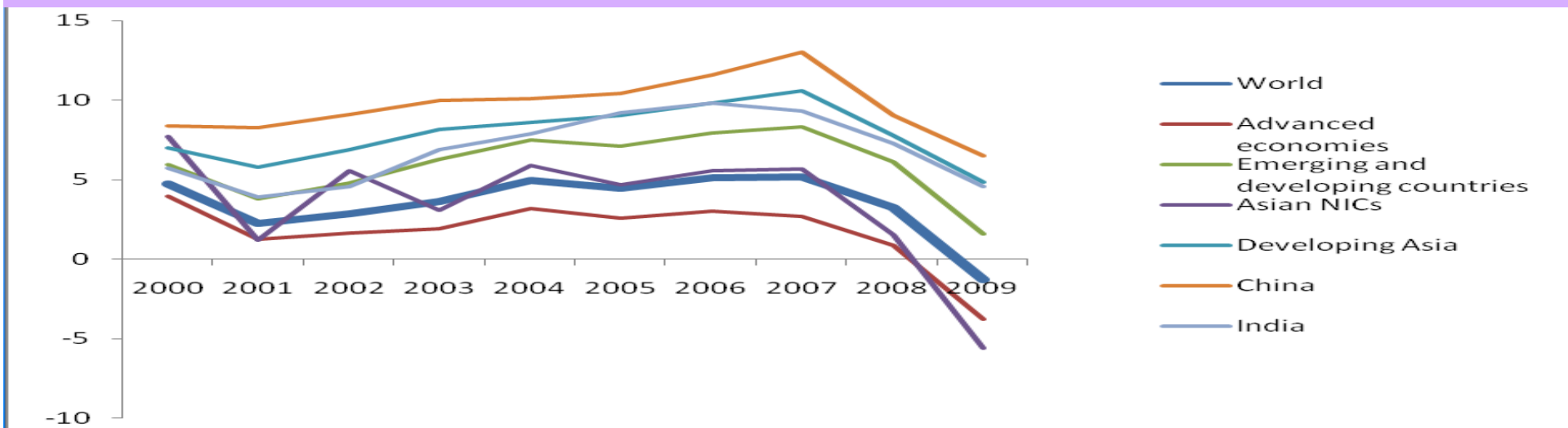
Failures

- Food security (prices)
 - Promotion of Wage led growth and Domestic demand therefore (next few slides tell why)
 - Pro-poor development (inclusive growth)
 - Environment (water???)
-
- Ours is not a people-centered economic and social contract

Declining GDP per capita

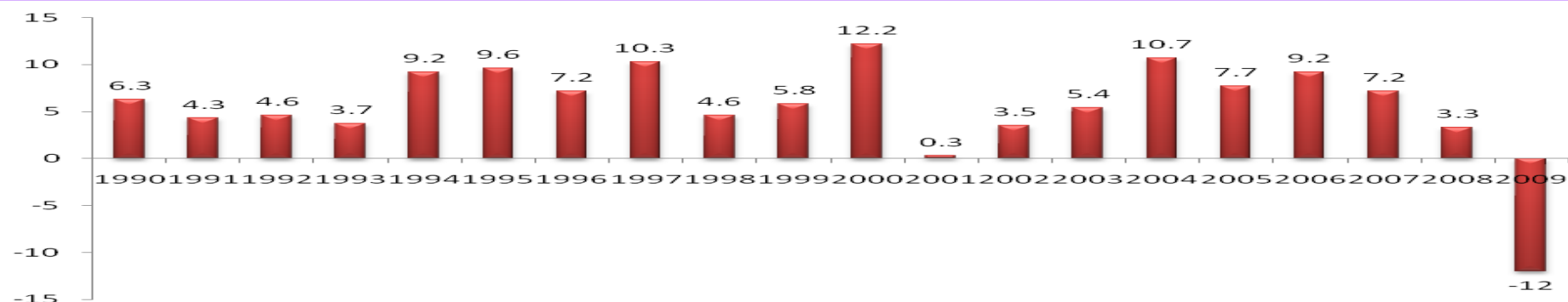


De-coupling?



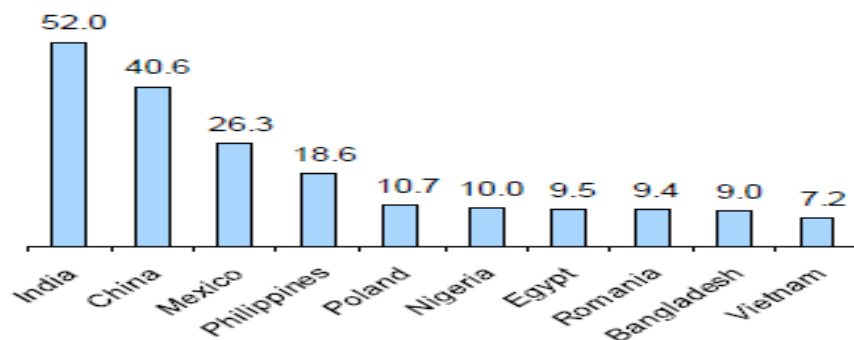
Source: top graph Jomo K, UN-DESA (July 13-14, 2009; GEM-IWG conference); bottom graph Jayati Ghosh (July 10, 2009; GEM-IWG Workshop)

World Trade (percentage change per year)

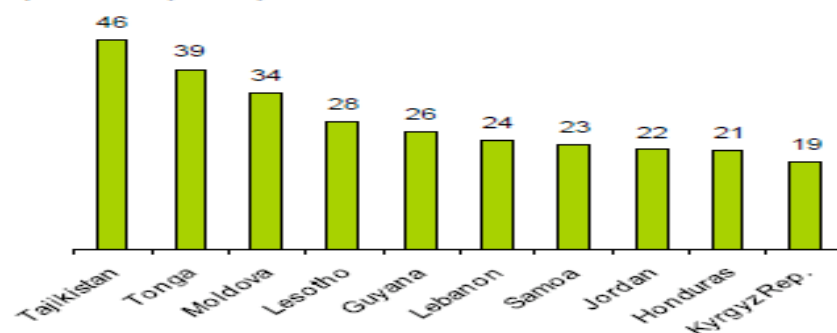


Top Recipients of Migrant remittances

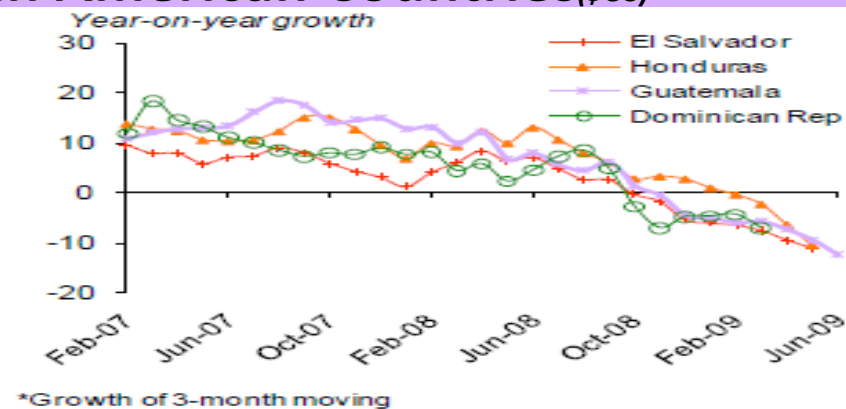
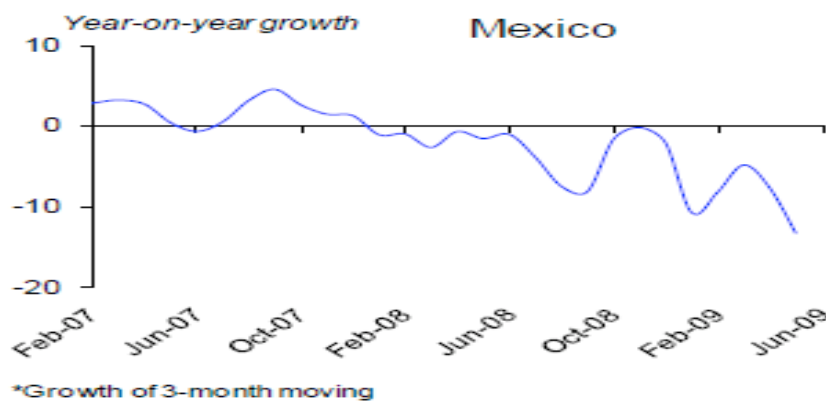
(US\$ billion, 2008e)



(% of GDP, 2007)



Remittances in Mexico and other Latin American Countries (\$US)



Source: Central banks of the respective countries.

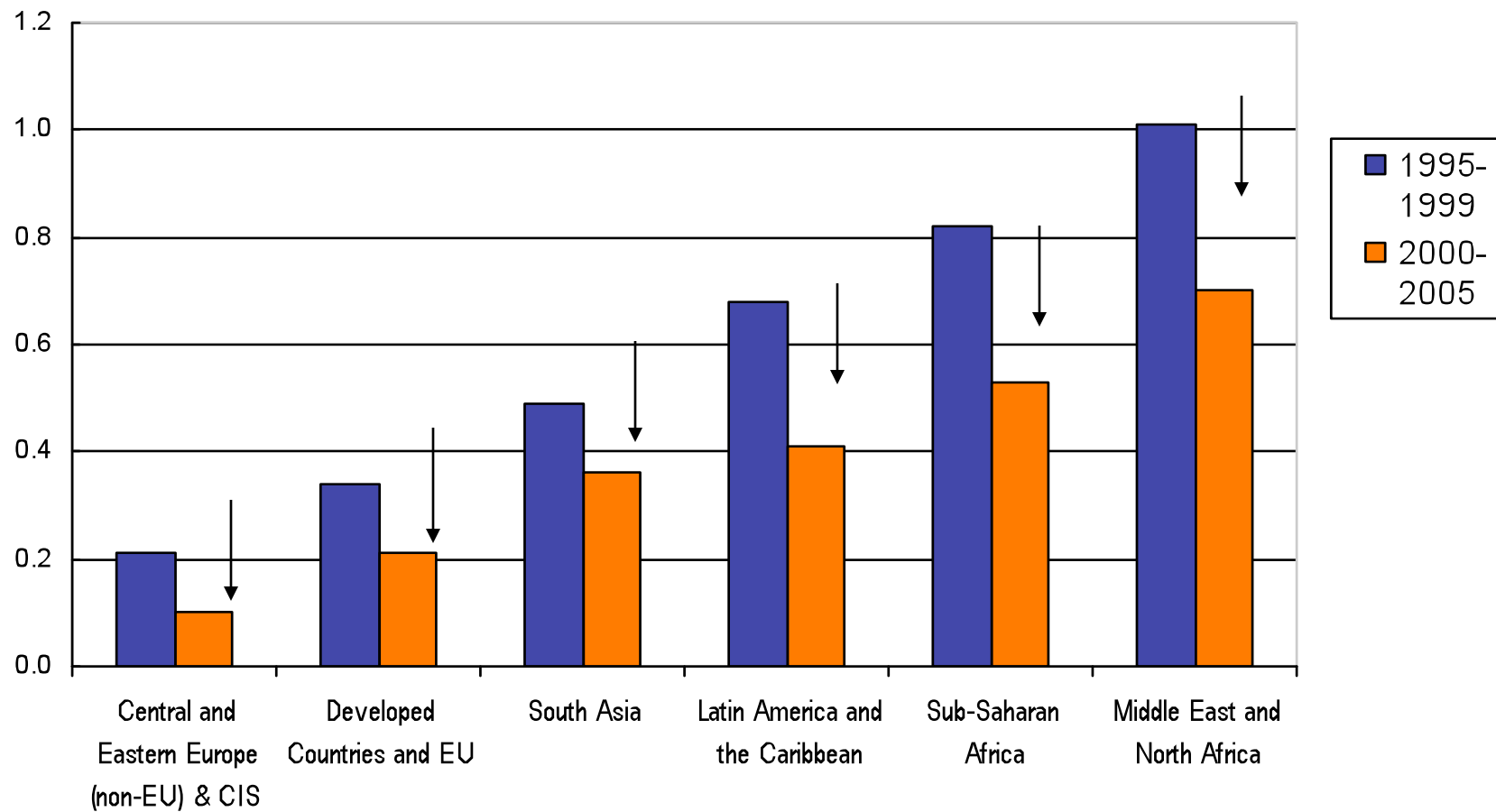
External Indicators of Developing and Transition Economies

(with Population over 5 Million)

2003 to 2007

	Number of Countries	Current Account Balance	External Debt			Foreign Exchange Reserves, excl. gold		
		% improvement	% of GDP 2003	% of GDP 2006	% with improvement	% of GDP 2003	% of GDP 2007	% with improvement
Africa	31	45%	89.7	43.0	97%	12.8	18.1	78%
Central and Eastern Europe	8	38%	55.4	57.3	57%	21.0	23.2	63%
CIS	8	25%	56.1	44.5	88%	12.9	21.3	100%
Latin America and the Caribbean	16	38%	63.7	37.6	100%	11.7	14.8	69%
Middle East, incl. Egypt	7	43%	54.0	28.6	100%	41.1	50.1	40%
Asia, incl. NICs	20	45%	52.5	36.9	100%	27.2	32.7	69%

Changes in employment to output growth ratio



The crisis?

**We must bear in mind that for many people,
in many countries this crisis comes to sit on
top of other crises**

- **poverty**
- **income inequality**
- **diminishing space for livelihoods**
- **unemployment**
- **Basic needs and rights remain unfulfilled, including the right to a job**

Why ELR and EG Policy?

- Connected to price stability: better Policy Instrument

Mitchell-Wray-Forstater et.al.

-The right to work promotes (Forstater-Wray)

Dignity, inclusion and expanded democracy

(rights based approach to economics and to life)

-Macroeconomic good sense as counter cyclical/accelerated growth

Direct and indirect income creation

Direct and indirect job creation

-For developing countries especially: RESOURCE

**MOBILIZATION? mobilize LABOUR!!!!(Jan Kregel) But
community development promoting work!!! that also reduces
unpaid work**

Why an EGS,ELR,PWP?

The right to work promotes (*continued*)

- Public and Private Asset creation
- *Pro-poor* growth
- *But we must Change our mentality about growth* as the single developmental objective and replace it with pro-poor growth, employment creation, social inclusion, improvement in the life of **all people**

Typology of Direct Job Creation Government Programs

- **The Right to Work: INDIA NREGA since 2006**
- **Recognition of Unemployment during prosperity: South Africa since 2005, Sweden and Australia (1940's-70's) [Kaboub]**
- **ILO Employment Intensive Infrastructure(since 70's in many African countries)**
- **Emergency Programmes:Indonesia, Korea, Argentina post 2001 financial crisis, USA (New Deal) and now ARRA**
- **Social Funds:Bolivia (1986), Chile (1975-1987), Peru (1991) etc**

Employment Guarantee Programs

- What kinds of jobs and for what types of “projects”?
- Who is eligible? For how long?
- What is the “cost” of such projects and what are the “benefits”? Financing? Are they inflationary?
- Institutional arrangements? Technical expertise?

Employment Guarantee Programs

- **Expanded Public Works Programmes**
[infrastructure, social sector, environment, economic]

SOUTH AFRICA

- **National Rural Employment Guarantee Act**
[Right to Information Act- Ongoing Social Audits]

INDIA

Rural Areas in India

Types of Community Projects

Rural roads and access roads

Rural land development

Flood control works

Water conservation and water harvesting

Irrigation facilities to land owned by poor people and to beneficiaries of land reforms

Reactivation of traditional water harvesting and distribution systems

EPWP



Types of Community Projects

unpaid work

Road construction and maintenance

Water delivery

Ecological latrines

Early childhood development

Home and community based care

Environmental water conservation

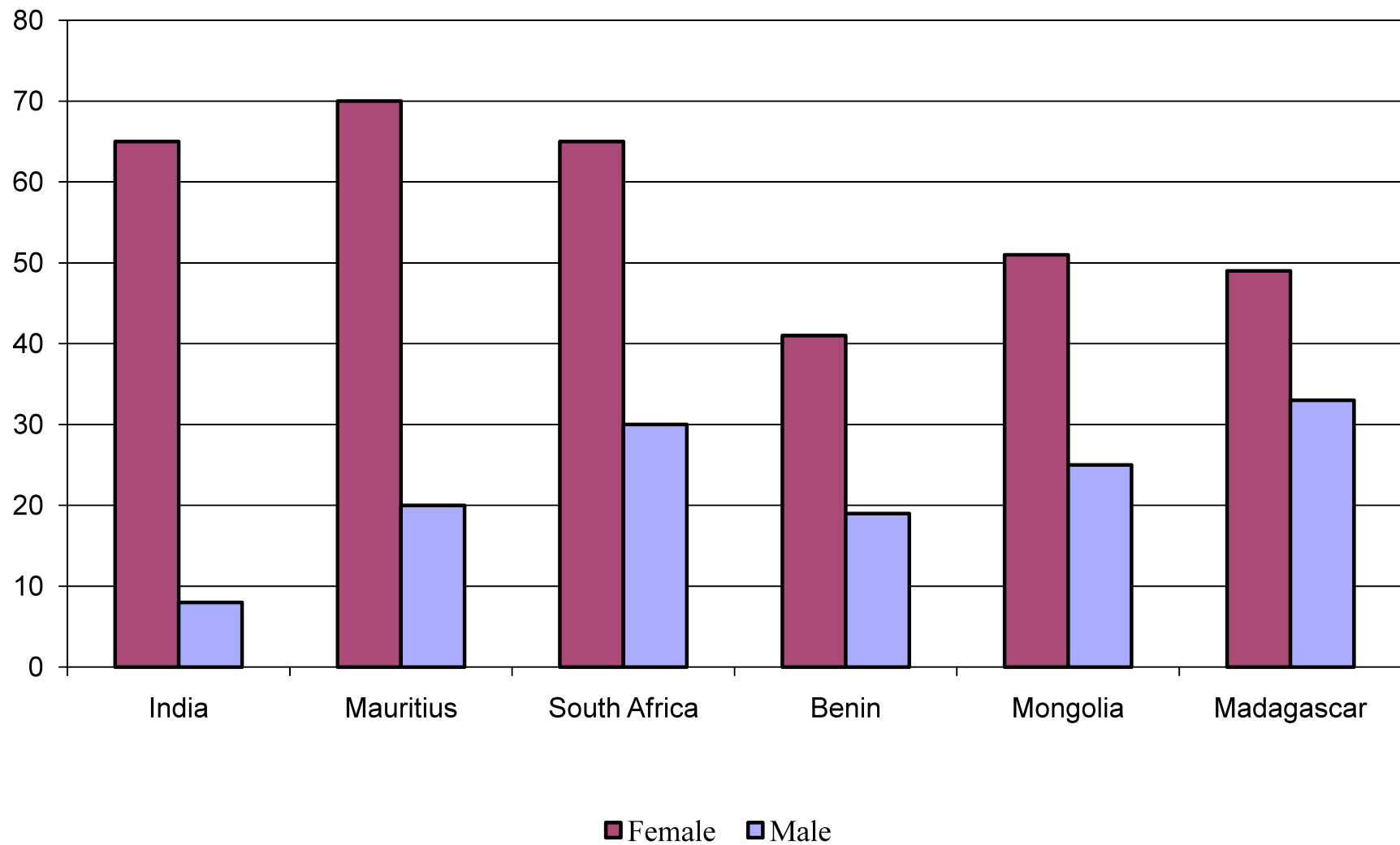
Prevention of fires

What Is Unpaid Work?

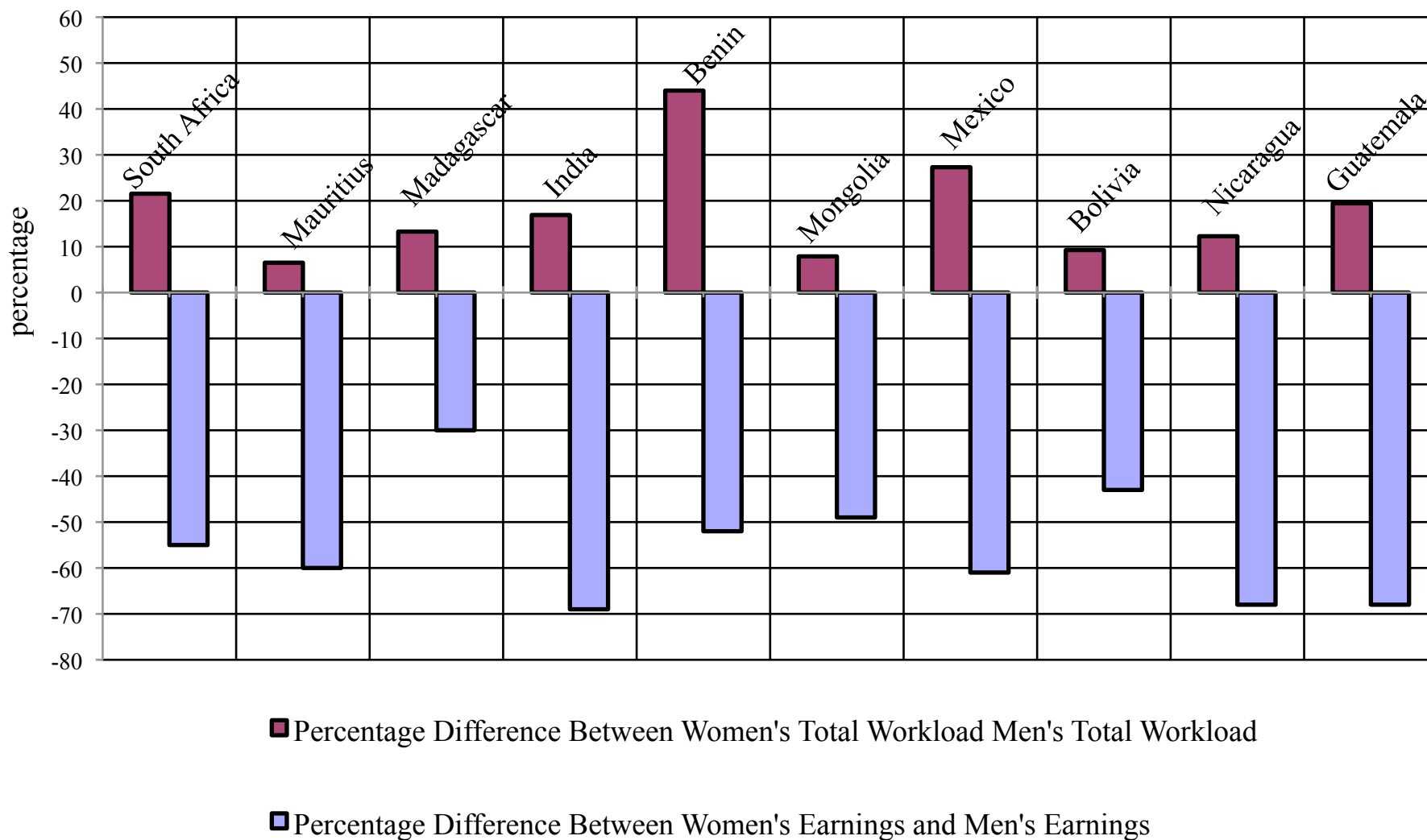
- Gaining access to basic inputs for cooking, cleaning, sanitation, food processing etc: collecting water, wood etc
- Providing Care work: children, elderly, chronically ill etc; **Volunteer** work; Subsistence Production, family businesses

Where? at home *and* in the public domain

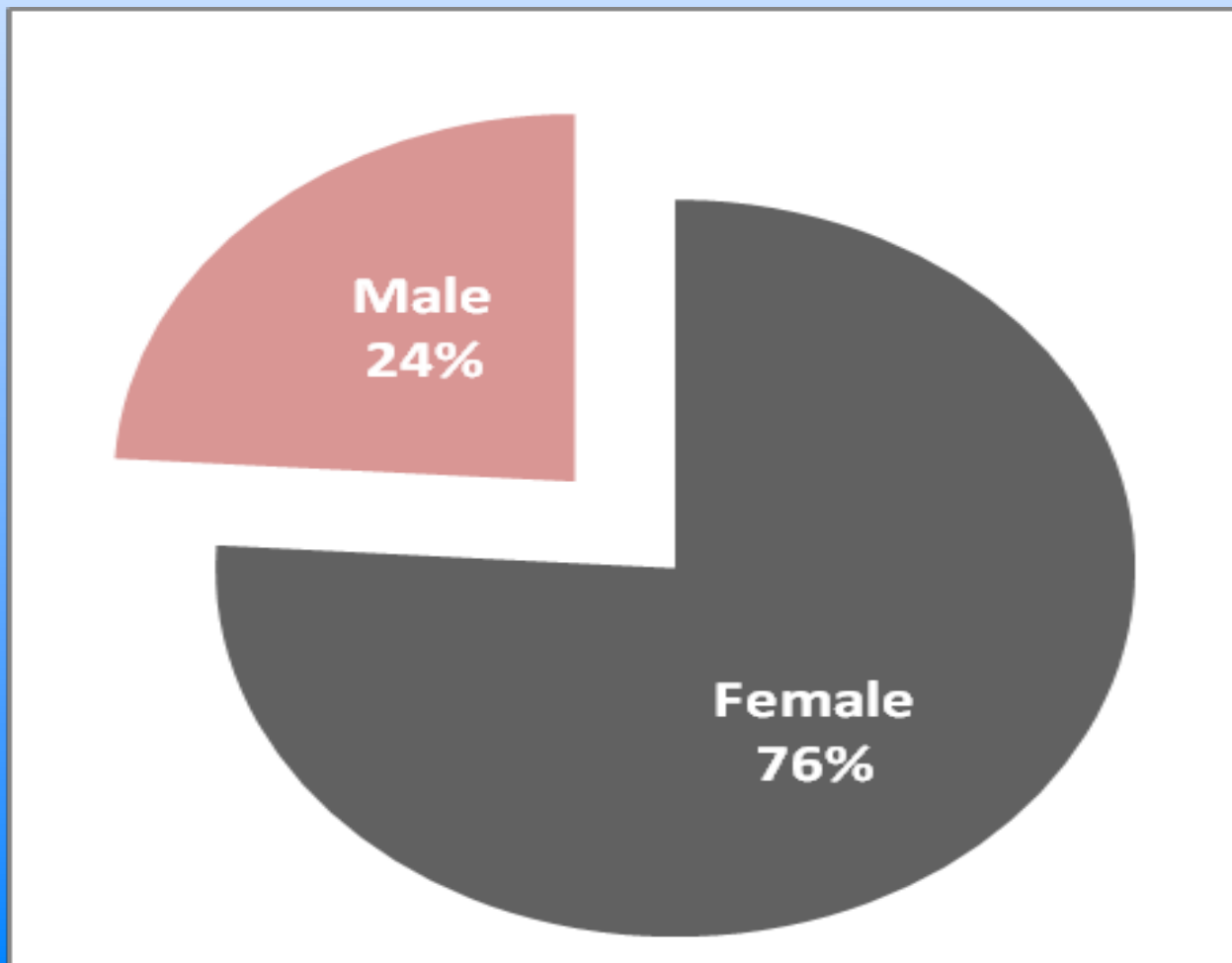
Time Spent on Nonmarket Activities (Selected Developing Economies)



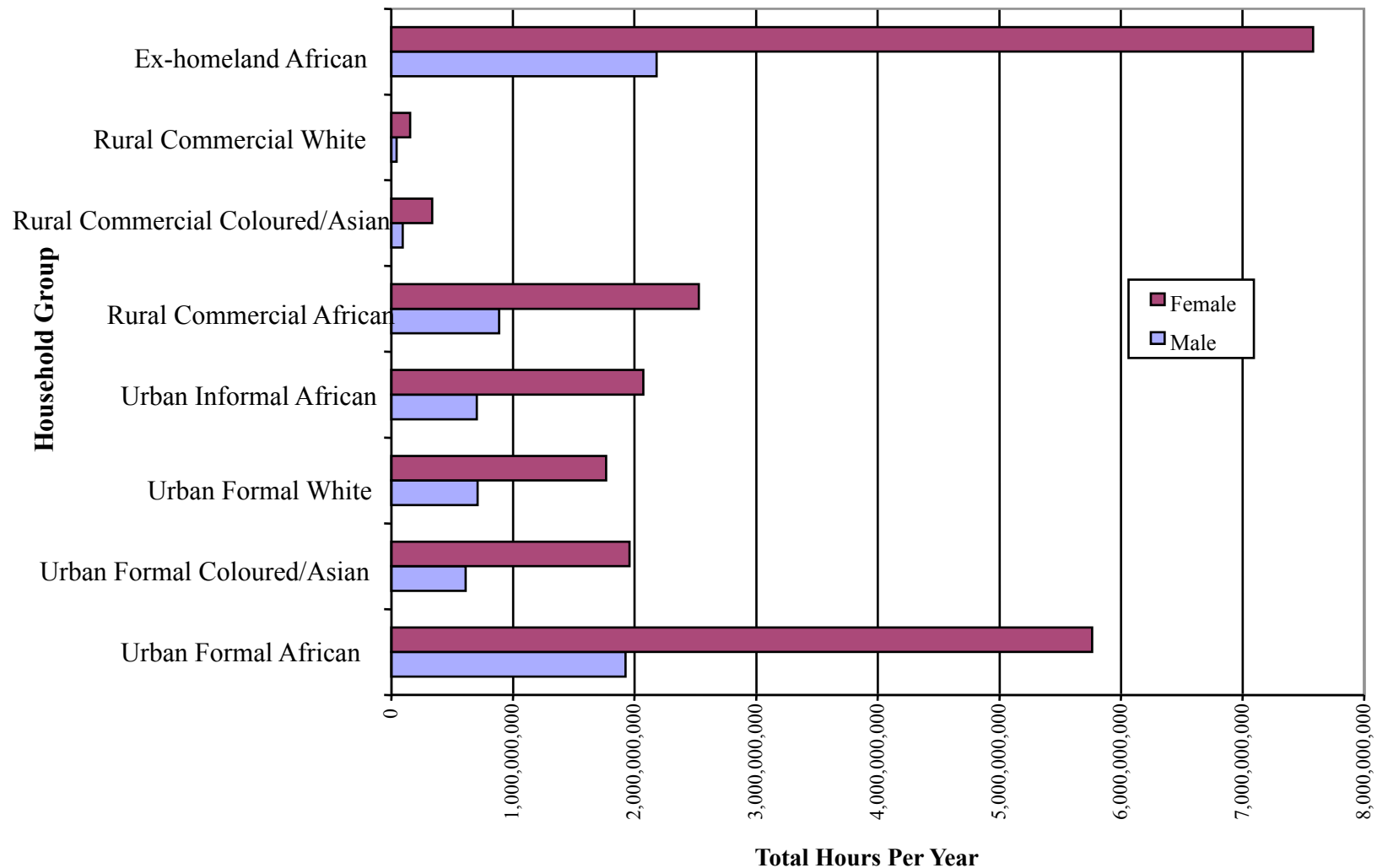
Total Workload – Earnings Gap: Selected Developing Countries



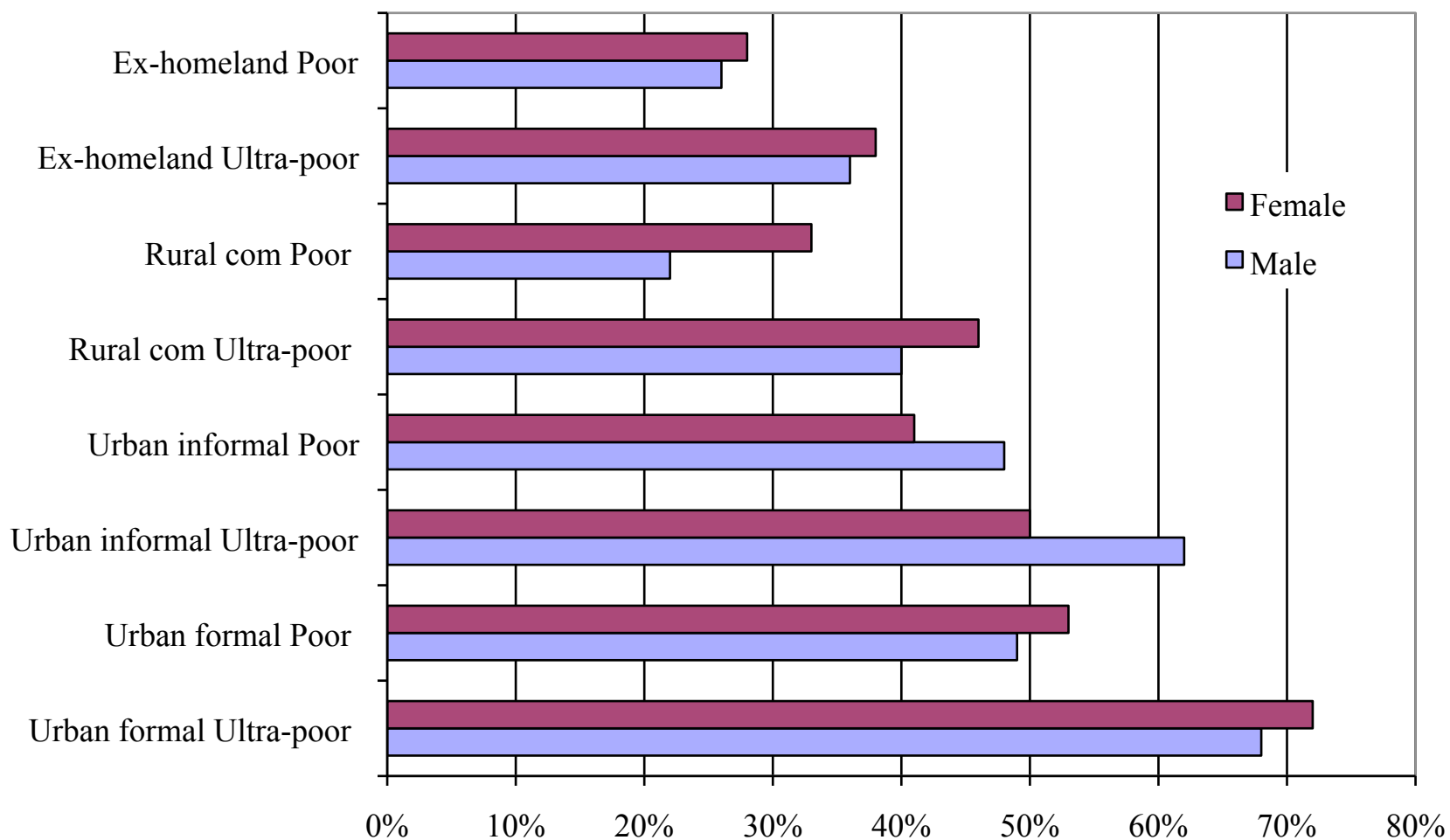
Time Spent on Unpaid Work -SA



Total Hours Spent on Unpaid Work per Year by **Household Type** and Gender



Unemployment Rate - African, poor/ultra-poor (strict definition)



EPWP: Social Sector

- Social Sector consists of
 - ECD/Education and
 - HCBC/Health
- High female intensity (60 and 69% respectively)
 - addresses female unemployment in the short run and builds skills in the long-term
- *Data source:* Friedman, Irwin, Bhengu, L., Mothibe, N., Reynolds, N., and Mafuleka, A., (2007) *Scaling up the EPWP*, Health Systems Trust, November, Volume 1-4. Study commissioned by Development Bank of South Africa and EPWP.

EPWP: Social Sector

DESIGNATION & MANDATES	
Title	Adult Education Workers
Department responsible	Education
Support Departments	
ROLES AND RESPONSIBILITIES	
Scope of practice	Assist with the development of literacy and numeracy of people who have not completed primary education with the emphasis an approach that is relevant for adult learners
Target group	Adults who have not completed their primary school education.
Target group:EPWP worker ratio	20
Monthly stipend	500
Special responsibilities	Encouraging empowerment as well & literacy
EDUCATION & TRAINING	
Recruitment	Chosen by School Governing Boards from among people living in the area served by school
Educational entrance requirements	at least a Grade 12 or NQF level 4 qualification.
Entrance level of training (NQF)	NQF level 5
Target qualification	Certificate or diploma at NQF level 5
Exit opportunities and career pathways	Adult education, teaching, occupational training
SUPERVISION, MENTORING & MONITORING	
Supervisory community structure	School Governing Board
Direct supervisor title	Adult Educator Mentor
Function of supervisor	Provide training and supervision. Ensure the quality of the programme
EPWP worker: Supervisor ratio	20
Remuneration of supervisor	R 2,500
Minimum educational level of supervisor NQF	NQF Level 5 - certificate

Background on the Study

- **Type of Intervention** : scaling up Early Childhood Development and Home/Community Based Care
- **The right to work , the right types of projects?**
unpaid work and gender issues
- **Research project** on micro-macro impact of scaling up public job creation
- **South Africa Study:** Kijong Kim (Levy Institute), EPWP interviews , Irwin Friedman (Health Trust Fund) and PROVIDE team (Dept. of Agriculture),

The SAM for South Africa

- Based on PROVIDE, Dept. of Agriculture
- Factors disaggregated by skill and gender
 - 1 FGOS
2 FMaleUS
3 FMaleSk
4 FFemUS
5 FFemSk
- 26 sectors
 -
- 20 types of hhs
 -
- 7 exogenous sectors
 - ↓

E	53	1 SALTAX
X	54	2 IND TAX
O	55	3 DIRTAX
G	56	4 GOVT
	57	5 KAP
	58	6 DSTOC
	59	7 ROW

1	HUF_Af1_3
2	HUF_Af4
3	HUF_Af5
4	HUF_Co1_3
5	HUF_Co4
6	HUF_Co5
7	HUF_Wh
8	HUI_Af1_3
9	HUI_Af4
10	HUI_Af5
11	HRF_Af1_3
12	HRF_Af4
13	HRF_Af5
14	HRF_Co1_3
15	HRF_Co4
16	HRF_Co5
17	HRF_Wh
18	HRI_Af1_3
19	HRI_Af4
20	HRI_Af5

A	27	1 Cagric
C	28	2 Cmining
T	29	3 Cfood
I	30	4 Ctext
V	31	5 Cpaper
I	32	6 Cpetro
T	33	7 Cnonmet
I	34	8 Cmetals
E	35	9 Cmachin
S	36	10 Ccomeq
	37	11 Ctrnseq
	38	12 Comanuf
	39	13 Celec
	40	14 Cwater
	41	15 Cbuild
	42	16 Cconstr
	43	17 Ctradacc
	44	18 Ctrnscom
	45	19 Cfinerv
	46	20 Cbusserv
	47	21 Ceduc
	48	22 Cogovserv
	49	23 Chealth
	50	24 Csocial
	51	25 Coserv
	52	26 Cdomserv

Types of Households

1 HUF_Af1_3	Urban Formal African Non-Poor
2 HUF_Af4	Urban Formal African Poor
3 HUF_Af5	Urban Formal African Ultra Poor
4 HUF_Co1_3	Urban Formal Colored Non-Poor
5 HUF_Co4	Urban Formal Colored Poor
6 HUF_Co5	Urban Formal Colored Ultra Poor
7 HUF_Wh	Urban Formal White Non-Poor
8 HUI_Af1_3	Urban Informal African Non-Poor
9 HUI_Af4	Urban Informal African Poor
10 HUI_Af5	Urban Informal African Ultra Poor
11 HRF_Af1_3	Rural Commercial African Non-Poor
12 HRF_Af4	Rural Commercial African Poor
13 HRF_Af5	Rural Commercial African Ultra Poor
14 HRF_Co1_3	Rural Commercial Colored Non-Poor
15 HRF_Co4	Rural Commercial Colored Poor
16 HRF_Co5	Rural Commercial Colored Ultra Poor
17 HRF_Wh	Rural Commercial White Non-Poor
18 HRI_Af1_3	Ex-homeland African Non-Poor
19 HRI_Af4	Ex-homeland African Poor
20 HRI_Af5	Ex-homeland African Ultra Poor

Policy Simulations

- **All Existing Types of Projects** have the potential to reduce unpaid work and facilitate creation and access to basic services
 - EPWP Working for Water; environment sector (*Tsitsikamma 2004/05*)
 - EPWP Social Sector** (*Health Trust Fund*)
 - EPWP Infrastructure; Access roads and Water Reticulation (*SCIP Engineering Group*)
- **Options for Job allocation scheme**
 - Jefes variation by population weights (part time year around)
 - NREGA scheme (100 days)
 - Poverty weights-normalized by population
 - Unemployment weights normalized by poverty incidence
- **Target population**
 - Poor and ultra poor households comprising (50% of the unemployed); “unskilled” wages according to programme stipulations and skilled according to SAM

Impact of EPWP Injection

ex-ante evaluation of policy scenarios

- Direct and indirect job creation (skill level/gender/sector)
- Direct and indirect income received by type of hh
- Depth of poverty reduction
- GDP growth? Pro-poor growth? Sectoral growth?
- Fiscal space expansion?
- *Impact of new assets and service delivery for participants and community*

Simulation Results

9 billion Rand, full time-year around jobs

- Direct job creation (1,2million)
- Indirect job creation: for every 3 EPWP, another one in the economy is created
- GDP (+1.7%), tax expansion (1/3 recovered)
- Poverty reduction: pro-poor growth!

Costs and Benefits

- Social inclusion
- Income-Poverty reduction? This depends on the length and duration of jobs, wages and targeting method
- Asset poverty reduction!!!
- Service delivery!!!
- Gender equality in unpaid and paid work
- Pro-poor development
- Monetary cost: 1% of GDP?3% of GDP?
- Opportunity cost of not mobilizing domestic resources?

Mexico

Thank you

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Mexico



Switzerland



Bulgaria



Ghana



Turkey



Australia



Argentina



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Costa Rica



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