

**Danish Support**

**To**

**The Employment-Intensive Investment Programme  
(EIIP)**

**1996-2004**

**Final Evaluation**



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## List of Abbreviations

ACTRAV	Bureau for Workers' Activities
ASIST	Advisory Support, Information Services and Training Programme
AsDB	Asian Development Bank
DANIDA	Danish International Development Agency
DFID	Department for International Development (UK)
DKK	Danish Kroner
EIIP	Employment-Intensive Investment Programme
EMP/INVEST	Employment-Intensive Investment Branch
GTZ	Gezellschaft für Technishe Zusammenarbeit
ILO	International Labour Office
IRAP	Integrated Rural Accessibility Planning
LBT	Labour-Based Technology
MDT	Multi-Disciplinary Team
NEPAD	New Economic Partnership for Africa's Development
NGO	Non Governmental Organisation
NORAD	Norwegian Agency for Development Cooperation
SADC	Southern African Development Community
SDC	Swiss Development Cooperation
SIDA	Swedish International Development Agency
SSATP	Sub-Saharan Africa Transport Policy Programme
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
USD	United States Dollar
WB	World Bank
WFP	World Food Programme

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## 1. INTRODUCTION

### 1.1 Purpose and Scope of the Evaluation

The objective of this evaluation is: “To assess how, and to which degree the DANIDA-funded Employment Intensive Programme (EIP) projects under the ILO/DANIDA Framework Agreement on Employment Promotion (1996-2004) contribute to the implementation and progress on the overall ILO Employment Intensive Investment Programme...”(See Annex 1 for TOR). The present evaluation is an update and expansion of an evaluation undertaken in 2000: *The DANIDA Support to the Employment-Intensive Investment Programme*. SETP 8, ILO 2001. This evaluation covered the period 1996-2000 and the emphasis in the present evaluation will be on the period 2001-2004.

In October 2003 the Permanent Mission of Denmark to the United Nations, Geneva, informed ILO that Danish support to the ILO would be reduced and in particular that support to Employment Promotion would be discontinued. This took effect by the end of March 2004 and the support was thereby prematurely stopped as the programme period included the whole of 2004. The present evaluation is thus also a final one.

In 1996 the mode of cooperation between Denmark and the ILO changed from a project to a programme approach. This change has been gradual in terms of the actual project portfolio. DANIDA had previously supported a number of direct interventions in different recipient countries and regions with firm commitments. This has been reorganised over the years to consist of support to overall programme activities and support to three regions: Africa, Asia/Pacific and Latin America. The projects included for closer study are those which represent this approach, namely the following:

#### Overall Programme Activities

1. Project *INT/95/M07B/DAN: “Planning and implementation of employment-intensive investment programmes: guidelines and training materials.”*
2. Project *INT/95/M06B/DAN: “Partnership for Employment in the Unorganised Sectors”.*
3. Project *INT/03/MO5/DAN: Reducing Poverty through supporting Productive Employment, Local Partnerships and Local Economic Development”*

#### Africa

4. Project *INT/95/M07A/DAN: “Support programme to employment-intensive investment strategies and private sector development in Africa”*
5. Project *INT/03/MO4/DAN: “Broadening the scope of Employment-Intensive Investment Strategies in a multisectoral context with focus on Local Economic Development and development of Small to Medium size Enterprises.”*

#### Asia and Pacific

6. Project *RAS/97/M13/DAN: “Advisory Support, Information, Services and Training in Asia and the Pacific”*
7. Project *RAS/03/MO1/DAN: “Reducing Poverty by improving the access of the population to employment opportunities and to economic and social goods and services through the effective provision of infrastructure.”*

## **Latin America**

8. Project *RLA/97/M08/DAN: "Promoción de Tecnologías Intensivas de Mano de Obra en Inversiones Públicas en Bolivia, Ecuador, y Perú"*.
9. Project *RLA/03/MO3/DAN: "Promoting Local Employment, Enterprises and Economies-Latin America"*.

The evaluation is a desk study and will need to rely on documentation available with EMP/INVEST and the ILO combined with interviews with ILO staff. The consultant arrived in Geneva on April 18<sup>th</sup>, 2004 and departed April 24<sup>th</sup>. The consultant had meetings with concerned ILO staff and studied the available documentation material. The consultant would like to express his gratitude to the ILO officials particularly in EMP/INVEST, who arranged the work in a very efficient manner and contributed with valuable information, viewpoints and suggestions. This assistance made this Desk Evaluation possible in spite of the limited time. This report contains the views of the evaluator, which do not necessarily correspond to the views of EMP/INVEST or the ILO.

The evaluation has attempted to present an overview of the DANIDA programme, but faced a double difficulty: i) the DANIDA financed activities are an integral part of the overall EIIP programme, and ii) the ILO filing and financial system is arranged according to individual projects and not to the programme. However, in the annual progress reporting all the DANIDA-funded activities come together.

The programme and its projects have undergone numerous evaluations, which have provided additional information. Recently the Committee on Technical Cooperation discussed a Thematic Evaluation Report: *Employment-intensive investment and poverty evaluation* (GB.286/TC/1, March 2003). The East-African ASIST, which includes projects 7-9 referred to above, had external Reviews undertaken in October 1999 and again in March 2003. The Review Reports contain valuable additional information.

### **1.2 The Employment Intensive Investment Programme**

The Employment-Intensive Investment Programme (EIIP) was created in the mid 1970's as part of the ILO's response to the deteriorating employment situation in developing countries. Since then the Programme has assisted ILO's member States in setting up and implementing labour-based work schemes as a major means of employment promotion and income generation. The programme has implemented infrastructure works in more than 35 countries and in total more than US\$ 550 million has been invested in ILO-supported projects.

The Programme has grown over the years and taken on added dimensions. EIIP has evolved from carrying out relief, emergency and "special" public works programmes to a long-term employment generation programme. While the programme might still intervene in response to emergencies, linked to man-made or natural disasters, it focuses on introducing employment concerns into mainstream investment policies.

The EIIP attempts to respond to the needs of the poor and the unemployed by providing direct employment and income as well as skill development opportunities. EIIP also involves establishment of private sector capacities by developing small enterprises and consultancies

able to apply employment-intensive construction and maintenance methods. Employment-intensive projects provide an opportunity to introduce ILO's fundamental standards and therefore contribute potentially to the improvement of working and living conditions. It is thus a policy and operational tool of direct interest to the workers and the employers in the construction sector. Finally, the EIIP programme promotes community empowering and democratisation at the grass-roots level. The central objective for the present ILO/DANIDA programme is to increase job creation opportunities for decent work through improved investment policies and small enterprise development at the local level. These objectives were agreed upon and took effect from 2003 and onwards. For the objectives in the previous phase please refer to the first evaluation report.

The new DANIDA/ILO employment promotion programme from 2002 contains three operational programme objectives:

*Objective 1: Upstream policy instruments introduced and capacities of government agencies and in the small and medium enterprise sector strengthened to design and implement employment-intensive investment in infrastructure and construction.*

Under this objective, upstream, including PRSP, activities are undertaken to influence public investment policies and develop programmes with a view to creating optimal employment. National employment and investment policy units are strengthened to coordinate investment and employment policies. Support is given to improve contractual procedures, collective bargaining arrangements, contracting systems. In selected countries, pilot demonstration projects are developed to build programmes for up-scaling and nation-wide investment programmes. Training courses and guidelines are developed and actively disseminated for improving private sector capacity, including community groups.

*Objective 2: Effective public-private partnerships for employment promotion and enterprise development between local governments and community organizations, associations of small enterprises and other stakeholders.*

In many countries, local governments are mandated to drive economic and social development. In most cases, however, they do not have the technical capacity and the tools to plan and implement employment promotion strategies that reach the poor. To enhance their performance and help adapting the Decent Work agenda to the conditions that prevail in cities with rapidly increasing populations, Public-Private Partnerships are supported at local level. This includes collaboration agreements to promote employment between local authorities on the one hand, and small enterprise organizations and Community Based Organisations (CBOs), on the other.

*Objective 3: Local economic development (LED): Employment-intensive investments stimulate local economies, promote enterprise development and create jobs. ILO's local economic development concept, on the other hand, ensures the full participation of all local stakeholders and constituents in the planning and implementation of public investments.*

Many EIIP activities are implemented in the framework of broader development interventions financed/assisted by other development agencies or lending institutions. In a number of cases, the ILO is responsible for providing technical assistance to large scale programmes, e.g. related to institutional strengthening or training. This modality of intervention has actually become the norm since the late 1980s due to two main reasons: (a) the shift from Agency

execution to Government executed national level development programmes and (b) the fact that investment funds are channelled directly to Government agencies.

### 1.3 EIIP Finance

EIIP activities are financed from both internal and external sources. The ILO regular budget allocates presently approximately US\$ 1.5 million annually to the EIIP, mainly related to staff costs and other overheads. A limited amount of funds from the RBTC (Regular Budget Technical Cooperation) and PSI is also accessed. The bulk of the interventions of the EIIP is financed from external donors and financing agencies, as indicated in Table 1.3.

Table 1.3:

Annual EIIP Expenditures\*: Total and from DANIDA funds, on Technical Cooperation Projects 1986-2003 (million US\$)

Recipient	1996	1997	1998	1999	2000	2001	2002	2003
DANIDA	1.7	0.6	1.1	1.0	0.8	1.1	0.4	0.9
Total	16	14	14	10	10	10	9	10
DANIDA/Total %	11	4	8	10	8	11	4	9

Source: ILO.

\*Incl. Associate Experts

The annual expenditure level reached a peak of US\$ 24 million in 1992 but declined to reach a level at around US\$ 14 million in the late 1990s. This decline was not the result of declining demand by developing countries or donor agencies, nor the result of lack of quality of advisory services or relevance of policy, but a deliberate decision of the then ILO directorate who had other priorities than employment policy.

Over recent years, the annual expenditure of the Programme has been around US\$ 10 million, and the decline has therefore resulted in a cut of the programme by more than 50%. The 1997 Evaluation observed that, by the end of 1997, the delivery rate was very low. The relative DANIDA contribution has ranged from 4 percent to 11 percent. The termination of the Danish support will thus result in an important reduction in activity level unless alternative sources of finance are found.

In 1999, however, the new ILO Directorate re-instated the EIIP as a Branch (EMP/INVEST) and recognised the importance of this approach for employment policy. This new priority – though not supported by sufficient resources – was welcomed by the GB in several sessions.

UNDP has traditionally been the largest donor, but the contribution has decreased due to the prioritisation of government execution. The largest contributors among the multi-bilateral donors are presently DFID, SIDA and Norway.

The EIIP is a conglomeration of policy/programme development and conceptual development, including training and training material, combined with a number of demonstration projects, where the approach is implemented and evaluated. The programme was in the 1980s and early 1990s characterised by having a large number of operational

demonstration projects in 25-30 different countries at the same time. With the decrease in activity level experienced during the 1990s, the number had gone down to 10 demonstration projects in 2000 but is presently at 18 operational country programmes and 3 regional programmes providing active programme development, advisory services and training/capacity building support to another 15 countries in Africa, Asia and Latin America. The breakdown of externally funded activities has changed over the years. In the mid-1980s, some 70 per cent of technical cooperation funding was used directly for investment projects. In recent years this proportion has fallen to around 10 per cent, with the remaining 90 per cent consisting of advice, support and specific inputs (such as training components) in larger projects.

The balance in the programme has therefore somewhat improved. The EIIP needs a certain number of demonstration projects in order to test the new developments in the approach, including private sector involvement, community participation and labour standards. Demonstration projects are also needed for the promotional initiatives, because decision makers often need to observe actual works to be convinced. In total, general programme activities are being provided to some 11 countries in Asia, 20 in Africa and 8 in Latin America.

**2. THE DANIDA COOPERATION**

**2.1 Historical Overview**

Denmark has a long history of supporting ILO’s technical assistance activities. Denmark has supported the strategy for technical assistance approved by the ILO Board in November 1994, which gave priority to more policy-oriented and capacity-creation interventions while downscaling on direct project interventions. In 1996, under the heading “Action Plan for Active Multilateralism”, the Ministry of Foreign Affairs formulated the basis for the relations between Denmark and the international organisations.

The basis for Denmark’s financial support to ILO technical assistance is a rolling framework agreement with a four-year time perspective. From 1996-2002 the allocations amounted to approximately DKK 45 million annually. This amount was reduced with 5 million in 2002 to be cut to half, i.e. DKK 20 million annually, at the end of 2003.

Up till 2002, the assistance included the following activities: i) employer activities, ii) workers’ education, iii) employment promotion (EIIP, gender and indigenous people), iv) cooperative development and v) occupational safety and health. In 2002, child labour was added and with effect from April 2004 the ILO programmes supported by Denmark include child labour and indigenous people only; support to EIIP was thus completely cut.

Table 2.1: Average Annual Expenditure of DANIDA funds by ILO and EIIP 1996-2003 (million US\$)

Recipient	1996	1997	1998	1999	2000	2001	2002	2003
EIIP	1.7	0.6	1.1	1.0	0.8	1.1	0.4	0.9
ILO Total	9.5	10.0	7.5	7.3	7.5	6.7	3.4	6.5



EIIP/ILO %	18	6	15	14	11	16	12	14
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The overall DANIDA funding to ILO technical cooperation has fluctuated in dollar terms but has remained stable in terms of the Danish currency from the mid 1980s up till 2002. In 2002, the Danish contribution was substantially reduced because the new Danish Government was re-considering its position. In the same year the allocation balance was in the deficit in the amount of US\$ 0.6 million, mainly related to over-expenditure with the Workers' Education Programme and the Cooperatives Programme. This caused a halt in disbursements for some months, which affected all programmes including the EIIP.

For the eight years 1996-2003, the total financial contribution to the ILO was approximately US\$ 58 million of which EIIP received some US\$ 7.6. The share received by EIIP has fluctuated in absolute terms between US\$ 0.4-1.7 million annually and relatively between 6 and 18 percent. The future Danish allocation level of DKK 20 million to the ILO as a whole corresponds to approximately US\$ 3.2 million.

## 2.2 The Programme Approach 1996-2004

In 1996, Denmark and ILO changed the collaboration form and entered into a programme approach, and a new Framework Agreement was signed. The same priority areas for collaboration as referred to above under 2.1 were identified. However, activities related to child labour were later added. The programme approach implies, that ILO decides on the exact composition and content of the programme in terms of interventions and budgets. Naturally, the decisions need to be in accordance with the overall frame established by the Agreement, the Danish financial commitment and the outcome of the Annual Consultations between the two parties. For each priority area a Policy Document is formulated by ILO and approved by DANIDA.

As background for the Danish Development Strategy 2000, a short assessment was made by DANIDA of the collaboration with ILO (in Working Paper No 16). A first purpose of the programme approach was to reinforce ILO by letting the organisation prioritise the assistance in accordance with its basic mandate. A second purpose was to ease the Danish administrative involvement. A third purpose was to strengthen the coordination and collaboration between Denmark's bilateral programme and multilateral programme. At the overall level Denmark has been satisfied with the work of the EIIP as reflected in the Annual Consultations.<sup>1</sup> In 2002, DANIDA requested a redesign of the programme approach by establishing four thematic areas, namely social dialogue, employment, child labour and indigenous and tribal people. The purpose was to ensure greater flexibility.

The letter informing of the cut in the Danish contribution from the Permanent Mission of Denmark to the ILO, dated 6 October 2003, was a surprise, at least in EMP/INVEST. In particular, the following quote was surprising: *“To a large extent this is due to the somewhat lower efficiency in the way in which these programmes were managed by the ILO. My*

<sup>1</sup> In the Annual ILO/Danish Consultations of 2001, a member of the Danish Delegation described the EIIP activities as « a concrete example of what the Director-General of the ILO actually means by decent work ».

*Authorities are of the opinion that the impact at country level has been less satisfactory and that the internal dialogue between the respective departments of ILO, especially concerning Social Dialogue, has been too weak. It is therefore the wish of the Danish Government that its contributions to the programmes on Employment Promotion and Social Dialogue be phased out by the end of this year.”*

In the Annual Review Meeting of 2002, the Danish Delegation had announced a reduction in the annual Danish contribution to the ILO from DKK 45 to 40 million. The Delegation referred to a review of the Danish aid programme made as a consequence of the new Danish Government’s decision to reduce the percentage of development aid from 1.11 percent of GDP to 0.98 percent<sup>2</sup>. This review, which must be the *2002 Development Aid Review*<sup>3</sup>, concluded that ILO lacked impact at country level and needed to focus its technical cooperation programme. In the *2002 Development Aid Review*, there is a reference to an evaluation made in 2002. There is however no general evaluation study of ILO’s overall technical assistance activities from recent years which substantiate this opinion. DANIDA has financed two studies: an evaluation of Danish financed Workers Education Programme from November 2001 and a study: *Enhancing the Effectiveness of ILO Technical Co-operation*, commissioned by the Director-General elect of the ILO in January 1999. Undoubtedly the evaluation referred to in the *2002 Development Aid Review* must be of the Workers Education Programme. It is evident that this source does not cover the EIIP and that its conclusions do not have validity for anything but the Workers Education Programme. The foundation for the decision of the Danish Government can therefore be assessed as incomplete.

15 external evaluations of EIIP interventions have been carried out over the last decade. The overall conclusions are positive. The evaluation of the Danida support to EIIP made in 2000 concluded:

“The development of the EIIP programme concept has been ongoing for more than 25 years. During this period the programme has become more focussed, more detailed and improved in design. As it stands today the EIIP can deliver a detailed project design, complete with choice of technology parameters, equipment specifications, modules for small contractor and community involvement, application of labour standards, job descriptions, training material, planning, monitoring and evaluation tools, and a pool of experienced project managers, technicians and consultants.”

The Committee on Technical Cooperation of the Governing Body of the ILO discussed in its 286<sup>th</sup> session in 2003 a Thematic Evaluation: *Employment-intensive investment and poverty alleviation*<sup>4</sup>, which assesses the EIIP. The committee assessed the programme positively. The African group was concerned about the drop in technical cooperation expenditure over the past 20 years and the need to reverse the trend as the labour-based approach to employment creation and poverty creation was the right approach. Denmark did not raise any concerns at the meeting.

The comments of Denmark during the many years of collaboration have also been positive and no criticisms of the EIIP have been raised during the Annual Consultations. DANIDA bilateral development assistance is utilising a labour-based approach in several of its interventions in the road sector modelled around the EIIP concept and is frequently in contact with EIIP on technical issues.

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<sup>2</sup> See Summary Record: Denmark/ILO Annual Review Meeting, 8-9 April 2002.

<sup>3</sup> Only available in Danish: *Bistands Redegørelse 2002*

<sup>4</sup> The report is published in GB.286/TC/1 Geneva, March 2003, the Report of the Committee on Technical Cooperation can be found in GB.286/17, Geneva March 2003.

### 2.3 Relevance and Design of Programme Portfolio

The EIIP/DANIDA programme continues to be highly relevant in relation to the overall objective of Danish development assistance as expressed in the Agreement between Denmark and ILO of June 1996, i.e. poverty alleviation. The programme contributes directly to the achievement of comprehensive policy objectives such as employment-intensive growth, employment generation through private sector development and the integration of the Decent Work agenda. It is also highly significant in promoting the ILO's concerns of organization and negotiation in both the formal (wage) sector and the informal rural and urban sectors.

Many developing countries, not least in Sub-Saharan Africa, experience severe economic and financial problems, increasing unemployment and a deepening of poverty. The problems the EIIP has been designed to address are thus on the increase. This increases the relevance of introducing labour-based technologies and of involving the beneficiaries and civil society in the decision-making process. EIIP's relevance has increased during the 1990s with the increased emphasis on poverty alleviation, decentralisation and good governance.

The first *Policy Document on Employment Promotion*, which covered the period 1997-2001, has been substituted by a new document, *Employment Promotion*, which forms Chapter 2 in the *ILO/DANIDA Programme Coordination Agreement 2002-2003: Policy Paper*. The paper should be considered an interim document and outlines the context and policy environment and states the programme objectives and indicators of achievement.

The previous evaluation studied the project documents in 2000 and found they consisted of three categories: i) a standard project document format according to the ILO Guidelines, ii) a programme format, where the funds have been utilised in direct combination with other donor funding and iii) a very short format with Background, Target Group, Objective, Outputs and Activities, and Input/Budget sections, resulting in documents of 3-4 pages. The latest project documents do all belong to the last category as agreed between DANIDA and the ILO for the Programme.

The programme approach has developed from a number of minor projects and interventions, to a structure with two main elements:

- Centrally, policies, strategies and training material are developed, while
- Regionally, programme development is taking place.

EMP/INVEST is coordinating policy and training development whereas the decentralised ILO structures are responsible for programme development in Africa, Asia and Latin America. Due to lack of staff in Francophone Africa, programme development is presently handled from headquarters. The present programme composition is in accordance with the Danish intentions for the programme collaboration, which aims at a coherent programme rather than individual projects.

## **2.4 Main Conclusions**

- The Danish contribution to the EIIP has been stopped because of a political wish in Denmark to reduce expenditures on development assistance. This situation will continue until the Danish government changes its policies.
- The EIIP continues to be of high relevance for the development objective of Danish development assistance: poverty alleviation.

### 3. COMPOSITION AND IMPLEMENTATION OF PROGRAMME

#### 3.1 Programme Composition and Implementation

The change from a project to a programme approach was gradual in terms of the actual project portfolio but is now complete.

Table 3.1: Overview of Programme Composition by Project 2001-2004

Project No	Period	Released US\$ million	Main Outputs
<u>HQ</u>			
INT/95/M07B/DAN	2001	0.53	Programme development in Francophone Africa Studies, workshops and pilot activities Studies and action research, Francophone Africa
INT/95/M06B/DAN	2001-04	0.35	
INT/03/MO5/DAN	2003-04	0.28	
		1.16	
<u>Africa(ASIST)</u>			
INT/97/M05/DAN	2001-03	0.28	Development of urban works programme Training and studies for LED and SME
INT/03/MO4/DAN	2003-04	0.22	
		0.50	
<u>Asia and Pacific (ASIST)</u>			
RAS/97/M13/DAN	2001-03	0.43	Advisory services and programme development Programme development and training
RAS/03/MO1/DAN	2003-04	0.21	
		0.64	
<u>Latin America</u>			
RLA/97/M08/DAN	2001-04	0.53	Studies, seminars and translations Demonstration projects, training and translations
RLA/03/MO3/DAN	2003-04	0.22	
		0.75	
<b>Total</b>		3.05	

Table 3.1 presents an overview of the nine core projects of the DANIDA-EIIP programme in the period under review. The revision of the programme approach requested by DANIDA is reflected in the doubling of project documents from 2003 with a certain overlap to permit for the planned and committed expenditures in the “old” projects. In the period 2001-2004, a total of US\$ 3.05 million has been released for the core activities. The programme structure is reflected in one central component and three regional components.

The DANIDA funds have been utilised to reinforce the programme activities that were already established at central level and in Anglophone Africa, while the funds have permitted to initiate new programme activities in Asia and Latin America.

### 3.2 Institutional Arrangements

The technical and administrative backstopping of regional and country projects is undertaken by ILO's Multi-disciplinary Advisory Teams (MDT's), ASIST and Area Offices respectively. EMP/INVEST provides policy guidance and necessary technical back up for more general projects concerned with policy development, strategies and training. EMP/INVEST is since 2003 not regularly represented in Francophone Africa and programme development in the Region is therefore basically managed from Geneva.

The ILO policies with regard to development cooperation and to the EIIP have developed over the years. The EIIP expanded dramatically in the 1980s and accounted at the end of the decade for a considerable part of ILO's turnover in technical cooperation. The priorities changed in the 1990s where the EIIP was given less priority with reduction in staffing as a result. However, the new ILO structure introduced in 1999 strengthened the EIIP HQ unit and upgraded it to a Branch and the number of ILO professionals engaged in the EIIP worldwide was increased from six to eight. However, the immediate future looks less bright with concern to staffing. EMP/INVEST had in the 2002/03 only 4.5 professional staff positions at Headquarters and it appears that two of these positions may not be replaced, when two senior staff members retire this year. This will seriously endanger the future of the programme. The Employment Sector management has however stated that it will look for solutions.

The financial management of the DANIDA funds are done in accordance with the ILO procedures for technical cooperation projects. The technical support services of the ILO were decentralised during the 1990s, which may have caused some problems for the decentralised services. They include administrative questions related to procurement, personnel management and financial matters. The financial management is only partially decentralised and a dual structure persists, which may cause delays in processing of new projects.

### 3.3 Financial Aspects

Table 2.1 shows that the Danish contribution to the EIIP from 1996 onwards ranged between US\$ 0.4 million and 1.7 million, but with a downward trend. This drop is partly a result of the introduction of the programme approach, in 1996 some of the older projects were still active but they are phased out and delivery now relies on the projects approved under the programme approach. The result is a decreasing expenditure level.

Table 3.3: Expenditures and commitments per budget line for Core Projects (US\$ million)

	Staff Costs			Training	Equipment	Operations	Program Support	Total
	Total	T.A ADM	+ Consultants					
2001-04	1.58	(0.74)	(1.74)	0.67	0	0.49	0.31	<b>3.05</b>

Around US\$ 3 million has been spent or committed. Half has been allocated towards staff costs, including technical advisors and consultants. Staff has been employed for shorter periods to initiate ASIST activities in Asia and to expand ASIST into urban activities in Africa. Consultants, including both national and international, have been utilised for specific

studies, elaboration of guidelines and manuals, specialised advisory services, development of training material and translations. Consultants have also been engaged to perform training activities. Training has taken US\$ 0.67 million for a variety of activities aiming at local and central government employees, enterprises, communities and workers.

The management of the funds have been in accordance to schedule and plans. However external factors have had some negative effects. In 2002, the Danish contribution was reduced because the new Danish Government was considering its position. In the same year the overall Danish allocation balance was in the deficit, mainly related to over-expenditure with the Workers' Education Programme and the Cooperatives Programme This caused a halt in disbursements for some months, which affected the EIIP negatively. In October 2003 ILO was informed that Danish support to the ILO would be substantially reduced and in particular that support to Employment Promotion would be discontinued. This took effect by the end of March 2004 and the support was thereby prematurely stopped as the planned period included the whole of 2004. EMP/INVEST was also informed that they had to spend all the funds otherwise allocated for the whole of 2004 during the first quarter. This has almost been done but it is evident that such procedures do not help rational fund management.

The appreciation of the Danish Kroner vis-à-vis the US dollar from an exchange rate of around DKK 8.5 for one US\$ in January 2001 to around DKK 6.1 at present has secured a good financial basis. The Danish contribution is fixed in the Danish currency, while the budgeting for the technical cooperation of the ILO is done in US dollars. Most of the expenditures, such as salaries and consultancy fees, are fixed in dollars.

### **3.4 Physical Progress: Activities and Outputs**

There are three immediate objectives related to the EIIP; the activities and outputs are presented accordingly. However, the full introduction of the programme approach does mean that different sources are put together and individual funds, as those of DANIDA, are not earmarked for specific components. This is true at headquarters but also under the ASIST umbrella in Africa and Asia/Pacific. ASIST Africa in the period 2001-2004 had an approximate total budget of US\$ 4.4 million, of which Denmark contributed around one tenth. Reporting on physical progress in the traditional sense may not completely reflect Denmark's contribution particularly. However an attempt will be made.

The three objectives address different aspects:

- i) Promoting employment-intensive investments with national and local governments, small contractors and community groups as the focus groups;
- ii) Public-private partnerships to promote decent work with local governments, communities and small enterprises as the focus groups, and
- iii) Promoting local development through appropriate planning tools with local organisations as the focus group.

The three objectives are addressed in a number of ways that bear some similarity, namely through:

- a) methodological development, documentation and information,
- b) advisory services,

- c) training and development of training material, and
- d) demonstration activities

Table 3.4: Overview of Progress by Objective and Type of Activity

Objective	Documentation etc	Advisory Services	Training	Demonstration
Employment-Intensive Investments	Study on development of integrated EIIIP-PPP-LED approach	To governments in The Philippines, Indonesia, Thailand, Laos, Vietnam, Nepal and India	Development of complete training package in French for engineers and contractors	Pilot experiences in Bolivia, Ecuador and Peru on labour-based maintenance of roads
	Translation and publication of a number of documents in Spanish	Ecuador, Regional seminar for 5 Latin American countries	Liaison with and support to training institutions	
	Development and expansion of ASIST database in Africa Preparation of Source-book on EI investments in infrastructure Cost comparison studies in Mozambique, South Africa, Lesotho and Zimbabwe	Presence in International and regional meetings and seminars Contacts with multi- and bilateral donors incl. Danida activities in Mozambique, Nicaragua, Tanzania, Uganda and Benin	Training documents on labour policies and practices (decent working conditions)	
	Evaluations			Collaboration with DANIDA programme in Nicaragua for programme development in Honduras
Public-Private Partnerships	Guideline on Community Contracting	Provided to Zambia, Kenya, Zimbabwe and Lesotho in urban questions.	Training local government officials in Bolivia and Ecuador, training of trainers in 3 L. American countries	Support to Hanna Nasif Upgrading Project in Daar es Salaam
	Strengthened linkages with ILO/SEED on enterprise development	In Bolivia also to Danida programme	Adaptation and translation of training material into Spanish	
		Presence in World Urban Forum 2002 Sub-regional seminar in Easter Africa organised jointly with Habitat Contacts with multi- and bilateral donors	Training needs assessment of contractors in Vietnam followed by national workshop	
Local Development	Linkages and common framework developed with SEED and COOP on LED Development of IRAP  Adaptation of guidelines in India on IRAP Study of local level investment planning systems and IRAP in Malawi	Contacts with multi- and bilateral donors  LED strategies introduced in ADB programme in Philippines, Indonesia, Cambodia, India and Bangladesh	Training of urban supervisors Training material for urban planners and engineers 4 <sup>th</sup> Regional Workshop for local level planners in Asia/Pacific area	Support to joint programme in Eastern Africa with IFP-SEED



Table 3.4 provides an overview of the progress, which will be explained below by Objective.

## **Immediate Objective 1**

*Upstream policy instruments introduced and capacities of government agencies and in the small and medium enterprise sector strengthened to design and implement employment-intensive investment in infrastructure and construction.*

### ***A. Methodological Development, Documentation and Information***

There has been an ongoing work to develop an integrated EIIP- public-private partnership and local economic development approach combining the work of three ILO programmes: EIIP, SEED (Small Enterprise Development programme) and LED (Local Economic Development). The preliminary outcome is that the greatest synergies have been found with SEED.

A number of studies have been financed by the DANIDA funds, mainly from the projects managed at Headquarters and at ASIST Africa, including: the first evaluation of the Danida financing, cost comparison studies between labour- and equipment-intensive construction technologies in Mozambique, South Africa, Lesotho and Zimbabwe.

A number of guidelines and other documents were either developed specifically or translated and published in Spanish, including:

Salomón & González & Menéndez: *Microempresas de mantenimiento rutinario de caminos: Guia Conceptual, Manual de Promoción, Manual Técnico.*

OIT: *Buenas Politicas y practicas laborales en programas intensivos en empleo.*

Keddeman: *Sobre Redes y Activos – Efectos y impactos de los programas intensivos en empleo.*

Publication of folders, largely funded by ILO regular budget, but with important inputs from DANIDA, including: *brochures* on the Employment Intensive Investment Programme (EIIP) were published in English, French and Spanish;

The ASIST database on labour-based technologies and programmes has been expanded and developed, especially with regard to urban interventions under the DANIDA finance.

A comprehensive Sourcebook on employment-intensive approaches has been co-financed.

### ***B. Advisory Services***

A main concern has been to secure pro-poor public investments and linkages have therefore been established with the Poverty Reduction Programme in many developing countries throughout the three regions.

The DANIDA-funded ASIST project in Asia and the Pacific has assisted in establishing the EIIP in the Region. ASIST Asia/Pacific has now attracted additional donor funds from other

sources, including DFID. They have been requested by a number of governments to provide assistance to set up programmes to alleviate poverty. The project has provided policy advice and has developed national programmes in countries, e.g. Cambodia, Indonesia, Vietnam, Thailand, Laos, the Philippines, India and Nepal. In this connection several national workshops were organised in Indonesia.

In Francophone Africa the DANIDA financed activities have secured frequent consultations between the programme, the authorities of the involved countries (particularly the AGETIPs)<sup>5\*</sup> and development agencies; in particular the World Bank. Several countries have requested ILO assistance for training of small contractors and government agencies related to infrastructure works. A targeted training programme in Senegal is being implemented but in other cases no activities have been taken due to lack of funds.

The projects in Anglophone Africa have increased the awareness of government officials, NGOs, CBOs and donor organizations on the important potential of alternative technologies to the alleviation of urban poverty. The effect is evident in countries like Tanzania, Malawi, Lesotho, Kenya, Zimbabwe and Zambia. This is reflected in an increased interest of governments, social partners and NGOs and the rise in demand for ILO/ASIST services.

The Latin America project is working in Bolivia, Ecuador, Peru to promote EIIP concepts and methods; it has now been operational for six years. This has led to the introduction of labour-based techniques particularly in road maintenance activities at a decentralised rural level. The project has had effect on other parts of the Region. The ILO is now involved in a rehabilitation project in Nicaragua. There has been some collaboration with bilateral DANIDA programmes in Bolivia and in Nicaragua. For example, the EIIP has undertaken to use the DANIDA bilateral experience with EIIP approaches in Nicaragua, to develop similar policies in Honduras. Regional seminars have been organised for government institutions, social investment funds, relevant donors and NGOs on experiences regarding IRAP, community contracting and small-scale contracting.

Danish finance has partially financed participation in a number of international and regional meetings and seminars, a participation which is necessary to establish and maintain contacts and present the programme and approach to a wider audience. Networking with likeminded development agencies and donors, such as the World Bank, the regional investment banks, EU and bilateral donors is an important way the EIIP try and influence the wider approach.

Advice has been extended to a number of DANIDA programmes in countries such as Benin, Mozambique, Nicaragua, Tanzania and Uganda. Discussions have also been held with DANIDA representatives in Vietnam and India.

### ***C. Training***

A comprehensive and complete training package in French, with course material and six training manuals has over the years been developed and is now complete and is published on two CD-ROMs. The issue is *Labour-based Construction Methods*. It is intended for public and

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<sup>5</sup> Agence d'Exécution de Travaux d'Intérêt Public pour l'Emploi. There are AGETIPs in some 18 countries, set up in the early 1990s with support from the WB. The EIIP has also regularly worked with their umbrella organization, AFRICATIP.

private sector technicians, local government staff and small contractors in Francophone Africa. The material is extensive and covers technical issues as well as business management. It includes detailed training guides.

#### ***D. Demonstration Activities***

Minor demonstration activities are ongoing in Ecuador, Peru and Bolivia on routine maintenance of rural roads. The Inter-American Development Bank financed a pilot programme in Ecuador, which cooperated with the DANIDA financed demonstration project.

#### **Objective 2**

*Effective public-private partnerships for employment promotion and enterprise development between local governments and community organizations, associations of small enterprises and other stakeholders.*

#### ***A. Methodological Development, Documentation and Information***

Methodologically the biggest development has been the initiation of a closer collaboration with SEED on a regional research on “Partnerships with local organisations for more jobs and improved services and infrastructure”. A series of case studies have been documented. There is ongoing collaboration on activities related to the urban sector.

Special efforts have been made by the programme to enhance an enabling environment and to promote capacity building for contracting, both at the global and at regional and country level. Contractual approaches for community participation in EIIP programmes have been documented in a synthesis study prepared on the basis of seven country studies. As a follow-up, Guidelines on Community Contracting have been developed and published.

Collection and dissemination of information on urban issues through the ASIST database and publication of a biannual bulletin.

#### ***B. Advisory Services***

Advice has been given in large numbers to interested parties from governments, implementing organisations, social partners on the labour market, NGOs and communities. In particular should be mentioned involvement with government programmes in urban questions in Kenya, Zambia, Zimbabwe and Lesotho. In Bolivia, cooperation has been ongoing with DANIDA on a road rehabilitation and maintenance intervention.

Participation in a number of international and regional meetings and seminars, such as the World Urban Forum 2002.

#### ***C. Training***

A great effort has been put into translating, adapting or developing suitable training material into Spanish, and a number of publications have been widely disseminated.

Training of trainers has been undertaken for the three Latin American countries. In Bolivia and Ecuador, local government officials received training. In Vietnam a training needs assessment was undertaken and a national workshop conducted.

#### ***D. Demonstration Activities***

Technical support has been provided from the ASIST urban project to Hanna Nassif urban upgrading project relating to maintenance arrangements for community infrastructure such as access roads and drains.

An outcome of the collaboration with SEED in Tanzania was the development of a joint programme on “Municipal Service Delivery”, which is now under implementation.

### **Immediate Objective 3**

*Local economic development (LED): Employment-intensive investments stimulate local economies, promote enterprise development and create jobs. ILO’s local economic development concept, on the other hand, ensures the full participation of all local stakeholders and constituents in the planning and implementation of public investments.*

#### ***A. Methodological Development, Documentation and Information***

Methodologically a substantial work has been invested in developing a common framework and approach on local economic development together with SEED and COOP. However, this work is likely to suffer as a consequence of the cut in DANIDA financing.

Particularly in Asia-Pacific considerable work has been invested in developing the IRAP tool. In a number of cases adaptations have been made to the situation in individual countries; most lately this has taken place for 2 States in India. Studies have been made of local level investment planning systems and their potential links with IRAP (Integrated Rural Accessibility Planning) in Malawi.

#### ***B. Advisory Services***

LED strategies have been integrated with ADB programmes in the Philippines, Cambodia, India, Bangladesh and Indonesia.

Numerous contacts have been established with governments and development agencies in both Africa and Asia-Pacific.

#### ***C. Training***

Regional Workshops for local level planners have been organised in the Asia-Pacific area and basic training material developed.

Training material for urban planners and engineers has been developed and published and related training undertaken. Training of urban supervisors has also taken place.

### **3.5 Relations with DANIDA**

Activities, which complement the bilateral programme of Denmark, should receive priority. The EIIP has on several instances collaborated with Danish programmes and staff at the country level; examples are Bangladesh, Benin, Bolivia, Nicaragua, Tanzania, Zambia and Zimbabwe. The contacts at the country level are becoming increasingly important as Denmark is decentralising the management of the bilateral programme to the Embassies. The Embassy now has full responsibility for the development programmes, while DANIDA, Copenhagen only is involved in appraisals and annual reviews of the programmes. The responsibility involves substantial financial independence.

DANIDA is utilising a labour-based approach in several of its interventions in the road sector programmes modelled around the EIIP concept. Indications are that such interventions are on the increase while allocations for primary roads may be decreasing.

### **3.6 Conclusions**

- The EIIP has utilised the DANIDA funds in accordance with the General Agreement and the 2003 Policy Document. The DANIDA funds have been utilised to reinforce the programme activities, to develop cooperation with other programmes in the ILO, to reinforce the urban sector work in Anglophone Africa, to maintain activities in Francophone Africa and Latin America and to consolidate the result in Asia-Pacific.
- In the period 2001-2004, a total of US\$ 3.05 million has been released for the core programme; funds which have helped produce a considerable number of outputs. The activities undertaken and outputs produced are in agreement with the framework established in the Policy Document.
- The stop for further Danish financing will affect the EIIP negatively and alternative sources of finance will need to be found.
- EIIP has been collaborating with bilateral Danish programmes and has supplied advisory services to them.

## **4. IMPACT, EFFICIENCY and EFFECTIVENESS**

This chapter represents the core of an evaluation. This is where impact is analysed; i.e. the positive and negative changes produced by a programme, directly or indirectly, intended or unintended. For this desk evaluation this is also where the greatest problems arise, for two main reasons: i) the evaluation is concentrating on the use of the DANIDA funds, however they have been utilised (as intended) in combination with other funds, thus making it difficult to separate, ii) the DANIDA-funded activities are all part of a much larger Programme - and to separate the two would result in an artificial result (and is against the intention of the programme approach). The following is therefore a mix of general observations combined with analysis of the cases, where the DANIDA funds have made a difference.

## 4.1 Impact

The development of the EIIP programme concept has been ongoing for more than 25 years. During this period the programme has become more focussed, more detailed and improved in design. The main methodological developments in the period under review have been relating to Public-Private Partnership (PPP) and to Integrated Rural Access Planning (IRAP). In terms of programme development the consolidation of Asia-Pacific and Latin America are important outcomes of the DANIDA support together with developments within urban works of ASIST Africa.

A number of international meetings and evaluations have in the period under review pointed to the EIIP approach as an effective way of reducing poverty and creating decent employment, including the Thematic Evaluation Report: *Employment-intensive investment and poverty alleviation*, and the adjacent Report of the Committee on Technical Cooperation<sup>6</sup>. At the Tenth African Regional Meeting in December 2003<sup>7</sup> it was concluded that “*In both rural and urban areas, employment-intensive investments in infrastructure were identified as having proven track records in reducing poverty while at the same time providing quality services to poorer communities*”.

EIIP has been developed since the 1970s and has built up considerable expertise, which is widely recognized by donors and constituents alike. This recognition is reflected in the constant demand for the ILO’s services in this field and by the willingness of donors to finance regional advisory, information and training services, as well as related country projects. Close relationships have been built up with donors and development agencies, including the Asian Development Bank, Aus-AID, DANIDA, DFID, European Union, NORAD, SIDA, Irish Aid, Southern African Development Bank, Swiss Development Corporation, UNDP, World Bank and the Governments of Belgium, Luxembourg and the Netherlands. Many of these organizations and donors are financing labour-based investments within their programmes and seek the advice of the ILO. An increasing number of Governments from the developing nations are requesting ILO assistance for investment programmes funded nationally. Partnerships have also been established with specialized agencies such as HABITAT, WFP, UNCDF, UNHCR and UNDP.

The DANIDA supported activities have been efficient (see Section 4.2) and have contributed to the overall objective achievement of the EIIP. The DANIDA support has reinforced EMP/INVESTs efforts to further develop and promote the EIIP approach. The closure of further financial support is a problem. The DANIDA support has especially permitted the EIIP to expand sector-wise into urban development and geographically into Latin America and Asia. The DANIDA support has in a number of specific cases been able to attract additional donor funding as is the case in Asia-Pacific.

The EIIP is, however in need of additional funds also in the future. The funds available with the ILO do not permit an activity level required to develop policies and strategies in parallel with promotional activities in the developing world. The immediate future does not look too

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<sup>6</sup> See the Thematic evaluation report: *Employment-intensive investment and poverty alleviation* GB. 286/TC/1, March 2003 and the report of the Committee on Technical Cooperation, GB.286/17, March 2003.

<sup>7</sup> See the report and the conclusions of the 10<sup>th</sup> African Regional Meeting (Addis Abeba, 2-5 December 2003), GB 289/5, March 2004.

bright with regard to the internal financial level, as two out of 4.5 professional positions are in for retirement and may not be replaced.

## **4.2 Efficiency**

Efficiency is a measure of the productivity of the implementation process of an activity - how well and economically inputs were converted into outputs. An efficiency analysis of the DANIDA programme might involve the following indicators and analytical tools:

- Delivery rate: budgeted versus actual expenditures
- Reliability and speediness of release of Danish funds

However, calculating the delivery rate is complicated for two reasons. Firstly, the DANIDA funds have been used in combination with other funds. Secondly, the financial system of the ILO is not geared for such an exercise. Direct and detailed information on ILO internal budgets and expenditures have not been available. Budgets and accounts for donor funds are kept on a project basis, which for the DANIDA funds include nine different projects and budgets. The financial services of the ILO are focussed on accounting only and not on general management; this implies that project budgets annually (or more frequently) are revised and that the allocations for previous years are made to correspond with actual expenditures. A calculation of actual delivery rates is therefore not possible.

The list of outputs (Section 3.4) produced with DANIDA funds is long and indicates that the financial support has produced real value.

The financial management of the DANIDA funds is done in accordance with the ILO procedures for technical cooperation projects, which guarantees accountability. The Danish funds have normally been released in a timely manner. However in 2002, the Danish contribution was substantially reduced and in the same year the allocation balance was in the deficit in the amount of US\$ 0.6 million, mainly related to over-expenditure with the Workers' Education Programme and the Cooperatives Programme. This caused a halt in disbursements for some months, which affected all programmes including the EIIP and affected efficiency negatively as work plans could not be financed in a timely manner. The closure of further financial support was announced late 2003 with effect from April 2004. Since all of 2004 was already planned and the Danish financial contribution remained the same it evidently caused rescheduling of events and of expenditures.

## **4.3 Effectiveness**

*Effectiveness* is a measure of the extent to which an activity achieves its objectives.

The overall development objective of Danish development assistance is focussed on poverty alleviation. This corresponds well with the development objective of the EIIP, which is employment-intensive growth and structural reduction of poverty with the ultimate target group being the urban and rural poor. The DANIDA funds have not been used on direct interventions involving creation of infrastructure and employment of manual workers. In accordance with the intention, the funds have been used in an attempt to create an enabling environment for such works. The DANIDA-funded activities have done so in two major ways.

Firstly, by developing tools, which are used in direct works, such as training material, guidelines, contract outlines etc. Secondly, by promoting such works through advisory services and by producing studies and other material analysing the approach.

The recent adoption of labour-based approaches as official government policy in the cases of the Philippines, Namibia and South Africa should be noted. These policies are set out in: Executive Order No 94, April 1999, of the President of the Philippines; and *Establishing the policy direction and institutional framework to implement labour-based, equipment-supported infrastructure programme; Green Paper on labour-based works policy*, Ministry of Works, Transport and Communication of Namibia, April 1999 and a subsequent White Paper endorsed by the Namibian Parliament later that year. The South African Government is currently introducing the use of targeted procurement for civil works as an instrument to promote socio-economic policy and employment.

In addition, other governments in Africa and Asia are increasingly incorporating employment creation through employment-intensive works as an instrument to address poverty in their policy documents, including Poverty Reduction Strategy Papers (PRSP)<sup>8</sup> Several West African Governments, including Guinea, Senegal, Mali, Mauritania and Togo, have requested support for the preparation of Employment and Investment Policy Units at the level of their Planning, Economic and Finance Ministries. With DANIDA funds such a unit was established in Uganda in the late 1990s. Similar requests for support have been received from governments in Latin America, including Ecuador and El Salvador.

Progress is reported with regard to increased capacity by local governments to plan and implement labour-based works in countries such as Zambia and Zimbabwe<sup>9</sup>. The Department of Rural Roads in Lesotho has adopted labour-based methods for road construction and maintenance. Departments in Botswana, Lesotho, Mozambique and Tanzania are increasingly using labour-based techniques to increase the delivery of services. Countries like Cambodia, Laos, Nepal and the Philippines have institutionalized a labour-based approach and increased their capacities. EIIP has studied and advised on labour laws and practices in relation to public works in Botswana and South Africa. In French-speaking Africa, there has been close collaboration with the AGETIPs (World Bank supported Social Funds, now operating in eighteen French and Portuguese-speaking countries) on labour-based contractor training and capacity building.

Malawi has successfully introduced integrated rural access planning into the local level planning system and the implementation of access interventions is taking place in two rural districts in Zimbabwe. A number of countries in Asia are involved with IRAP activities.

The contracting procedures of donors have been an object of interest for the EIIP since they affect a considerable part of the public investments in infrastructure. In Laos and Cambodia, standard bidding documents were prepared for large Asian Development Bank programmes for labour-based rural roads. The programme is currently launching a global inter-agency effort to review and modify the contracting procedures, also with development agencies, such as the World Bank, the Asian Development Bank, DFID and the European Union.

<sup>8</sup>See ASIST Africa: *Self-Evaluation Report July 2001 – June 2002*, ASIST Africa, ILO, Harare, 2002 and *ASIST-Asia-Pacific: Annual Progress Report, 2002*.

<sup>9</sup> See ASIST Africa: *Self-Evaluation Report July 2001 – June 2002*, ASIST Africa, ILO, Harare 2002.



## **5. Conclusions and Recommendations**

### **5.1 Programme**

The downscaling of the EIIP, which took place from the early 1990's to 1998, was followed by reinforcement. However, EMP/INVEST is in danger of losing 2 out of 4.5 staff positions. At the regional level, the situation varies greatly. The EIIP is particularly strong in Anglophone Africa, primarily because of ASIST. ASIST has also managed to establish a firm presence in Asia-Pacific, particularly due to initial DANIDA support. In the other regions, Latin America and Francophone Africa, the EIIP relies on the established ILO structures for support, presently in Francophone Africa without relevant professional staff. If EIIP is not allocated sufficient staff resources the future of the programme is at stake since a minimum critical mass of staff is required to develop the programme further. Methodological development is an absolute requirement without which the programme will lose its dynamism and effectiveness.

Strong links have been established with many Governments in the regions involved, however the links to the equal-minded development agencies and donors seem to be of a more sporadic nature and consist often of contacts established in the developing countries, where delegations and missions are seeking advice from the MDTs and ASIST. Presence in international meetings and bodies seem also to be at a lesser scale than before. The EIIP seems to be limited in its capacity to market its approach, with the ASIST being the best agent. Other agencies are looking for trendsetters, which can help solve problems and develop their approach. The EIIP might need to consider more carefully the composition of its programme with a view to focus it even more on the areas, where it is – or wants to become – trend setting. The cooperation with other ILO programmes, which is briefly described below, may need to be reconsidered in such a perspective. Many development agencies are organised in a sector approach and consider the EIIP mainly as an approach for labour-based construction of roads; this in spite of many years of EIIP involvement in other sectors.

#### *Recommendations*

- EMP/INVEST should be reinforced staff-wise at the central level and at least maintain the present staffing of 4.5 professional positions.
- The establishment of a core group of like-minded agencies might be a first step to open-up for more formal cooperation with other development agencies and donors.
- EIIP should focus the programme on areas, where it is –or wants to become – trend setters.

### **5.2 Relations inside ILO**

In 1998 the ILO stressed the priorities of EIIP by giving the programme a new mandate, adopted by the November Session of the Governing Body. This strengthened the EIIP and reinstated EMP/INVEST as a Branch. The period during the 1990s, when the programme was given a low priority by the ILO central management has made it more sensitive to overall ILO policies and objectives. The Decent Work agenda of the ILO has in recent years influenced the strategies and objectives of EIIP. This may in itself be positive as it should assure the internal

support to the programme. However, the uncertainty about the repositioning of the two staff positions with EMP/INVEST seem to indicate an indifference.

One major outcome of the strategies has been the establishment of linkages to other ILO programmes; PPP and LED have been mentioned but reference might also be made to STEP and decent working conditions. With respect to the DANIDA programme, the collaboration with PPP seems to have been profitable. With the limited resources available with EMP/INVEST, a stronger prioritisation with regard to internal partnerships may be required. Such a prioritisation may need to be made jointly with the analysis of the interest of external partners; i.e. other development agencies. It is doubtful whether the external partners see more particular ILO objectives as having high priority.

The programme approach introduced in 1996 meant that the annual DANIDA contribution to the EIIP was reduced. It has now been completely stopped and alternative sources of financing from other donors, including DANIDA's bilateral programme, should be pursued. The existing programme structure, with one central component and 4 regional, is appropriate and the best possible within the resources presently available.

#### *Recommendation*

- EIIP should reconsider its internal ILO collaboration with its limited staff and the demand for trend-setting from external partners in mind.

### **5.3 Relations with DANIDA**

Up till October 2003, EIIP believed DANIDA to be satisfied with the collaboration. It is believed that DANIDA in fact did not have any particular points of criticism with regard to the programme and that the arguments for the cut should be seen as rationalisation of the reduction in the Danish contribution to the ILO. A reduction which was political in nature and which also affected a number of other UN institutions. The technical staff of DANIDA was apparently not consulted before the cut. The cut should therefore not be seen as a conscientious rejection of further collaboration between DANIDA and the EIIP. However, collaboration will in the immediate future have to be made through the bi-lateral programme of DANIDA rather than the multilateral wing. The present government appears unlikely to change its policies and level of finance towards the ILO. Only a change in policies might lead to renewed collaboration with the multilateral programme of DANIDA.

The idea of creating a special trust fund with contributions from the Scandinavian governments is unlikely to find support in Denmark. In parallel with the cut in the support to the ILO, Denmark reduced its financial support to a number of trust funds with 50 percent.

Technical contacts between the EIIP and DANIDA are nearly nonexistent at the central level. Besides short presentations at the Annual Consultations and Progress Reports there are no contacts to DANIDA. Especially the contacts to the internal DANIDA consultants, who are responsible for the technical aspects of infrastructure programmes/projects, are missing. Contacts with DANIDA in Copenhagen have been scarce. With decentralisation within DANIDA, staffing is thinner and has a stronger focus on the bilateral programme. The technical staff of DANIDA feel that EIIP is less central in the development of approaches than before and believe that they receive less information from EMP/INVEST. Contacts in different

international and regional meetings and institutions seem also to be reduced; this goes for the annual meeting in the World Bank but also in the framework of the SSATP. Collaboration is welcome but there should be benefits for the Danish side involved. This implies that common areas of interest may need to be defined. Historically training has been an area, where ILO has collaborated with DANIDA but presently the larger Danish consultancy companies have taken over. However, the collaboration might be renewed. Community contracting and tendering, specific studies and evaluations might be another area where collaboration could develop.

DANIDA's bilateral assistance is given on a sector basis, besides the transport sector programme there may be other sector programmes, where collaboration might be mutually beneficial. This goes for the environmental programme, which may have a strong emphasis on urban infrastructure and services, and the agricultural programme, which may include rural infrastructure.

The Danish embassies have since the beginning of 2004 full responsibility for the development programmes, while DANIDA, Copenhagen only is involved in appraisals and annual reviews of the programmes. The responsibility involves substantial financial independence. Contacts exist at the country level with individual DANIDA advisers, consultants and embassy staff. It is important that these contacts be reinforced with the new Embassy autonomy in mind, the embassy staff will always include a responsible officer for each programme.

Cooperation with the Danish bilateral development programme is complicated as procedures and time schedules follow their own routines. Most DANIDA development interventions are subcontracted to consultancy companies. EMP/INVEST cannot act like a consultancy company and participate in public tendering procedures. Yet, it would be important that ways and means are sought that would enable EIIP to provide its technical and policy advisory services to DANIDA's bilateral programmes. However, ASIST might be engaged contractually with DANIDA.

### *Recommendations*

- EIIP should pursue collaboration with DANIDA's bilateral programmes. Besides the Danida transport sector programme also the environmental and agricultural programmes may be potential partners.
- Continued efforts should be made to establish contacts with DANIDA officials- in particular the internal DANIDA consultants. The focus should be on areas, where both parties may profit. Contacts should in particular be reinforced at the country level with the Danish Embassies. Specifically, relevant DANIDA officials might be included on the mailing lists of the EIIP.
- The EIIP may, through ASIST or directly, offer services to DANIDA in return for consultancy fees. Such services might include expert participation in formulation, appraisal, monitoring, review and evaluation missions. It might include supervisory tasks or other longer term involvement. Elaboration and/or adaptation of guides, manuals, training material, contract formats etc. are other areas, where DANIDA might wish to collaborate.