



Activity Sheet 41

Recommendations for increasing the use of labour-based methods Uganda case study

Purpose

The purpose of this activity is to draw on the findings of the Uganda case study to make recommendations for ways in which the use of labour-based methods can be promoted and increased.

During this activity participants may draw on their experiences of labour-based methods for feeder road works.

Group Work

1. Read the attached paper, which is an extract from the case study.
2. Discuss the following question

What recommendations would you make for increasing the scope for the use of labour-based methods in feeder roads?

3. Prepare your findings on a flipchart.
4. Elect a person from your group to present your findings to the plenary.



Extract from the Case Study report on the economic benefits of labour-based methods or feeder road works.

The Ugandan labour market grows by at least 300,000 young people each year. With the formal sector being able to absorb less than 100,000 of them, the study concludes that there is a strong case for making the wider application of labour-based methods in infrastructure works a dynamic element in a strategy for employment creation and poverty eradication.

The main conclusions indicate that a switch towards more labour-based methods could generate very significant benefits for the poor in the form of employment opportunities, and for the country in terms of GDP and foreign exchange savings:

- Labour-based methods are cheaper than equipment-based methods: in direct financial terms they are 18% cheaper for full rehabilitation of feeder roads and 50% cheaper for spot rehabilitation
- In economic terms, labour-based methods are even more advantageous: 38% cheaper for full rehabilitation and 60% for spot rehabilitation
- In terms of costs, labour-based works are competitive as long as the unskilled daily wage does not exceed USD 4; the current rate in rural areas is USD 1.2
- The employment generation effect is much higher for labour-based than for equipment-based work: in the labour-based projects studied the proportion of the cost spent on wages, mostly for the unskilled, ranged between 44% and 60%, against 3% - 8% in equipment-based works.
- The macro-economic model showed that the indirect effects were even greater than the direct effects; for each job directly created another 2 jobs are generated elsewhere in the economy through a multiplier effect.
- An investment of US\$ 23 million in feeder roads rehabilitation would generate 107,000 jobs (directly and indirectly) if carried out with labour as against 36,000 jobs if carried out with equipment (the GOU current investment in feeder roads is estimated at Ushs 30 billion per annum)
- Due to the savings in foreign exchange from not having to import heavy equipment from abroad, the fiscal deficit of the investment would be 37% less with labour-based methods than with equipment.

Source: Employment creation and labour-based technology in road works: Ugandan case study. Gary Taylor, IT Transport, and Moses Bekabye (1999)