

## **UDP experience with poverty eradication through employment generation**

In 1999 the EU entered into a project agreement with the Government of the Philippines to implement the Upland Development Programme (UDP). The Department of Agriculture is the executing Agency. Although implemented on Mindanao, the 2<sup>nd</sup> largest island of the Philippines, UDP also intends to set examples for poverty eradication through sustainable development in other areas of the country, particularly in the uplands, where poverty incidence is much higher than in the lowlands.

By now the UDP has developed a replicable model for Sustainable Upland Development (SUD), which has been tested and applied in two Regions of Mindanao (XI and XII). The replication of the SUD model has, through one of its schemes, the scope for employment creation through labour-based road rehabilitation and maintenance schemes.

Well-maintained good roads are necessary to spur economic growth in the agricultural upland areas, however the rehab and maintenance of barangay roads vital for economic development has been severely neglected, if not totally ignored for various reasons among them the traditional emphasis on lowland development. As a result there is minimal infrastructure investment in the uplands where an estimated 25 million people<sup>1</sup>, country wide, most of them poor, are making a living.

Labour-Based Road Rehab & Maintenance addresses this concern by involving the participation and support from among the members of the community in addition to assistance from their Municipal Local Government Unit (MLGU) and Barangay Local Government unit (BLGU).

The primary objectives of this scheme are to institutionalise road rehab & maintenance of vital barangay roads by the members of the community and their BLGU and MLGU and to provide them with the necessary skills to undertake the operational procedures for labour-based road rehab & maintenance. Multi-year plans are formulated for that purpose.

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<sup>1</sup> Extrapolation from the figures in the FAO publication chapter 4. Impacts and effectiveness of logging in natural forest: Philippines – Ernesto S. Guiang

Tripartite arrangements among the MLGU, BLGU and community-based organizations are formulated and implemented. These include the formation of road rehab and maintenance crews, training activities for these crews, and support for implementation. Under the contract, the well-trained, permanently engaged labour crews are provided with hand tools to do the activities. In addition the local governments provide, on an ad hoc basis, equipment and material support should there be heavy damage due to e.g. natural disasters, which cannot be handled by the crew on its own.

The communities will benefit from the resulting mobility to and from their barangays through keeping these crucial roads in a passable shape at lower cost that will result in increased agricultural production, improved access to economic opportunities and services and in an increased commitment and capability of the MLGUs, BLGUs and community-based organizations in taking up and own their development programmes.

There are other advantages of this scheme that can be highlighted, as they are relevant in respect of overall economic development and poverty eradication.

The scheme creates direct employment and income in the community. It also creates indirect employment, as the wages paid to the crews are most likely spent within the local economy, thereby creating a multiplier effect in terms of additional employment and economic development in the barangay, municipality concerned.

The scheme is also cost saving for LGUs. Switching from equipment based-ad hoc rehab & maintenance, being the present practice, to a regular labour based programme, saves fuel costs and reduces investment in heavy equipment. There is a tendency among LGUs to buy heavy equipment through borrowing at often taxing loan-servicing costs. A substantial reduction of such costs can be gained by choosing for a labour intensive approach. Furthermore the money for paying the fuel, spare parts etc. will most probably result in a resource outflow instead of in reinvestment in the local economy.

Lastly fuel, oils and spare parts have a high import component. In macro-economic terms therefore the equipment approach could consume a substantial portion of the countries foreign exchange reserves in contradiction to the labour-based approach.

## Summary

With support from the UDP, 85 road rehab and maintenance crews, organised by community-based organisations, are employed under a contract with 85 BLGUs. On an average each road section has a crew of 8 members and looks after approximately 5 kilometres of vital barangays roads. This includes routine maintenance as well as some minor rehabilitation. The result is that about 650 people are employed at an annual cost of around PhP 20 million or about PhP 30,000/job, including training and tools. Per barangay the annual costs would be around PhP 250,000, an amount quite feasible to generate jointly from BLGU, MLGU and PLGU development funds.

The Philippines has nearly 42,000 barangays. Assume half of these say 20,000, are in rural areas. If these 20,000 BLGUs would establish road rehab & maintenance crews as is done in Southern Mindanao, 160,000 jobs could be created.

To further stress the opportunities and advantages of labour-based infrastructure development, imagine that even only 20% of the DPWH budget for 2004 or PhP 7.6 billion<sup>2</sup> would deliberately be allocated for labour intensive infrastructure development programmes targeting new employment generation, more than 250,000 jobs could have been created.

For more information see: [www.saveuplands.org](http://www.saveuplands.org)

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<sup>2</sup> [www.dpwh.gov.ph](http://www.dpwh.gov.ph) 2004 statistics