

Routine road maintenance micro enterprises — an option for employment generation and capacity building

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In Ecuador, the first of a series of national studies on the impact of routine road maintenance micro enterprises was undertaken. Three different programmes were compared: the UCV¹ programme for rural road maintenance and rehabilitation, the MOP² programme for maintenance of the primary road network, and a CONCOPE-ILO³ pilot project on rural road maintenance with the provincial government of Azuay. The micro enterprises were all of a cooperative nature, with all workers in the micro enterprise being members and from the communities closest to the roads concerned. The study compared the procedures used as well as the impact on the members, their families and the community as a whole.

Employment creation

In terms of **direct employment**, the micro enterprises have an average of ten associates, each receiving an average of US\$ 145 per month⁴. The average weighted income *ex ante* was US\$ 115, based almost exclusively on precarious employment opportunities. For 90% of the members, their current income was found to be some 25% higher than before.

In most cases, part of the payments to the micro enterprises was reserved for a social fund used for so called ‘productive projects’ in the communities, as well as serving as a contingency fund, for instance, to cover late payments and to act as a type of health insurance fund. The productive projects financed with the social funds,



Source: J. Contreras

Routine road maintenance enterprise in Ecuador

such as chicken and guinea pig breeding, communal shops, and the purchase of livestock, resulted in the generation of additional **indirect employment**, as did the use of personal savings for similar entrepreneurial initiatives. Additional opportunities for employment were generated as the micro enterprise members left their jobs, which were often taken over by family members, and because of growth in local consumption and investment by the members (often hired labour) in the local economy.

Impact on public transport sector

The roads under routine maintenance by micro enterprises remained in good condition, resulting in lower running costs in the public transport sector. The reduced running costs, together with the increased demand for transport services, led to higher incomes in the public transport sector. The farmers also benefited from the higher prices for their produce, as a result of increased access to public transport and new markets. However, the impact on local businesses was negative, as local consumption was displaced due to the improved access to other markets.

¹ Unidad de Caminos Vecinales - Rural Road Unit

² Ministerio de Obras Públicas - Ministry of Public Works

³ Consorcio de Consejos Provinciales del Ecuador - Consortium of Provincial Councils in Ecuador

⁴ The CONCOPE-ILO model has the highest individual remuneration: US\$ 200

MAINTENANCE

Female participation

Female participation in the micro enterprises was minimal. Little to no effort was made by the programmes to specifically promote the participation of women. Nevertheless, mixed and all-women micro enterprises do exist, especially under the MOP programme, and have proven to be viable.

Supporting the local communities

These programmes, especially those of CONCOPE-ILO and the UCV, have helped in the institutional and organisational strengthening of provincial and district authorities, parish councils, and communal organisations. The micro enterprises' support to the community is evidenced in activities such as cleaning works, painting of nurseries and schools, the installation of drinking water networks,

all financed by its social fund. The communities, in turn, tend to help and support the micro enterprises in certain road maintenance activities through traditional *mingas*⁵.

Development of skills

Finally, it is important to stress one of the most important achievements of these programmes, namely the generation of entrepreneurial skills in areas where agricultural labour tends to be the predominant form of employment. The different entrepreneurial initiatives developed, demonstrate that the

micro enterprises also function as incubators for new entrepreneurial perspectives.

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Clearing a culvert by a routine road maintenance enterprise.

Source: J. Contreras

⁵ *Traditional communal form of organisation for communal activities.*