



**UNIVERSITÉ
DE GENÈVE**



**PROMOTING DECENT WORK
IN CONSTRUCTION AND RELATED
SERVICES:
THE KEY ROLE OF LOCAL
AUTHORITIES**

FINAL REPORT

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Research team and acknowledgements

Research team

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EXECUTIVE SUMMARY

What is decent work? Does it differ from a well-paid job, or a safe working environment? Does it deal with conventional characteristics of employment in both the formal and the informal sector? How can local authorities promote decent work? This research report answers these and many other questions. The report presents the results of the international research project “Promoting decent work in construction and related services: the key role of local authorities”. This is a joint project between the International Labour Office (ILO) and the University of Geneva (UNIGE), funded by the Geneva International Academic Network (GIAN), from 1st December 2005 until 31st May 2007.

The concept of decent work presented by the ILO Director-General Juan Somavia in his report to the International Labour Conference in June 1999 is the core subject of this research project. In 1999, Somavia stated that “the primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, security and human rights. Decent work is the converging focus of all its four strategic objectives: the promotion of rights at work, employment, social protection and social dialogue” (ILOa, 1999:3). Thus, the concept of decent work is broadly based on four components: employment generation, social security, rights at the workplace and social dialogue.

Research hypothesis and questions

The research hypothesis for this project is that although publications on decent work focus mainly on the roles and responsibilities of actors and enterprises in the private sector, the contribution of other actors and institutions in the public sector, especially municipal or local authorities, should not be ignored. Local authorities do play an important role in national and local economic development, especially through a range of policies and programmes in the construction sector and related services. Given that these contributions to economic development are labour intensive, the main research task was to test the hypothesis that local authorities can play an important role in the promotion of decent work. If this hypothesis is validated then it is necessary to identify the means and measures that have been applied. If this hypothesis is not validated then it is important to understand why local authorities have not been key players in the promotion of decent work. For example, is this related to a lack of understanding such as significant cuts in public sector budgets combined with increasing trends towards privatization? Or is it related to the fact that the concept is still unknown to many politicians and employees working in local authorities?

This research is at the interface between knowledge and practice in different disciplines and professions including:

1. Employment policies and labour processes in urban areas (with appropriate inferences from connected fields including poverty alleviation and social protection against vulnerability).
2. Municipal management and governance (with appropriate inferences from related fields such as decentralization and public-private partnerships).
3. Policies and practices of private companies in the construction industry about working conditions of their employees. These should not be isolated from national employment policies and practices.
4. Social dialogue, which has facilitated the preceding sets of policies and practices. Social dialogue plays a prominent role in policy making for the creation of decent work. It will also be used in the third phase of this project to disseminate the results.

The sector focus of the project is employment, local government and the construction industry and related services (water supply, sewerage treatment, electricity and waste management).

Globalization has challenged collective social responsibility. For this reason, during the last decade, policies and programmes that counteract increasing levels of unemployment and human vulnerability (especially the precarious nature of growing share of paid work) have become a high priority for some international organizations, including the International Labour Office (ILO), many national and regional governments in both developed and developing countries, and local authorities. During the same period it has been increasingly recognized that local authorities provide the main location, the infrastructure, community services and the workforce for an increasing share of the emerging global economy as well as for specific economic sectors. Cities and municipalities are key actors in the generation of Gross Domestic Product. Therefore local authorities can be the catalyst for the promotion of policies and programmes that guarantees income, equity, security, and dignity to members of local communities. They can also be the arena for decent work, living conditions, social security and dialogue between members of civil society.

During the period that globalization has accelerated, decentralization has also become a key concept throughout the world. While there are variations between countries, in general, power and management have commonly been decentralized to the local level. The role of local authorities in economic development has increased, and it has also been reinforced by the creation or strengthening of several associations and networks. In particular, local authorities are playing an increasingly strong role in the construction sector and related services, either via the direct execution of public works and/or in some form of partnership with the private sector. At the same time, decent work and employment generation continue to be crucial issues in developing and transition countries. There are ample data and information on the work-related problems faced by a large part of the population of these countries – such as low wages, mistreatment, lack of rights, poor occupational health and safety standards, unemployment, etc – resulting in an alarming level of poverty.

The literature that considers the promotion of decent work usually ignores the role of local government in employment policies and programmes. Instead it is frequently assumed that the private sector, guided by national employment policies and regulations, is responsible for the creation of jobs and the promotion of decent work. It is not wholly surprising, therefore, that policies and programmes by local authorities only refer to the promotion of the local economy and increasing numbers of jobs within the context of an increasingly globalizing economy. This shortcoming will be explicitly addressed in this project.

The construction industry (and related services) constitutes one of the major providers – and in many instances the primary provider – of work, especially for unskilled workers and the poor. Further to direct employment in construction sites, the industry provides a large magnitude of other jobs, such as in the production of building materials and equipment, post-construction maintenance, etc. It is also worth noting that, in parallel to their jobs in formal building activities, a large number of construction workers render an important service to other groups of low income people through voluntary support to self-help building. For these reasons, the quality and quantity of employment in construction have a significant impact on the alleviation of urban poverty.

Outline of the research methodology

This project formulated and tested a methodology that combines quantitative and qualitative information and data. An important aim and contribution of the project is to define and validate a set of criteria to evaluate the capacity of local authorities to promote decent work in the construction sector. In order to achieve that goal, it is necessary to define and evaluate criteria about decent work, about the construction sector (and related services), and about the policies and programmes of the local authority in each city selected for a case study.

This research project comprised three phases of research which involve a range of methods and collaboration. Phase 1 comprised a synthesis and critique of recent contributions on this subject stemming from a review of literature which has been completed. It also included the definition of criteria and sources of information to assess decent work in the construction sector in precise localities. Phase 2 involved the completion of case studies by field research in four municipalities – Bulawayo (Zimbabwe), Dar es Salaam (Tanzania), Santo André (Brazil) and Esmeraldas (Ecuador) – using the criteria and methodology validated in phase 1. The case studies aimed to evaluate the strengths and weaknesses of policies and programmes for the promotion of decent work in each municipality. This phase was supposed to validate the proposed criteria and methods which only then could be reapplied in other localities. Phase 3 included the documentation and dissemination of a set of recommendations and guidelines, in order to be reapplied in other cities or a different sector.

Phase 1: Definition and analysis of indicators of decent work

This project has created and it will help disseminate new knowledge following a review and critique of recent contributions on how decent work can be achieved by local authorities through the promotion of satisfactory employment conditions in the construction sector, and other sectors, and to identify whether these conditions have been explicitly defined in local and national policies and programmes.

Phase 2: Case studies

The second phase of this interdisciplinary research project comprised four case studies: Bulawayo (Zimbabwe), Dar es Salaam (Tanzania), Santo Andre (Brazil) and Esmeraldas (Ecuador). However, the last case study has not been used for the final analysis, as the research criteria and methodology have not been followed, and the information found does not fill the conditions required to be included in this research project.

In this project, case studies were proposed in order to apply and validate a conceptual framework and a research methodology that could be reapplied in many other situations in order to study the relationship between employment/decent work, the construction sector, and related policies and programmes at both the local and national levels. There is no intention to make statistical comparisons between the case studies. However, even though the context and conditions in these local authorities may be very different, some analytical generalizations have been studied using qualitative and quantitative research methods in order to verify whether these relationships exist in each local authority.

Each case study includes three types of empirical research:

1. The first part of each case study involved the collection and the analysis of data and information about employment conditions, specifically in relation to criteria about decent work in the construction sector, at both the national and the local levels, including the formal and the informal sectors. Access to data and statistics at both the national and local levels have

been acquired for the years 1990 and 2000, in order to have a comprehensive data set and information about all the criteria.

2. The second part of the case studies was meant to identify links between the data and information obtained in the previous phase and the policies and programmes applied in the construction sector at both the local and national levels. The key task was to provide a set of quantitative and qualitative indicators of the four dimensions of decent work – employment, social security, workers’ rights and social dialogue - in both the formal and informal sectors using the criteria and measures established by the project management team. In this phase, the empirical research also involved structured interviews with staff of each local authority, representatives of employers associations and of workers’ unions. These interviews were meant to obtain qualitative information about the goals and outcomes of policies and programmes in the employment and construction sectors, to discuss examples of best practices, and to cross-check information provided by the different persons and documents.

3. The third part of each case study included site visits to projects that were identified as being examples of best practices. Random interviews with firms and workers enabled the verification of information obtained in the two previous parts.

The selected case studies illustrate how criteria can be used systematically to assess the extent to which local authorities are key actors in the promotion of decent work. The case studies have validated the conceptual and methodological frameworks proposed. The case studies also identified obstacles to the promotion of decent work in the construction sector by local authorities. Some ways and means of overcoming these obstacles have been considered.

Phase 3: Synthesis and dissemination of results

The research team participated in the United Nations’ World Urban Summit held in Vancouver, Canada from 19th to 22nd June 2006. This was an important venue for the presentation of this project. Outcomes of the project were presented at the International Workshop held at the ILO headquarters in Geneva on December 12th 2006. The main aim of this Workshop was to discuss the results of the project, the policy recommendations and a set of guidelines for local authorities. The research project is also presented in the ILO website¹. In addition, a network of local authorities and partners led by UNITAR-CIFAL and UNDP-UNV will promote and disseminate the project results mainly via internet. Scientific and professional publications are intended.

Structure of this report

This report is structured in two main parts. The first part comprises the theoretical and methodological issues. The first chapter is organized around the concept of decent work, its definitions and characteristics, as well as the study of its four components. After a brief presentation of some earlier propositions by ILO specialists to measure decent work, the second chapter presents our proposal for its measurement. The third chapter highlights the evolution of the role of local authorities in the global economy, and specifically in the promotion of decent work, with special attention given to the construction sector and related services. Some examples of good practices concerning the implication of local authorities in employment generation and the promotion of decent work are presented. The first part concludes with a detailed presentation of the methodology used for the research. An

¹ <http://www.ilo.org/public/english/dialogue/sector/sectors/constr/local.htm>

overview of the research methodology is given, as well as the different steps of the field research.

The second part of the report presents the four case studies of the project. The case study of Bulawayo (Zimbabwe) is written by Dr. Beacon Mbiba, the case study of Dar es Salaam (Tanzania) is written by Dr. Jill Wells, and the case study of Santo André (Brazil) is presented by Ms. Mariana Paredes. Each case study has been accomplished following methodology and guidelines proposed by the research team. They present the situation of each of the selected cities, the national and local context, the employment and decent work situation – as well as decent work indicators – and, when possible, examples of good practices in the field. The last case study – from Esmeraldas (Ecuador) - has not been used for the final analysis, but it is included in this report as an annex. Seven examples of good practice from other cities are summarized at the end of chapter 3 to illustrate different ways and means used to promote decent work at the local level. Finally, the report presents some recommendations and a set of guidelines to the ILO, national and local authorities that could be reapplied in other sectors, cities, regions or countries.

Key findings

Some key findings from the bibliographical research and empirical case studies can be summarized. First, this research project, in general, and the case studies, in particular, have clearly shown that decent work remains a marginal concept which has not been widely applied at the international, national and local levels. This applied research project indicates that decent work may not have been applied at national and local levels for a number of reasons. First, decent work is a complex, multi-dimensional concept that includes four components and numerous sub-components. It is a concept that is meant to deal with conventional sectoral initiatives about employment generation, social security, rights at the workplace and social dialogue. Hence it is meant to consider a vast number of conditions and requirements as well as the interrelations between them. The key question is whether this is reasonable and feasible. This research project indicates that a positive answer to this question will depend on a number of contingent factors

One factor concerns current compartmentalized approaches that analyse working conditions. It is important to emphasize the idea that decent work is a multi-dimensional concept. In principle, unless the four key dimensions of decent work are considered simultaneously, the concept is not applied in its broadest sense. Therefore, and in order that decent work is effectively implemented, cross-sector cooperation is necessary. This required collaboration will imply challenges for actors and institutions at both the national and the local levels who commonly work in specific sectors. They will have difficulty dealing with the complexity of decent work until administrative reforms are instigated.

Another important finding of this research principle is that decent work should not be interpreted as a monolithic concept but as a multidimensional one. The four key components of decent work need to be considered in terms of the relative weightings of their sub-components in precise localities. The case studies show how differences exist between countries and cities. This is an important finding that indicates that the sub-components of decent work need to be assessed and understood by in-depth analytical studies at both the national and local levels. To-date there are few contributions that address the need for methodological innovation. However, the implementation of decent work will depend on an accurate understanding of locality specific conditions which are embedded in a national and an international context. Therefore it is not unfair to claim that the research methodology that has been formulated and tested in this project can serve as a framework for future contributions.

This international research project has confirmed the pertinence of analyzing policies, programmes and projects in precise sectors at both national and local levels. This is an important conclusion of this project because the vast majority of contributions consider decent work only in terms of a broad economic and political framework without reference to sector based initiatives. The exceptions to this customary approach are a limited number of contributions that focus on agriculture. It is important to note that sector based contributions can be useful in the future to compare progress towards decent work in different sectors, and also highlight similarities and differences between them.

This research project has formulated and tested a set of indicators proposed to measure decent work in terms of the four components of decent work: employment generation, social security, workers rights and social dialogue. This set of indicators should rely on data and information that are generally available in a large number of countries and that come from reliable quantitative databases (such as national surveys and census) and qualitative sources (questionnaires and interviews). Additionally, these indicators should be clearly and specifically defined to ensure that the same issues are being measured in different contexts, cities, regions and countries. The application of the set of decent work indicators in the four case studies has shown that the selection of indicators was pertinent, and that the indicators were easily to identify in the different contexts, at the national and local level, for the whole economy and the construction sector. Fourth, the proposition of applying these indicators at both the national and local levels, and for the whole economy and for the construction sector, was confirmed by the case studies. The indicators also enabled the researchers to identify the weight of the construction sector in the national economy. The selection of two periods of time permitted the analysis of the evolution of the socio-economic situation in the cities and countries so that trends towards or away from decent work could be measured.

The research presented in this report has shown that decent work has not been a key concept for local authorities despite the vast amount of concern about decentralization during the 1990s. The case studies in this research project show that decent work was only known and applied in the municipality of Santo Andre, Brazil. Local governments, as well as other stakeholders, including workers' associations, cooperatives and community groups should explicitly be involved in policy implementation. Sometimes some of these actors are underestimated. For example the role of local authorities in the creation of employment, the procurement process and financing arrangements should not be forgotten when dealing with decent work. Although local authorities have rarely applied the concept of decent work, seven examples of best practices are included at the end of chapter 3 of the final report.

Recommendations and guidelines

The following set of recommendations and guidelines are presented as one of the achievements of this international research project.

Recommendation 1: Actors and institutions involved in the promotion of decent work

Until now the majority of contributions on decent work have been addressed to national governments and the private sector. This research project has shown that these two audiences are important but too limited for the effective implementation of decent work. Following this research project, more attention should be given to other actors and institutions involved in the promotion of decent work. Local governments, as well as other stakeholders, including workers' associations, cooperatives and community groups should explicitly be involved in policy implementation. Sometimes some of these actors are underestimated but they should not be neglected. For example, the role of local authorities in promoting employment that respects the principles of decent work can be strengthened using the procurement process and financing arrangements. However, this subject is still rarely mentioned in ILO documents on decent work.

We recommend the inclusion of all the different stakeholder groups involved in the generation of employment and the promotion of decent work, as shown by the case studies in Bulawayo and Santo André.

Guideline 1: All the relevant actors involved in the promotion of decent work - national and local governments, community groups, cooperatives, contractors and others - should be involved in the decision-making and implementation processes. Both national and local platforms for dialogue between these actors and institutions can be proposed to facilitate communication and coordination.

Recommendation 2: Accounting for globalization and migration

This research project has shown the importance of accounting for the local, regional, national and international contexts. This research indicates that more attention should be given to globalization, migration, urbanization and even decentralization because these processes do impact on working conditions at the local level.

Guideline 2: Local conditions related to decent work should be analyzed bearing in mind regional, national and international processes. Special attention should be given to cases where migration is important, in order to facilitate the integration and the social welfare of migrant workers.

Recommendation 3: Measurement of progress towards decent work

The measurement of progress towards decent work - using both quantitative and qualitative data - is necessary in order to identify achievements and obstacles to progress. The main problem that hinders this objective is missing data at the local level. Much work needs to be done by local authorities to collect and maintain a coordinated information system that contains information and data for all the indicators proposed in this research project.

This research project has confirmed the need for reforms in the collection and analysis of data and information about the four key components and the sub-components of decent work. For example, the suggestion about analyzing the employed population by types of

employment status is desirable, but will be very difficult to obtain. This issue is related to Recommendations 6 and 7, namely the question of traditional and new categories of workers particularly in the construction sector. The categorization of the employed population is often based on traditional categories of workers, and does not take into consideration casual or temporarily workers, or autonomous workers in the informal sector.

Guideline 3: *Collaboration between ILO offices, national statistic offices and national social security authorities should be strengthened, namely regarding data collection and analysis in order to develop measurement protocols that are pertinent in different contexts and to reduce the missing information syndrome. To optimize the use of labour standards and decent work indicators, cities and local authorities should be consulted by ILO staff, and where necessary training programmes should be provided.*

Recommendation 4: From general discourse to practical implementation

This research project has shown that decent work remains a marginal concept which has not been widely applied at the international, national and local levels since it was introduced by the ILO in 1999. Consequently, an important allocation of human and other resources is necessary in order to disseminate the concept of decent work, so that it is much more widely applied.

Today there are too few incentives for national and local authorities to define and implement decent work. The ILO ought to be more proactive in promoting programmes and projects that are concrete examples of good practice.

In order for the decent work concept to be more widely known and more pertinent at the local level, we recommend that the ILO broadens its work beyond “traditional stakeholders” and expands its collaboration with more micro-level partners. The results of the Bulawayo case study suggested that the ILO should take a multi-level approach at the local level; working with National Employment Councils, with local authority strategic teams, and with employers associations and employees unions.

Guideline 4: *Beyond general discourse about the concept of decent work, the ILO should adopt a strategic implementation plan including a communication policy to disseminate this concept to all actors and institutions at both national and local administrative levels. Much more attention should be given to those practical means and measures for the effective implementation of the concept decent work using practical measures.*

Recommendation 5: Benefits and challenges of decent work

This research project has shown quite clearly that the costs and investments necessary for the implementation of decent work in practice have not been considered. The benefits of decent work are rarely debated or publicized by ILO, and national and local authorities. These benefits should be analyzed for individuals and social groups as well as for the short- and long-term. They include improved dialogue between the representatives of workers and employers, greater stability of the job market, improved social security coverage, lower levels of accidents and injury at the workplace and lower levels of absenteeism. This research project shows that the effects of these benefits will be different in developed and developing countries. However, in principle, it is important to stress that financial investments in the implementation of decent work should be weighed against both the monetary and non-monetary costs of inadequate working conditions that impact on living and working conditions of the labour force.

Monitoring of decent work is crucial in order to assess the effectiveness of policies, programmes and projects, and for identifying their unintended consequences. For example, the local authorities in Santo André have adopted decent work for their public policies. However, the case study in that locality found that the number of workers in the informal sector has increased in recent years. The reasons for this trend need to be understood in order to counteract its negative impacts.

Guideline 5: *There is an urgent need to monitor the resources required to implement decent work in specific situations, and the positive outcomes of these investments. The ILO should provide a protocol for monitoring projects and programmes in order to achieve this objective in a systematic way.*

Recommendation 6: Clarifications of categories - the case of temporary workers

In contemporary societies, traditional categories (such as temporary, task specific and casual workers) are no longer relevant owing to structural changes in the working population. However, the statistics that are available today to develop indicators of decent work rely on these redundant categories. Consequently there is an urgent need for reform. This research project has shown that some conceptual considerations on decent work should be reviewed and updated. One essential element is the consideration of temporary workers.

The Dar es Salaam case study has explicitly emphasized the relative high number of casual workers, namely in the construction sector, and the necessity to take them into consideration in the implementation of action to promote decent work.

Guideline 6: *Special policies should be developed and strategic actions should be applied in order to deal with the specific case of temporary and casual workers in the promotion of decent work. Reforms in data collection are necessary.*

Recommendation 7: The importance of the informal sector

The informal sector has been growing during the recent decades all around the world. The majority of new employments in the last decade have been in the informal economy. This situation is accentuated in both developing and transition countries. Therefore, the increase of the informal sector has been related not only to the capacity of registered enterprises to absorb labour but also to their willingness to do so. More and more firms are decentralizing production and organizing work through flexible specialized production units, some of which remain unregistered or informal. As part of their efforts to improve competitiveness, firms are increasingly operating with a small core of wage employees with regular terms and conditions based in a fixed formal workplace and a growing periphery of atypical and often informal workers in different types of workplaces spread in different locations. These measures often include outsourcing or subcontracting and a shift away from regular employment relationships to more flexible and informal employment.

Although these issues have been well documented in other research publications, they are included here owing to their relative importance in each of the case studies included in this project. These case studies confirm the evidence about the importance of the informal sector especially for the construction industry. We recommend that local authorities play an important role in setting up area-based social protection schemes, working in partnership with local groups, CBOs and civil society.

Guideline 7: *Workers in the informal sector should be taken into consideration as a category of all employed persons. Thus, social security, safety and health insurance systems should be implemented for this group of workers as it is for persons employed in the formal sector.*

Recommendation 8: Lack of application of the labour legislation

Instability of employment is one of the major problems in the construction sector. Fluctuations in demand, the project base of construction and the widespread use of the contracting system all conspire to make it difficult for contractors to obtain a steady flow of work which would allow them to provide continuity of employment. Hence there is a constant friction between the needs of employers for “flexibility” and the needs of workers for stable jobs. Construction workers are conventionally employed on a short-term basis, for the duration of the whole, or part of a project, which means no guarantee of future work. This results in an increasing number of temporary and informal workers. Therefore, we recommend that labour legislation should also apply to temporary and informal workers.

This research project also shows that labour-standards in contracts are usually not implemented because they are not monitored and enforced through incentives and/or sanctions. The research team selected two Swiss examples to illustrate incentives aimed to enforce the implementation of labour standards. First, the Certification of Equal Compensation for Women and Men is a Swiss initiative to enforce equality of salary between men and women in the private sector. Second, the Federal Law for Public Markets presented a legal framework for Swiss public markets, respecting labour standards, namely workers rights.

Guideline 8: *Legal and administrative measures should be taken to ensure that all rights and responsibilities in labour laws are applied. Labour standards and decent work components – such as workers rights and social dialogue – require increased enforcement and monitoring by local, regional and national governments through incentives and/or sanctions. Policies applied by the private sector or by national governments should be taken as examples to be integrated into public procurement.*

Recommendation 9: Procurement initiatives

This research project endorses the importance of the role played by those involved in the early stages of procurement. Acknowledgment that the quality of public procurement systems plays a key role in influencing local development results enables the definition of social development objectives including the promotion of decent work. It is indispensable to highlight the role of national and local governments, who can be influential in promoting social objectives, as they set the framework in which projects are identified, designed, procured, constructed and sustained.

We recommend the use of targeted procurement as an example of good practice to enhance the implementation decent work and social objectives. Targeted procurement is a system for awarding tenders that provides the option to set goals to achieve socio-economic objectives that are contractually enforceable, retaining donor rules of competition, fairness, efficiency and transparency. This scheme has been used to support local economic development, to promote growth within the small business sector and to target the unemployed in poverty alleviation programmes. Nevertheless, it is important to have appropriate planning and design, and to clearly identify goals, as well as the willingness and ability to apply sanctions.

Guideline 9: *Procurement processes, especially in the construction sector, play an essential role to achieve social development objectives such as the promotion of decent work. Local*

authorities should adopt these processes as a means to promote decent work in the construction sector and all other sectors.

Conclusion

During the last decade, policies and programmes that counteract increasing levels of unemployment and human vulnerability (especially the precarious nature of an increasing share of paid work) have become a high priority for some international organizations, including the International Labour Office (ILO), many national and regional governments, in both developed and developing countries, and numerous local authorities. During the same period it has been increasingly recognized that local authorities provide the main location, the infrastructure, community services and the workforce for an increasing share of the emerging global economy as well as other economic sectors. Cities and municipalities are key actors in the generation of Gross Domestic Product. Therefore local authorities can be the catalyst for the promotion of decent work that guarantees income, equity, security, and dignity to members of local communities. They can also be the arena for decent work, living conditions, social security and dialogue between members of civil society. However, in general, this international research project concludes that local authorities have not been proactive in promoting decent work. In fact, this report, and the research project in which it is based, have shown that much more needs to be done at the global, national and local levels before the principles of decent work are widely known and applied around the world at both national and local levels. Hopefully, this research project will provide a catalyst for the improved dissemination and implementation of decent work in the near future using the concepts, indicators and methods already applied and validated by examples of good practice. It is very encouraging that this seems to be the case in Santo André, Brazil, as a result of the fieldwork for the case study in that city.

INTRODUCTION

This report presents the results of an international applied research project “Promoting Decent Work in Construction and Related Services: the Key Role of Local Authorities”. The research project analyzed whether the concept of decent work is known and applied by local authorities in the construction sector and related services. This interdisciplinary research project involves a multi-method study of documentary sources and four case studies in Bulawayo (Zimbabwe), Dar es Salaam (Tanzania), Santo André (Brazil) and Esmeraldas (Ecuador).

The concept of decent work presented by the ILO Director-General Juan Somavia in his report to the International Labour Conference in June 1999 is the core subject of this research project. In 1999, Somavia stated that “the primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, security and human rights. Decent work in the converging focus of all its four strategic objectives: the promotion of rights at work, employment, social protection and social dialogue” (ILOa, 1999:3). Thus, the concept of decent work is broadly based on four components: employment, social security, rights at the workplace and social dialogue.

Since 1999, the concept of decent work has been promoted and encouraged in different ways and in different regions, countries and economic sectors. Diverse authors have proposed interpretations and indicators in order to better observe the evolution of working conditions and make international comparisons. Therefore, and according to Ghai (2005:1), some questions have emerged from diverse contributions: Is the concept of decent work applicable only to countries with a certain level of economic development and institutional structure, or is it valid across countries with different development levels, economic structures and socio-economic institutions? What are the goals and main features of the four components of decent work? Is it possible to develop indicators and outline trends towards or away from decent work in different countries?

The hypothesis on which the research presented in this report has been conducted is that although the literature on decent work focuses mainly on the roles and responsibilities of actors and enterprises in the private sector, the contribution of other actors and institutions in the public sector, especially municipal or local authorities, should not be ignored. Local authorities do play an important role in national and local economic development, especially through a range of policies and programmes in the construction sector and related community services. Given that these contributions to economic development are labour intensive, the main research task was to test the hypothesis that local authorities can play an important role in the promotion of decent work. If this hypothesis is validated then it is necessary to identify the means and measures that have been applied. If this hypothesis is not validated then it is important to understand why local authorities have not been key players in the promotion of decent work. For example, is this related to a lack of understanding of the concept, or a lack of political commitment? Or is it simply that the concept is still unknown to many politicians and employees working in local authorities?

This report will address these questions. The report is structured in two main parts. The first part comprises the theoretical and methodological content of this research. The first chapter is organized around the concept of decent work, its definitions and characteristics, as well as the study of its four components. After a brief presentation of some earlier propositions by ILO specialists to measure decent work, the second chapter presents our proposal for its measurement. The third chapter highlights the evolution of the role of local authorities in the global economy, and specifically in the promotion of decent work, with

special attention given to the construction sector and related services. Some examples of good practices concerning the implication of local authorities in employment generation and the promotion of decent work are presented. The first part concludes with the detailed presentation of the methodology used for the research. An overview of the research methodology, as well as the different components of the field research, is included.

The second part of the report presents the case studies of the project. The case study of Bulawayo (Zimbabwe) is written by Dr. Beacon Mbiba, the case study of Dar es Salaam (Tanzania) is authored by Dr. Jill Wells, and the case study of Santo André (Brazil) is presented by Ms. Mariana Paredes. The last case study – from Esmeraldas (Ecuador) - has not been used for the final analysis, but it is included in this report in annexe 3.

Each case study has been completed following methodology and guidelines proposed by the research team. The case studies analyze the present situation of each of the selected cities, as well as the national and local context, the employment and decent work situation, and – when possible - examples of good practices.

Finally, the report presents some general findings from this interdisciplinary research project as well as a set of recommendations and guidelines to the International Labour Office as well as national and local authorities that could be reapplied in other sectors, cities, regions or countries. In this way the findings of this international research project can be of benefit to those concerned by the promotion of decent work.

PART ONE: THEORY AND METHODOLOGY

I - REVIEW OF THE STATE OF ART OF DECENT WORK

1.1. What is decent work?

1.1.1. Origin of the concept

Some international agreements precede the introduction of the concept of decent work in 1999 and have had an influence on its definition. In particular, the Universal Declaration of Human Rights (1948), the International Covenant on Economic, Social and Cultural Rights (1966), the Declaration on the World Summit for Social Development (1995), and the Declaration on Fundamental Principles and Rights at Work (1998) have provided the foundations for the decent work concept.

It is important to highlight some of the principal elements of these non-binding agreements that have inspired the decent work concept.

Article 23 of the Universal Declaration of Human Rights (1948) states that:

“(1) Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.

(2) Everyone, without any discrimination, has the right to equal pay for equal work.

(3) Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

(4) Everyone has the right to form and to join trade unions for the protection of his interests”.

The idea of employment permitting a convenient standard of living is highlighted in the Article 25 of the Universal Declaration of Human Rights (1948):

“(1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control”.

In 1966, the International Covenant on Economic, Social and Cultural Rights pursued the same objectives. In Article 6, it evokes:

“The States Parties to the present Covenant recognize the right to work, which includes the right of everyone to the opportunity to gain his living by work which he freely chooses or accepts, and will take appropriate steps to safeguard this right”.

In particular, Article 7 specifies the objectives concerning employment conditions:

“The States Parties to the present Covenant recognize the right of everyone to the enjoyment of just and favourable conditions of work which ensure, in particular:

(a) Remuneration which provides all workers, as a minimum, with:

- Fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work;

- A decent living for themselves and their families in accordance with the provisions of the present Covenant;

(b) Safe and healthy working conditions;

(c) Equal opportunity for everyone to be promoted in his employment to an appropriate higher level, subject to no considerations other than those of seniority and competence;

(d) Rest, leisure and reasonable limitation of working hours and periodic holidays with pay, as well as remuneration for public holidays”.

In 1995, the Declaration on the World Summit for Social Development highlighted the general commitment of “supporting full employment as a basic policy goal” in its Part C:

“We commit ourselves to promoting the goal of full employment as a basic priority of our economic and social policies, and to enabling all men and women to attain secure and sustainable livelihoods through freely chosen productive employment and work.

To this end, at the national level, we will:

(a) Put the creation of employment, the reduction of unemployment and the promotion of appropriately and adequately remunerated employment at the centre of strategies and policies of Governments, with full respect for workers' rights and with the participation of employers, workers and their respective organizations, giving special attention to the problems of structural, long-term unemployment and disabilities, and all other disadvantaged groups and individuals”.

These international non-binding agreements form a base for the definition of decent work. The cited norms and rights represent a broad framework for the principles of decent work. Even if these non-binding agreements represent a basis for the concept of decent work, they do not constitute all the dimensions that characterize the concept of decent work.

1.1.2. Definition

The ILO Director-General Juan Somavia introduced the concept of decent work in his first report to the International Labour Conference in June 1999 (ILOa, 1999:3) using the following words:

“The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work², in conditions of freedom, equity, security and human dignity. Decent work is the converging focus of all its four strategic objectives: the promotion of rights at work, employment, social protection, and social dialogue.”

Gary Fields (2003: 239) wrote that “decent work is a new welcome way of achieving the ILO’s historic task, for it has shifted the focus to outcomes: what kinds of work people are doing, how remunerative and secure this work is, and what rights workers enjoy in the workplace”.

The concept of decent work calls for the creation and the promotion of employment, but this should not be the only goal. It also refers to good employment conditions and respect for workers’ rights as well as their standard of living.

According to Somavia (2002c:19) decent work is a broad concept about living and working conditions. In general, decent work is a way of guaranteeing human dignity for everyone: “It is about their job and their future prospects, their conditions of work, the balance between work and family life, the possibility of sending their children to school or withdrawing them from child labour. It is about gender equality, equal recognition and training of women so that they can take decisions and take control of their lives. It is about (their) personal capacity to compete in the market, to keep up to date with new technological skills and stay healthy. It is about developing business skills and receiving a fair share of the wealth they have helped to create and not to be the victim of discrimination. It is about having a voice in the workplace and the community”.

A similar kind of humanistic interpretation is proposed by Gerry Rodgers (2001:17): “Decent work does not refer only to wage employment in large firms. It reflects a broader notion of participation in the economy and the community. It is argued that decent work, rather than just employment or income, should be a basic goal of development, which is equally valid in low income and high income situations”.

Nomaan Majid (2001:1) noted that the decent work paradigm implies the formulation of initiatives allowing the development of the different dimensions of daily life that impact on the living and working conditions which enables a working person to attain a decent life. These dimensions are presented as the strategic components of decent work which are employment, security, rights at the workplace and social dialogue.

Decent work is an objective common to all societies that varies according to the customs and conditions of each country. Ghai noted that “working people in all societies desire freedom of association and oppose discrimination, forced labour and child employment in hazardous and harmful situations. They wish to participate through social dialogue in decision-making affecting their work and lives, both at the level of the enterprise and the nation and at the regional and global levels. Likewise, all people in all societies desire work in conditions of dignity and safety and with adequate remuneration. Finally, a modicum of social and economic security in work and life is a universal aspiration” (Ghai, 2005:2).

² The term “productive work” can be understood as referring only to mercantile work, and therefore it omits all those activities which are not tradable. Basically, there is no specific element that could clarify this topic. According to Juan Somavia, the ILO Director-General, (1999a:21) “without productive employment, the goals of decent living standards, social and economic development and personal fulfillment remain illusory”. Mr. Somavia also highlights that there is no “consensus on the policies most likely to create jobs: for some the issue is one of growth, for others it is labour market flexibility. Some believe that the answer lies in human skills and capabilities, others in policies to share out available work”.

Decent work is a goal. The International Labour Office (ILO, 1999a: 4-5) emphasized that “it reflects in clear language a universal aspiration of people everywhere. It connects with their hopes to obtain productive work in conditions of freedom, equity, security and human dignity. It is both a personal goal for individuals and a development goal for countries”.

The various definitions just presented clearly show that decent work is a much broader concept than the generation of paid work, or the simple quantity of work. Decent work means not only the promotion of employment, but employment in good conditions, with adequate social protection and respect for the rights of workers. Decent work also signifies the promotion of equality among workers and fostering social dialogue.

1.2. Characteristics of decent work

1.2.1. Four components of decent work

As noted in section I, decent work has been the principal goal of the ILO since 1999. The ILO’s Director-General highlights that the main objective is the creation of jobs of acceptable quality (ILO, 1999a:5). This is meant to be achieved by applying four strategic objectives: full employment, developed levels of socio-economic security, universal respect for fundamental principles and rights at the workplace, and the intensification of social dialogue.

Hence, there are four components of decent work: employment, social security, rights at work, and social dialogue.

Majid (2001:3) presents the objectives of each of the four components of decent work:

- The component of employment is important for achieving decent earnings³ from labour and guaranteeing its decent use;
- The objective of social security in the workplace, covering working conditions (as well as protective security for all), gives security to workers;
- The dimension of rights at work permits social conditions of work to be improved and discrimination at work to be eliminated or at least reduced;
- The objective of social dialogue is important by itself and can be influential in the accomplishment of the other objectives in the employment sector.

Following the analysis of Ghai (2005: 4-14), and in order to better understand the selected components of the concept of decent work, each component will now be presented.

1.2.1.1. Employment dimension

In the decent work concept, the employment dimension refers to all kinds of work: self-employment, wage employment and home-based work. It also refers to full-time, part-time and casual work, and to work done indifferently by women, men and children.

According to the *ILO Convention No 122 (1964), Article 1:*

“Each member shall declare and pursue, as a major goal, an active policy designed to promote full and freely chosen employment. This policy shall aim at ensuring that:

³ In this context, “decent earnings” are considered as a sufficient amount to live in acceptable conditions. A quantified sum should be proposed for each city, or region, and specific employment sectors, in order to avoid any subjective interpretation of the “decent earnings” element.

- (a) there is work for all who are available for and seeking work,*
- (b) such work is as productive as possible, and*
- (c) there is freedom of choice of employment and the fullest possible opportunity for each worker to qualify for, and use his skills and endowments in a job for which he is well suited, irrespective of race, colour, sex, religion, political opinion, national extraction or social origin”.*

Some conditions should be met in order to achieve decent work. Adequate employment opportunities have to exist for all people seeking work. Work should be freely chosen and without any type of discrimination for any category of workers. The remuneration of this work should be adequate and sufficient to meet the basic needs of workers and their families. In addition, workers must be protected against accidents, excessive hours of work, or unhealthy and hazardous conditions at work. A basic minimum level of social security is another essential requirement. Furthermore, decent work involves the right to form and/or to join representative organizations to defend workers' interests, as well as to engage in collective bargaining and discussions on work conditions and related issues with employers, government authorities and representatives of the private sector.

Rodgers (2001:19) noted that “it is not enough to have work, we also have to take into account the content of this work and the conditions under which it is performed. Employment is closely related to people’s conditions and quality of life”. For that reason, it is essential “to take into account working time and work intensity, the need for a living income, the possibilities for personal development and the opportunities to use one’s capabilities” (ILO, 2000b:19).

In principle, government policies are an essential element in the implementation of employment opportunities and pathways to achieve decent work. Ghai (2005:7) has mentioned that these policies play a central role in influencing the definition of work opportunities. Policies concerning the rate of economic growth, the labour intensity of production, and labour flexibility have an important impact on employment opportunities, as well as their distribution among different types of work. The distribution of the workforce among the different economic sectors – agriculture, industries and services – as well as the weight of each of them, influence decent work in various countries.

Even if appropriate domestic policies have a crucial role in the generation of productive employment, Ghai (2005:8) emphasized the increasing importance of the global environment in the determination of employment possibilities. Although each country should elaborate its own policies and responses to its specific employment problems, there are some global policies that seem to conduct and/or to influence policies inside regions and countries. In the era of globalization, at the beginning of the 21st century, the importance of macro-economic stability as well as the use of market forces for sustainable growth in resource allocation are broadly recognized. More indirectly, and through its impact on the rate of growth, the volume of investment is a pertinent determinant of the expansion of employment opportunities.

Decent work is not just about employment generation, but precisely about the generation of “good” employment. The quality of employment is essential all around the world, in all countries regardless of their characteristics. Egger (2002:164) has emphasized that “some jobs will always be bad jobs wherever they are found”, such as forced labour and child labour. These kinds of jobs are universally considered contrary to basic social values, and hence are unacceptable. Other jobs considered to be bad and hardly acceptable in some countries (due to the long hours, hazardous working conditions, or low wages) may be considered as valuable in other countries. Egger (2002:164) also underlined that “individual’s perception of their jobs measured in terms of their job satisfaction can be an important intrinsic job characteristic”. Therefore, “international labour standards as well as

individual perceptions and preferences set the criteria determining what characterizes an acceptable job”.

Ghai (2005:7-8) discussed some problems related to the employment dimension of decent work. The first problem concerns the “underemployment” in the informal sector. It is widely known that in developing countries and others in transition, a large part of the working population have employment that is not considered as part of the formal economy. Often, in the absence of unemployment benefits and social security measures, these people are “underemployed” in the informal sector because they are unable to get work in the formal and organized sector. They are constrained to survive with small activities, either in the informal sector, or as casual workers. The second problem is the situation of people working for long hours but for extremely low earnings. This situation is mostly found in poor countries, where people work for long hours and salaries are usually too low to attain their basic needs. This is the case of small farmers, rural workers, as well as workers in small enterprises. Often there are numerous women and children in this situation. A third problem highlighted by Ghai is the excessive hours of home-based female workers. Usually, their work refers not only to household duties - cooking, bringing up children, looking after aged and sick relatives - but also to some income-generating activities. This situation is common when the wage of the household is not sufficient to cover the needs of the household.

1.2.1.2. Social security

The aim of social security is to provide protection against different vulnerabilities. In general, social security policies are meant to reduce suffering, anxiety, and material deprivation.

The Report of the 90th Session of the International Labour Conference (2002b:56) included the traditional concept of social security stated in ILO conventions: *The Income Security Recommendation 1944 (No. 67)*, *the Medical Care Recommendation 1944 (No. 69)*, and *the Social Security (Minimum Standards) Convention, 1952 (No. 102)*. Thus there are nine spheres of social security: “medical care, sickness, unemployment, old-age, employment injury, family, maternity, invalidity and survivors’ benefit”. The above-mentioned report also highlights that “conventionally, social security includes compulsory national social insurance schemes (based on statutory contributions); social assistance (tax-financed benefits provided only to those with low incomes); and universal benefits (tax-financed benefits that are not subject to income or means testing)”.

The development of social security systems illustrates the importance of the protection of citizens in all societies. For that reason, it seems important to understand different actors in social security systems. As Ghai explained (2005:10), initially, the responsibility to provide social security involved a large number of institutions, such as families, clan members, charitable institutions, employers, as well as local and central authorities. Today, the broad part of the coverage of social protection is assured by these institutions, even if the relative importance of each varies from country to country, according to their policies and traditions. In general, and conforming to the economic situation, the responsibility of social protection is assumed by public authorities. The more economically advanced countries usually attribute more importance to the responsibility of public institutions. At the other extreme, the major part of this responsibility is adopted by families, community groups or charitable institutions. Each country has to make choices and select priorities for social protection. As already noted, the choices made by each country will reflect its political traditions, the intensity of social solidarity, the level of development and the institutional rules for delivering social protection. Another important characteristic of social security systems is their financing. Social protection can be

financed through public resources or through voluntary or obligatory private systems, or through a mixture of both. It is evident that the balance between these alternative methods of financing social security depends upon customs, level of economic development, and the economic and political structures of each country.

In 1999, Somavia (1999a: 31) noted that several countries are reconsidering their social security systems, by examining their structure, impact, efficiency and equity. Critics in industrialized countries claim that the established systems of social security are too expensive, or that they are an obstacle for economic progress, reducing growth and lowering competitiveness and employment. In developing countries, opponents interrogate the significance of systems that cover a small number of people and offer low levels of protection. Therefore, all over the world, there have been interrogations about equity and efficiency of regular social security systems. This questioning is common when referring to flexible and unstable employment, such as the case of workers in the informal sector.

The workforce in developing countries is characterized by a large number of informal activities. Often workers in the informal sector - as employees in small and informal enterprises, or as self-employed - do not have access to any social security system. That is why some alternatives to the traditional social security systems have been developed, such as micro-insurance schemes. From a more general perspective, there are many transformations that are happening in a large number of societies which have repercussions on social security systems. To name a few, in some societies, essential changes have been observed in the composition and size of families, in the age structure of populations, in the migration flows between urban and rural populations, and in the structure of employment. Social security systems should be adapted to these important transformations of contemporary societies.

1.2.1.3. Rights of workers

Rights of workers represent the ethical and legal framework of the four components of decent work. Ghai (2005:4) noted that “the worker’s rights goal ensures that work will be met with dignity, equality, freedom, adequate remuneration⁴, social security, representation and participation for all categories of workers”.

Since their introduction in the 19th century in industrialized countries, rights at work have been expanded around the world. Pioneer rights were those related to the freedom to form trade unions, the abolition of forced and child labour, as well as the prohibition of women and child work in hazardous activities. Nowadays, they cover freedom of association, non discrimination, abolition of forced labour, as well as social and economic rights such as collective bargaining, an adequate remuneration, social security, safety and health at work.

An important distinction has to be made between substantive rights and procedural rights. According to Hepple (2003:4), substantive rights are those which establish the “actual conditions of labour”, such as minimum wages, maximum working time, or the right to equal treatment. Procedural rights are those which “form the procedures by which substantive rights are settling on”, such as the right to collective bargaining, the rights of workers’ representation, or the right to equal opportunities. As Hepple noted, one characteristic of actual labour law is the prominence of procedural rights which intend to

⁴As in the case of “decent earnings”, the term “adequate remuneration” refers to remuneration permitting the satisfaction of the basic needs for an adequate standard of living in precise localities. Therefore its value needs to be determined in each locality.

promote independent procedures, particularly in the support of mechanisms for workers' representation and participation in mutual governance, rather than inflicting substantive results.

Even if there is no formal approach about the ranking of rights at work, some of them have been considered as fundamental. Following this idea, the International Labour Conference, in its 86th session in 1998 adopted the *Declaration on the Fundamental Principles and Rights at Work*:

"The International Labour Conference, declares that all members [...] have an obligation arising from the very fact of membership in the Organization, to respect, to promote and to realize, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are the subject of those Conventions, namely:

- (a) freedom of association and the effective recognition of the right to collective bargaining,*
- (b) the elimination of all forms of forced or compulsory labour,*
- (c) the effective abolition of child labour, and*
- (d) the elimination of discrimination in respect of employment and occupation".*

Considered as fundamental rights at work, these five rights are the core of the workers' rights component of decent work. Fields (2003:242) noted that those jobs in which these core labour standards are not respected cannot be considered as decent. Thus, they can be described as indecent work. This is precisely the case of work that is accomplished in such repulsive circumstances that it would be better for people not to work at all rather than work in such harmful conditions. In addition Fields (2003:246-247) stated that there are jobs that, even if decent, are not tolerable: for example, jobs in which basic labour standards are respected but in which wages are inferior to the income needed to permit a family to attain a minimal standard of living.

Despite the fact that the ILO instruments have highlighted the universality and importance of these five rights, their applicability and their respect depend on the political and economic structures of each society. In sum, each country adopts its own approach concerning the promotion of workers' rights following their legal traditions and ideologies. Even if the importance of these rights is evident, it is significant that most of these workers' rights are considered for wage employees only in the formal economic sector. This is an element of differentiation between developed countries and developing countries or countries in transition. In the developed world, the majority of workers are employed in the formal economy. However, this is not the case of the predominant number of workers in transition countries and in developing countries who are self-employed, informal and home workers. In addition and as Hepple (2003:19-20) noted, in industrialized countries, union density and collective bargaining coverage have considerably declined, and paid work is increasingly accomplished outside conventional employment contractual relationships. Another important element is the feminization of the workforce. This trend has important effects on the separation between "family" and "work" life, between paid and unpaid work, and also between "jobs" and "careers".

1.2.1.4. Social dialogue

Kuruvilla (2003:1) acknowledged the definition of the ILO in order to define social dialogue as:

"All types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. It can exist as a tripartite process, with the government as an official party to the dialogue, or it may consist of bipartite relations only

between labour and management (or trade unions and employers' organizations), with or without indirect government involvement. Concertation can be informal or institutionalized, and often it is a combination of the two. It can take place at the national, regional or at the enterprise level. It can be inter-professional, sectoral, or a combination of all of these. The main goal of social dialogue itself is to promote consensus building and democratic involvement among the main stakeholders in the world of work".

Social dialogue is a way for workers to defend their interests, to articulate their concerns and priorities and to engage in negotiations and discussions with other actors in the production and decision-making systems, including public authorities about social and economic policies. Anker et al. (2002:55) emphasized the capacity of workers to organize themselves freely to protect and defend their interests collectively in cooperation with the employer is an essential constituent of democracy at the workplace and the efficiency of social dialogue.

Ghai (2002:27) explained that on matters related to work, social dialogue should occur at the three following levels:

- Between employers and employees in relation to terms and conditions of employment;
- Between the management and workers over the functioning of an enterprise; and
- Between social partners and public authorities on social and economic policies.

It is necessary to accentuate the crucial role that the State should play in permitting and promoting all types of social dialogue. Public authorities should create a supportive environment in which the contributions of employers, workers and other groups are requested and respected. The recognition of freedom of association as well as the assistance for collective bargaining are prerequisites.

An important topic highlighted by Ghai (2005:12) is the diversity and intensity of the industrial relations for matters related to social dialogue. The classical system of industrial relations refers to structures and methods of collective bargaining between workers' unions and the employers' organizations when a place is reserved for government intervention, under certain conditions, in order to facilitate negotiations or prevent economic damages resulting from strikes and lockouts. Therefore, and even inside the industrial relations systems, there is an important diversity between countries concerning the coverage of workers and employers, the degree of centralization, and the coordination between different organizations. Also, there is a difference in collective bargaining systems and the role played by their respective organizations in the production process and in policy-making.

It is noteworthy that this type of industrial relation does not involve the majority of workers around the world. The majority of workers in transition countries and developing countries remain without any form of institutional representation to collectively bargain and negotiate on matters concerning their work and their lives. This explains why new forms of workers' organizations have emerged in order to provide a voice for workers in the informal sector. For example, Ghai (2005:13) explained that there has been a rapid growth of informal entrepreneurs during the last decade. For this reason, operators in the informal sector have formed their own organizations to negotiate with governments, suppliers, credit institutions and trading firms. Thus, members of these organizations have the opportunity to participate in the formulation of common stands on these topics. For these workers, it is also an opportunity to promote joint issues such as credit and saving programmes, health and life insurance.

Somavia evoked (1999a:39) the increasing importance of civil society groups in collective bargaining processes. Two of them are significant. The first involves people on the periphery of formal employment systems. More specifically, these include self-employed micro-entrepreneurs in the informal sector becoming employers, released former wage workers and associations of home workers. Their goal is summarized by Kuruvilla (2003:4): “Without representation, and without an employment relationship, how can we provide social dialogue to the informal sector”? The second important group is the multitude of NGOs that are emerging either in the Southern countries or in the North. These organizations are crucial components of international cooperation programmes. They intend to give some voice to workers in the decision making, through a variety of plans, or corporate codes of conduct, and in some cases, by agreements on working conditions where there is no union representation. Kuruvilla (2003:4) highlighted that there are many alternative approaches such as corporate, bilateral and multilateral codes of conduct, certification programmes and NGOs activities. Since these options are being developed, and the traditional trade unions are being reduced, the concept of social dialogue should accept and contain these alternatives mechanisms.

In considering ways to increase social dialogue in the world, there are some problems related to developing countries. Following Kuruvilla (2003:4), three important problems concerning the improvement of social dialogue can be summarized. The first problem will be to know if, there is an institutional framework that permits an increase in the activities of worker’s unions, collective bargaining and tripartite negotiations in developing countries. The second problem is to establish if there is enough trade union representation for workers, knowing the low levels of union density in developing countries. Third, the sheer size of the informal sector in developing countries reflects the weak classic “employment relationship” between workers and employers, on which the ILO definition of social dialogue is based. Thus, the concept of social dialogue must be reorganized and developed in order to be adapted to the situation of the informal sector.

1.2.2. Interrelations between the four components

1.2.2.1. Interdependencies

The four components of decent work are very different and each of them has its own characteristics. However, Rodgers (2001:20) noted that they are closely interrelated and jointly, they collaborate in the achievement of common objectives for the whole of society.

Integration between social and economic development has always been one of the objectives of the ILO. This is illustrated by the interrelations between the four strategic objectives of decent work. The ILO Director-General (1999a:8), stated that “principles and rights at work provide the ground rules and the framework for development; employment and incomes are the way in which production and output are translated into effective demand and decent standards of living. Social protection ensures human security and civic inclusion, and enables economic reform. Social dialogue links production with distribution, and ensures equity and participation in the development process”. Thus “decent work means productive work in which rights are protected, which generates an adequate income, with adequate social protection. It also means sufficient work, in the sense that all should have full access to income-earning opportunities” (ILO, 1999a:13).

Following Ghai’s analysis (2005:14-15), we present some characteristics of the interrelations between the four main components of decent work which are presented in Figure 1.1. This figure exposes the four components at the four nodes of the diagramme and the lines and arrows show possible relationships between these components.

The first important interdependency issue is that between *employment levels* and social security systems. If unemployment or low wages in the formal sector are counteracted then this will reduce the need for some types of social protection. As shown in Figure 1.1, “full employment implies less need for social security”. Second, the distribution of the labour force into different work categories influences the modes of negotiation between workers unions and employers associations. This will also influence workers’ opportunities and limits to negotiate other issues such as their rights. On one hand, employment promotion “provides a base for expansion of rights at work”. On the other hand, the degree of employment “deepens social dialogue and affects its content”. It is in this way that the employment dimension influences both social dialogue and rights of workers.

The second characteristic concerns the *social security dimension*. As shown in Figure 1.1, a developed system of social security can have an influence on labour flexibility. It will encourage innovation and productivity in employment. Social protection also reduces the negotiation of inequalities between parties in industrial relations and improves efficiency and the success of social dialogue. Figure 1.1 also indicates that social security “reduces bargaining inequalities and enhances effectiveness of social dialogue”. Additionally, a good coverage of the social security system could assist in the development of rights at work, and broadly in social and economic rights. In a general way, there is a strong relation between social security and rights at work, as social protection dispenses a strong basis for the extension of social and economic rights.

Third, and concerning *rights at work*, there are some examples of interrelations with others components of decent work, as illustrated by Figure 1.1. Rights to a minimum wage or a safe work environment have an impact on the form and the volume of employment. In the same way, rights at work - like the right to freedom of association - influence the degree of social protection, and furthermore “provide a normative and legal framework for social security”. With respect to social dialogue, rights at work furnish a basis for social discussion, and also influence the content and purpose of social dialogue.

Finally, we emphasize some interdependencies between *social dialogue* and the other dimensions of decent work. Social dialogue has a direct impact on the structure and conditions of work. In fact, Figure 1.1 shows that social dialogue “enhances innovation and policy changes for employment promotion”. Concerning social security, social discussions are an important element to negotiate the form and content of the social security criteria. Therefore, social dialogue amplifies the sphere as well as the efficacy and the execution of rights of workers. Social dialogue permits negotiations concerning rights at work, like social security, minimum wages or adequate conditions of work.

Some forms of the mutual interaction between the four key dimensions of decent work have been briefly presented. All these interdependencies between the four dimensions are presented by Ghai in “*Decent work: Universality and Diversity*”. Figure 1.1 has been reproduced from this document with kind permission of ILO in order to better illustrate these interrelations.

1.2.2.2. *Contradictions and conflicts*

Ghai (2005:15-17) stated that there are two different points of view concerning the conflicts between the key dimensions of decent work. These have been grouped into the interpretations of the neo-classical and the institutional schools.

1.2.2.2.1. The neo-classical school

The neo-classical school affirms that all state interference in the free performance of market forces leads to inefficiencies in resource allocation and, consequently, to slow growth, wage and employment expansion (except when they are designed to correct market malfunctions). This school maintains that state interventions – for example minimum wages, social security financed through levies on enterprises, and collective bargaining – have an undesirable impact on growth, employment and wages owing to discouraging effects on investments, savings and innovations. Additionally, several measures, such as unemployment benefits and welfare payments tend to aggravate unemployment. In developing countries, the neo-classical school argues that the creation of minimum wages and the process of trade unions and collective bargaining have negative economic and social impacts because they concern only a small minority of the labour force. They deform the economies, stress inequalities among the working people and restrain investment and job creation. Under these conditions, the introduction of social security systems also has a negative impact

1.2.2.2.2. The institutional school

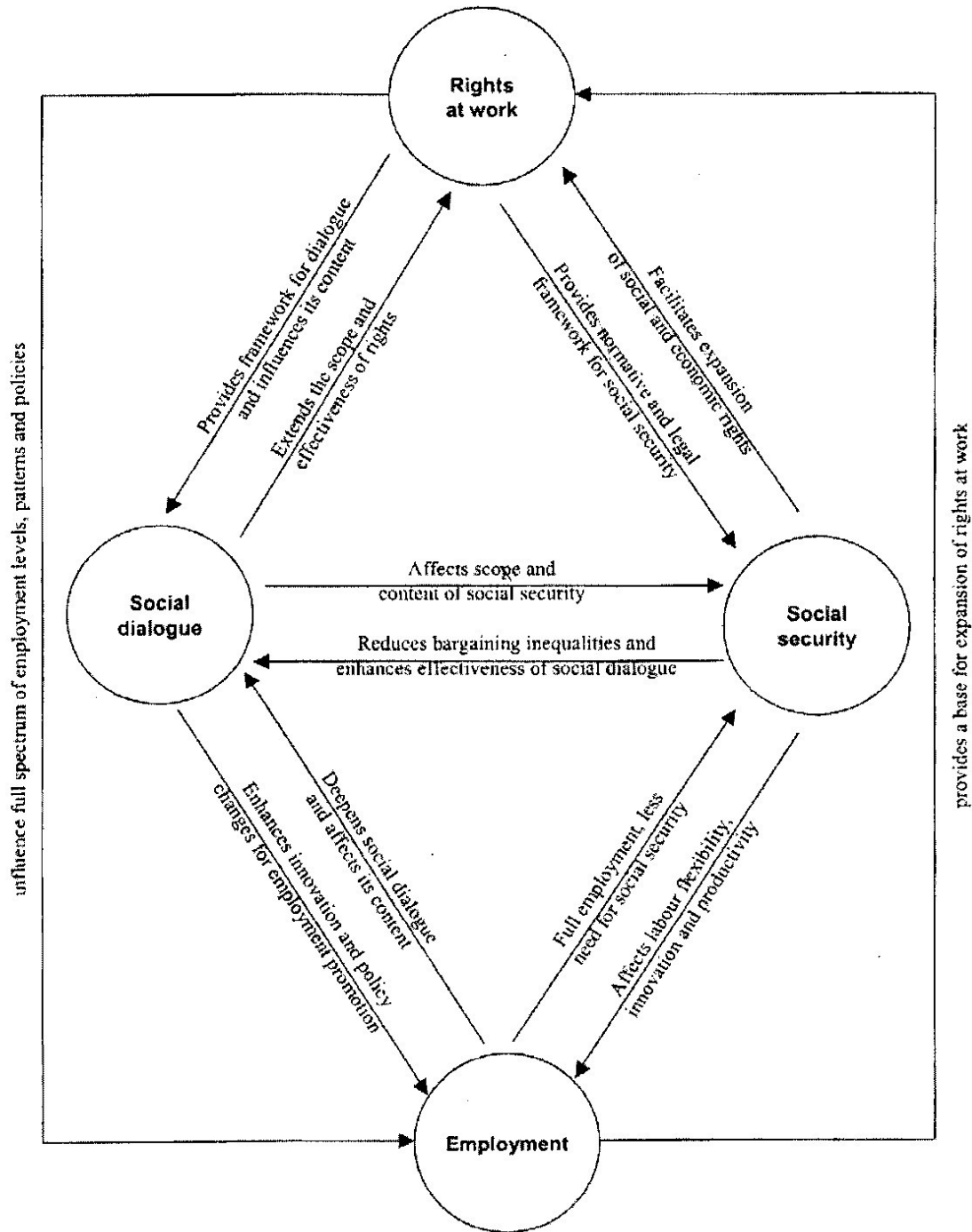
The institutional school argues that despite correcting market failures, state interventions that create rights at work, collective bargaining, tripartite consultations, minimum wages and social security, play a role in political and social stability, reduce economic inequalities and elevate productivity and innovation. For institutionalists, state interventions tend to alleviate economic fluctuations and enable economic activity and employment to achieve and remain at high levels. Minimum wages and social protection help to develop workers' productivity through better nourishment, superior health and greater security. Trade unions, collective bargaining and tripartite consultations offer an instrument for workers' participation and information allocation, thus increasing mutual trust, sense of responsibility and motivation for better work. Regarding developing countries, the institutional school maintains that due to excessive underdevelopment and mass poverty, the state has to participate in a more substantial way in order to reduce penury, lower or remove structural barriers to growth.

The viewpoints of the two schools present the major arguments concerning contradictions and conflicts among the four components of decent work. Both interpretations of the neo-classical and the institutional schools illustrate the dilemma between efficiency and equity. The dichotomy between the two schools can be observed as a translation of the debate about inequalities in a globalizing economy and the neo-liberal liberalization of markets. The World Development Report 2006 entitled "Equity and Development" stated that while "some see globalization – greater global integration – as a source of equalization, others see it as a source of widening inequalities, with richer countries and corporations making rules that benefit themselves at the cost of the weak, poor, and voiceless" (World Bank, 2005:206). It seems difficult to identify the best way to analyze the conflict between the two schools and, of course, between the way to react to globalization and its consequences – specifically what state intervention implies in the employment sector and other sectors.

It is noteworthy that the two viewpoints highlight the contradictions between the components of decent work. As Ghai (2005:17) stated, a good accord depends on the nature and the development of state intervention as well as labour standards, and the way in which these components are introduced and expanded. According to the author "there is, however, widespread agreement that respect of fundamental civil, political, social and economic rights, including core labour standards, is essential for human dignity and indispensable for political stability and sustainable and equitable development".

Even if we can not make conclusions about the impact of state interventions and the interrelations between the different components of decent work, it seems important to us to highlight that interdependencies and/or contradictions should not be presented as a global and normalized issue. Their importance largely depends on national policies and structures and the relative importance attributed to each of the components of decent work.

Figure 1.1: Interdependencies between rights at work, employment, social security, and social dialogue.



Source: Ghai, D. (2005). *Decent work: Universality and Diversity*, Discussion Paper No. 159, International Institute of Labour Studies, ILO, Geneva, p.16 (reproduced by kind permission of the ILO).

1.2.3. Universality of the decent work concept

Despite the existence of contradictions among the four key components of decent work, the universality of its objectives cannot be challenged. Ghai (2002:2) stated this as follows: “All workers, whether in state enterprises, the formal or informal economy or self-employment, desire levels of remuneration in cash or kind that provide at least a minimum standard of living for their families. They also wish to work in safe and healthy conditions and to have a secure livelihood. Like other citizens, workers in all categories also seek the right to form their own organizations to defend and promote their interests and to participate in decisions that affect them as workers”. Nevertheless, as Godfrey (2003:27) noted, the context in which the main objectives of decent work are considered is different from country to country. The capabilities of this objective will depend on the structure and the characteristics of the local and national economy, as well as the importance of salaried employment, the role of the government and the local authorities involved, and the nature of the labour market in each type of sector.

Majid (2001:2) noted that the accomplishment of a strategic objective for the promotion of decent work is principally measured by the achievement of improving the lives of all. It is evident that the institutional and the policy framework in which these objectives are developed vary in and between each country and region, according to their own history and customs, and economic and social structure. Therefore, the relative importance given to each decent work objective is best established by each society. Thus, each country, each region and each local authority should define its own decent work agenda and policies according to local circumstances.

Notwithstanding the universality of decent work as a common objective for all societies, there are choices that have to be made by each country. For example, Fields (2003:246) presented the case of choices between “moving primarily towards quantity or towards quality”. Thus, choices will depend on priorities and resources, in particular, those policy instruments chosen for the selected objectives to promote decent work.

II - PROPOSITIONS FOR MEASURING DECENT WORK

Since 1999, the ILO has undertaken conceptual, empirical and operational studies on decent work. Four main propositions to measure decent work have been suggested by specialists from the different departments and sectors of the ILO as part of the aim to study the evolution of decent work qualitatively and quantitatively.

First, Ghai (2003) presented the suitability of indicators applied to the four major components of decent work: *employment, social protection, workers' rights, and social dialogue*. Each of the four components is represented by a limited number of indicators, usually measurable in a large number of countries. Accordingly, "while the first two components of decent work refer to opportunities, remuneration, security and conditions of work, the last two emphasize the social relations of workers: the fundamental rights of workers (freedom of association, non-discrimination at work, and the absence of forced labour and child labour), and social dialogue, in which workers exercise their right to present their views, defend their interests and engage in discussions to negotiate work-related matters with employers and authorities" (Ghai, 2003:114). Ghai states that there are some decent work indicators that are applicable in all industrialized countries, economies in transition and developing countries, whereas others are easier to measure only in industrialized countries, or specifically in transition countries or developing countries.

Second, Anker, Chernyshev, Egger, Mehran, and Ritter (2003) introduced a core set of thirty decent work indicators. The authors did not follow the four major components of decent work. Instead they translated the concept into six dimensions of decent work:

- *“Opportunities for work* refers to the need for all persons (men and women) who want to work to be able to find work.
- *Work in conditions of freedom* underscores the fact that work should be freely chosen and not forced on individuals, and that certain forms of work are not acceptable in the 21st century.
- *Productive work* is essential for workers to have acceptable livelihoods for themselves and their families, as well as to ensure sustainable development and competitiveness of enterprises and countries.
- *Equity in work* represents workers' needs to have fair and equitable treatment and opportunities for employment. It encompasses absence of discrimination at work and access to work and the ability to balance work with family life.
- *Security at work* is mindful of the need to help safeguard health, pensions and livelihoods, and to provide adequate financial and other protection in the event of health and other contingencies.
- *Dignity at work* requires that workers should be treated with respect at work, and be able to voice concerns and participation in decision-making about working conditions". Here, a fundamental element is worker's freedom to represent their interests collectively.

As noted by the authors "the first two dimensions of decent work –opportunities for work and freedom of choice of employment – are related to the accessibility and adequacy of work. The other four dimensions – productive work, equity, security and dignity – are related to the extent to which accessible and freely admitted work is "decent" (Anker et al., 2003:151-152). In this study, statistical indicators of decent work are considered through the eyes of the population, in order to recognize general characteristics and detailed indicators of decent work. Thus, ten groups of indicators are proposed, completed by an eleventh group that recapitulates essential aspects of the economic and social context (it describes characteristics of the economy and population that form the context for

determination levels, patterns, and the sustainability of decent work). The 11 groups of indicators are⁵: employment opportunities, unacceptable work, adequate earnings and productive work, decent hours, stability and security of work, balancing work and family life, fair treatment in employment, safe work environment, social protection, social dialogue and workplace relations and, economic and social context of decent work (Anker et al., 2003:153-155).

Third, Bescond, Chataignier and Mehran (2003) presented a list based on the 30 indicators proposed by Anker and colleagues. The authors selected seven indicators with data compiled from national labour force surveys of the recent years. Their selection measured decent work “deficits” relating to low hourly pay, excessive hours of work for economic or involuntary reasons, national unemployment, children not at school (as a proxy for child labour), youth unemployment, the male-female gap in labour force participation, and old age without pension. Bescond et al. (2003:180) highlighted that “each indicator is introduced, with a brief discussion of its significance, issues related to the quality and international comparability of the relevant data and, where pertinent, alternatives approaches”. The authors combined these seven indicators into a composite index measuring the decent work deficit at the national level. The chosen indicators are frequently additive in that a country’s decent work profile may be constructed by aggregating information for each country. For each country with complete data, the indicators can be arithmetically included – or weighted by the population share – to acquire an average score for the country as a whole. The resulting single element might be considered as an index of decent work at a certain moment in time. An important point highlighted by Bescond et al. (2003:205) is the idea that decent work has different meanings for different categories of people. *“For children, decent works means no work at all (or at least no work that conflict with their schooling). For adults who are currently employed, decent work principally means adequate pay and no excessive hours of work. For the unemployed, decent work means finding a job (quickly). For the elderly who are no longer economically active, decent work means receipt of an adequate pension from earlier employment. For the young unemployed and for economically active women, an additional consideration is their relative positions with regard to unemployment adults and economically active men, respectively”*.

Finally, Bonnet, Figueroa and Standing (2003) have presented a family of decent work indicators applicable at three levels: the macro-level (aggregate), the meso- level (workplace) and the micro-level (individual). Their analysis was based on their previous contribution (Bonnet et al., 1999). They argued that at the aggregate (macro) level, the purpose of decent work is proposed “in terms of creating laws, regulations and institutions that enable a growing number of people in all societies to work without oppression, in reasonable security and with steadily improving opportunity for personal development, while having enough income to support themselves and their families” (Bonnet et al., 2003:213-214). Thus, at the meso-level (workplace) a decent work situation is defined as “one that provides adequate security for workers while fostering the dynamic efficiency of their enterprises”. And, and the micro-level (individual) “decent work consists in having good opportunity to work with adequate levels of all forms of work-related security”.

⁵ “employment opportunities” - opportunities for work

“unacceptable work” and “decent hours” - work in conditions of freedom

“adequate earning and productive work” - productive work

“fair treatment in employment” , “balancing work and family life”, and “social dialogue and workplace relations “ - equity and dignity at work

“safe work environment”, “social protection”, “stability and security of work” - security at work.

The authors suggest seven forms of labour-related security: labour market security, employment security, job security, work security, skill reproduction security, income security and representation security. Their proposition is to create indexes based on a combination of indicators of the seven forms of security: the “Socio-Economic Security Database”. This database has five components – three at the macro-level, one at the meso-level, and another at the micro-level.

For each form of security⁶, three dimensions can be measured (Bonnet et al., 2003:216):

- “the extent to which the government or constitution of the country is committed formally to its promotion,
- the extent to which its institutions give effect to that commitment,
- the extent to which the observed outcomes correspond to reasonable expectations”.

Data found is used to create the family of decent work indexes. Thus, indicators of each form of security are recognized. They are then combined to create a composite security index by using a normalization procedure (based on the one used by the UNDP for the Human Development Index):

$$\text{Normalized value X} = \frac{[\text{actual value} - \text{minimum value}]}{[\text{maximum value} - \text{minimum value}]}$$

Hence, “the actual value is the score achieved by the country on a particular indicator, the minimum value is the lowest value achieved by any country, and the maximum value is the maximum achieved by any country. The average values of all normalized security indexes are calculated, and the result is normalized to give values of the decent work index ranging from 0 (lowest or worst) to 1 (highest or best)” (Bonnet et al., 2003).

The majority of the indicators proposed by the different authors can be considered as “performance” indicators, which measure change overtime in response to policy implementation as well as or local economic and social situations. Indicators proposed by the four different suggestions to measure decent work are presented in Annex 1 as a comparative table. These interesting proposals collectively represent a broad vision of the measurement of decent work. Our proposition is based on all of them, using elements from each contribution, according to our systemic interpretation of the measurement of decent work. In our opinion, the best way to analyze the decent work situation and examine it in a specific country, or city, (and also compare between countries or cities) is by using precise set of indicators of the four key dimensions of decent work. In this way trends towards or away from decent work can be identified at both national and local levels.

The set of decent work indicators must be composed of indicators that are generally available in a large number of countries, and that come from reliable quantitative databases (such as national surveys, national census) and qualitative sources (questionnaires and interviews with representatives from different economic actors). In addition, these indicators should be clearly and specifically defined in order to ensure that

⁶ For each security, three types of indicators are required: 1) “*Input indicators* of national and international instruments and rules to protect workers, such as the enactment of basic laws or the ratifications of ILO Conventions on work-related hazards, unfair dismissal, the right to organize, etc.; 2) “*Process indicators* of mechanisms or resources through which legislated principles and rules are realized, such as public expenditure on a particular form of security, labour inspection services, labour-related tripartite boards, etc.; 3) “*Outcome indicators* showing whether or not the inputs and processes are effective in ensuring worker protection. These indicators might include the unemployment rate, the percentage of workers covered by collective agreements or receiving benefits or pensions, etc.” (Bonnet et al., 2003)

the same issues are being measured in different countries, or cities. It is also important to define different indicators of the four components of decent work for national or international comparisons. Although the constitution of a decent work index can make comparisons between countries much easier, it can also miss some locally specific characteristics when aggregating the indicators. Although easier for international comparisons, the use of a decent work index could neglect some locally specific information and bias analyses and results.

We prefer to keep some key indicators for each of the four main components of decent work and to make comparisons between the components when this is deemed possible. In the following chapter we will present our proposition for a set of indicators to measure decent work. This list is divided according to the four components of decent work: employment, social security, rights of workers and, social dialogue. When possible, concrete examples of indicators are presented. The degree of application of the decent work can be measured by performance indicators of each of the different components. These indicators provide information about the degree of achievement of a particular goal. Thus indicators are used to measure the extent to which decent work objectives are achieved. Indicators can also be used to evaluate the performance and progress over time of these objectives, and also to make comparisons between countries. However, because of the conceptual limitations and the data availability, it is often impossible to measure an objective exactly. Sometimes an approximate estimation is given. Even if ideally such indicators must give a direct measure of a determined goal, this is not always possible. In some cases, an indirect measurement has to be used. Ghai (2005:18) stated there is seldom one single likely to determine an outcome. Another important element to emphasize is that indicators of the components of decent work can be quantitative and/or qualitative.

The set of decent work indicators proposed in this section is based on the four main components of the decent work: employment; social security; workers' rights and; social dialogue. Having considered some of those elements highlighted in the previous section by different authors, the aim of this section is to propose a set of indicators that can be used in all countries. Given that there will be cases where not all indicators can be measured; we suggest some additional indicators that could be used in order to complete the information. Anker et al. (2003:152) have noted that it is important to keep in mind that any internationally adequate set of ILO decent work indicators will need to be considered as a minimum set. For that reason, we recommend adapting indicators to countries, regions and specific economic sectors, in order to be more specific, and to identify complementary decent work indicators. In addition, it is important to remember that when international comparisons are made, errors are likely. Bescond et al. (2003:186) noted that these mistakes happen not only because of differences between national data definitions, but also because of the differences in the configuration of accessible data. Egger (2002:172-173) argued for a step-by-step approach to international comparability using available indicators and data, progressively refining definitions and expanding existing regular surveys or performing new ones.

2.1. The employment dimension

The notion of decent work involves the existence of employment opportunities for all those who are available for and looking for work. An important element of decent work is the characteristics of employment of a population in a country, a region, or a city.

Our proposition follows Ghai's (2003) suggestion that the employment dimension should be treated in three aspects: a) employment opportunities b) remuneration of employment, and c) working conditions.

2.1.1. Employment opportunities

According to Anker et al. (2002:9), employment opportunities can be measured in a positive way in terms of employment and labour force activity corresponding to the population base. Employment opportunities can also be measured in a negative way in terms of unemployment, underemployment and the absence of employment opportunities. Several authors have noted that there are some indicators that have traditionally been used to measure employment opportunities.

- *The labour force participation rate (LFPR)*

Before describing this indicator, it is important to define how broad the definition of the labour force we will use. The labour force participants include both employed and unemployed adult persons. In this case we include all people aged between 15 and 65⁷ as the working age population.

According to Bescond et al. (2003:200), we will define as "employed", people who *"participate in the production of goods and services, if only for an hour during a short, specific reference period or if they are normally in employment but happen to be away from their work during that period. They may be employers, employees, self-employed workers, domestic helpers, apprentices or members of the armed forces"*.

Following Anker et al. (2002:10), the definition of the labour force participation rate measures the level of economic activity of the working-age population in a country. It is a general indicator of the level of labour market activity, and it gives an outline of the distribution of the economically active population in a country. In other words, the LFPR determines the ratio of the total number of people employed and the unemployed with respect to the total resident population of working age. Thus $LFPR = EPR + UR$.

- *The employment-population ratio (EPR)*

The employment-population ratio measures the share of the working age population that is employed. It provides information on the extent to which an economy offers employment in the formal sector. An important advantage of this indicator, suggested by Ghai (2002:11), is that it provides information concerning the number and the proportion of individuals in the population of the working age who are employed in the production of goods and services. In addition, the EPR covers all categories of workers. However, it does not consider the informal sector.

Nevertheless, Ghai (2002:11) noted that one of the major sources of change in the EPR among countries is the participation of women in the labour force. The differences in the extent of the "participation" definition explain the variations. Thus, in a large number of

⁷ Even if there is no legal working age in all countries, the age range from 15-65 will be used, as is the case in a large number of international comparisons.

developing countries, “women working at home, whether looking after children and the aged or engaged in food preparation, manufacturing, transporting water and wood, or doing repairs are not counted as members of the labour force.” This element considerably reduces the ratio of employment. Another weakness of the EPR as a measure of work opportunities, mentioned by Ghai (2002:11-12), is that it does not give information on hours worked. Thus, sporadic or self-employed activities are treated in the same way as a eight-hour work-days.

An example of the employment-population ratio (EPR) is given by the OECD Factbook 2005, which presents the EPR for all the OECD countries from 1990 to 2003. Thus, in Spain 51.8 percent of the working age population was employed in 1990 (EPR = 0.518) while 60.7 percent of the working age population was employed in 2003 (EPR = 0.607), (OECD, 2005:95).

▪ *The unemployment rate (UR)*

The unemployment rate measures the number of unemployed people as a proportion of the labour force. According to the ILO and Anker et al. (2002:11), a person of working age is classified as “unemployed” if “he/she was not employed or has not worked for even one hour in any economic activity (paid employment, self-employment, or unpaid work for a family business or farm), while being available for work, and had taken active steps to seek work during a specified recent period”.

Bescond et al. (2003:190) suggested that national labour force surveys are very complete and represent internationally comparable sources of data for measuring unemployment. However, Anker et al. (2002:12) indicated that it is important to be careful with the unemployment rate as an indicator because several aspects of unemployment statistics are not comparable across countries due to methodological differences (e.g. the data source, age group covered, how trainees and other particular categories of workers are counted, and the criteria for deciding what constitutes an active search for paid work). In addition, Godfrey (2003:8) explained that the unemployment rate can be an awkward measure because the level to which a job-seeker can afford to desist from work (opportunity cost) will vary from one country to another. In industrialized countries this will vary according to the amplitude of the unemployment benefit system while in developing countries, in the lack of an unemployment benefit system, most of those who are looking for work have to get a source of income. Ghai (2002:13) noted that unemployment rates are often reported to be low in developing countries “because people cannot afford to stay unemployed”. Thus “most potentially unemployed persons either do not actively search for employment, falling into the category of discouraged workers, or they seek a living in the overcrowded informal economy”.

An illustration of the unemployment rate (UR) is given also by the OECD Factbook 2005⁸. According to this document, in Greece 6.9 percent of the labour force was unemployed in 1990 (UR=6.9), while 9.3 percent of the labour force was unemployed in 2003 (UR=9.3) (OECD, 2005:109).

⁸ For the OCDE, “unemployed persons are defined as those who report that they are without work, that they are available for work, and that they have taken active steps to find work in the last four weeks” (OCDE, 2005:108).

2.1.2. Remuneration of employment

Ghai (2002:14) noted that an important characteristic of decent work is that workers should benefit from remunerated employment, which is one element of the “quality” of work. Anker et al. (2002:23) underlined that all individuals who work or seek work do so in order to earn an income and ensure economic well-being of themselves and their families.

Two indicators are proposed to measure remunerated employment.

- *Low wage rate*

It is the proportion of the population earning less than half the median wage.

Bescond et al. (2003:182-183) noted that the formulation of this indicator – as a percentage of the median wage – makes it independent of national currencies and, therefore, it facilitates international comparisons. Another asset of this indicator is its “wide applicability”, even in countries that have not adopted minimum wage legislation, or which have set the legal minimum wage below the current market wage”.

- *Average earnings in selected occupations*

Anker et al. (2002: 26) explained that the choice of the specific occupations selected should be carefully determined. Some ideas of criteria would be: male-dominated and female-dominated occupations, occupations in tradable sectors and in non-tradable sectors, skilled and low skilled occupations.

2.1.3. Working conditions

The range of elements covered by working conditions can include night work, hours of work, weekly rest, paid leave, occupational safety and health.

Concerning hours of work, we propose two indicators presented by Anker et al. (2002:30): “excessive hours of work” and “time-related underemployment rate”.

- *Excessive hours of work*

The first indicator is measured as the percentage of employed persons working more than the threshold hours, by status in employment (normally depending on each country). Nevertheless, Anker et al. (2002:31) noted that the excessive hours indicator will be susceptible to a number of factors in addition to real hours worked. These factors include the degree of precision in the measurement on hours worked (which varies among countries), and the share of self-employment in total employment. Sometimes, the case of self-employment is confused with non-economic activities and, therefore, workers in this situation could tend to report higher hours of work. Another important point, highlighted by Anker et al. (2002:31) is that in many cases, excessive hours of work happen for economic reasons. Most people who combine two or more jobs do it because the wage of one job is not enough to maintain their families. Therefore, it is important to be careful when using the indicator of excessive hours of work⁹.

⁹ It is important to separate excessive hours of work for economic reasons from long or excessive hours of work for voluntary reasons such as ambition or passion for work, or other involuntary reasons such as nature of the work, exceptional circumstances, corporate norms, etc. In practice, it may be difficult to make a distinction between excessive hours for “voluntary” and “economic” reasons.

▪ *Time-related underemployment rate*

The second indicator used is the time-related underemployment rate which is measured as the percentage of the employed population working less than a certain number of hours, but who are available and wanting to work additional hours. As Anker et al. (2002:32) explained, the time-related underemployment occurs when “hours of work of an employed person are insufficient in relation to an alternative employment situation in which the person is willing and available to engage”. This means: willing to work additional hours; vacant to work additional hours and; worked less than a threshold¹⁰ relating to working time during the reference period.

We have not found examples of the cited indicator: the percentage of employed persons working more than defined threshold hours. However, and in order to illustrate differences in working hours among countries and sectors, we present here some examples of the working hour's threshold. According to the ILO (Laborsta¹¹) in 2003, 44.8 hours per week were actually worked in the construction sector in Brazil, when the average for all economic activities was 42.2 hours per week. During the same year, 43.1 hours were worked in the construction sector in Chile and a threshold of 43.3 hours in all economic activities. Data were also found for the Indian case, where a threshold of 46.8 hours was worked per week in the construction sector and 46.4 hours, while were worked in the global economy.

As noted earlier, conditions of work include not only hours of work, but safety and health at the workplace. Anker et al. (2002:49) stated that by its nature, work is exposed to some degree of risk. Risk can appear in several forms¹². The degree of risk varies according to occupations, economic activity, type of establishment, and the characteristics of workers.

In order to be able to measure safety at work, we propose two indicators:

▪ *Number of accidents and deaths at work*

The number of accidents and deaths at work is one widely used indicator measured in relation to the employed population. This indicator can be measured as a proxy per 100'000 employees, for example. Therefore, it is generally known that on construction sites all around the world, the risk of accidents is higher than in other workplaces. According to the ILO (ILO, 2000c:4), every year at least 55'000 accidents are reported in the construction sector. This signifies that almost every 10 minutes an accident occurs in the construction sector around the world. Ghai (2002:17) noted that in many countries it is hard to get information about consequences of detrimental working environments. However, it is well known that over time “certain work processes and the use of certain equipment and materials can result in serious health hazards and diseases”. Also, disorders related to stress and anxieties are becoming frequent in some working situations.

A few examples of cases of workdays lost due to injuries will now be given even though there is no information of a proxy for 100'000 employees. As noted by the ILO (Laborsta), in 2000, 25'098 cases of injury with lost workdays were registered in the construction sector in Brazil; while there have been 323'568 cases in the general economy. This means that, in Brazil and for the year 2000, 7.75 percent of the cases of injury with lost workdays happened in the construction sector. In the same year in El Salvador, 2038 cases of injury with lost workdays were registered in the construction sector, while 22'845 cases were registered in the entire economic activity. This means that 8.92 percent of the

¹⁰There is no international definition of the working hour's threshold, so it can be defined according to national cases.

¹¹ <http://laborsta.ilo.org>.

¹² Risk occurs in different forms, such as repetitive tasks, long hours, and exposure to harmful substances, noise, psychological pressure, physical aggression and others.

cases of injury with lost workdays happened in the construction sector. The Ecuadorian Institute for Social Security (Instituto Ecuatoriano de Seguridad Social¹³) highlights that for the year 1990, 229 accidents and 23 deaths were reported at the national level. For the year 2000, 138 accidents and 0 deaths were reported at the same level. In this case, data was not available for the construction sector.

▪ *Occupational injury insurance coverage*

In this case we refer to the percent of employees covered by insurance concerning injury in the workplace in the construction sector. However most of the data collected and much of the attention on occupational safety and health concern the formal economy. In contrast, working conditions in developing countries, and especially in the construction sector, tend to be much worse compared with other types of work (farms, slums, mines, etc.).

Another important element concerning safety at work is the ILO “Safety and Health in Construction Convention” (167), adopted in 1988. Even if it has only just been ratified by 20 countries (in August 2006), it is important to note here that this convention exists, because it represents the unique international norm that specifically considers health and safety in the construction sector.

Another important element related to working conditions is the interrelationship between work and family life, emphasized by Anker et al. (2002:38-40). Nowadays, an important request for “family-friendly” work comes from women owing to their increasing participation in the paid labour market. One indicator is proposed to measure the balancing of work and family life.

▪ *Employment rate for women with children under compulsory school age*

This should be a rate for all women aged 20-49 who have decided to have children and maintain their paid work. Anker et al. (2002:39) stated that “official labour force statistics classify women with young children as employed, whether they are at work or on maternity leave with the expectation of returning to the same employer”. The authors suggest to be aware of those cases of women that are forced to go back to work for economic reasons. This kind of situation should not be considered as decent work, since women do not have the option to go back to work.

▪ *Paid leave*

Another indicator used to analyze conditions of work should be the number of days of paid leave. Bonnet et al. (2003: 221) proposed that this indicator can be measured as the average of annual paid leave (vacation days), adjusted for the share of workers in formal paid employment.

Other essential components of conditions at work include the comfort and hygiene conditions of the workplace (for example, first aid room, staff room, canteen, showers and toilets).

▪ *Comfort and hygiene conditions*

This indicator is difficult to measure, because there is not much official information in a number of countries. Comfort and hygiene conditions should be measured as a qualitative indicator referring to the presence of infrastructure in working places, including a first aid room, staff room, canteen, showers and toilets.

¹³ <http://www.iess.gov.ec>, consulted on August 21st 2006.

2.2. The social security dimension

According to the ILO, social security “encompasses the broad areas of income security, health protection and the assurance of safe and healthy working conditions, all of which are closely interrelated” (ILO 2003a:52). Ghai (2002:17) noted that social security systems were proposed “to meet people’s urgent subsistence needs and to improve protection against contingencies”. The problem is that these systems were generally meant only for salaried employees in the formal sector.

Anker et al. (2002:52) stressed that the measurement of social security should try to quantify the extent of coverage offered for its three principal aspects: population coverage (in terms of access, entitlements and contributions), benefits levels, and expenditures. Therefore, we propose the two following indicators for measuring the social security dimension of decent work.

▪ *Public social security expenditure*

This indicator measures the public resources devoted to social provisioning, as a percentage of GDP (separately for total, health services, and old-age pensions). However, as Ghai (2002:18) noted, this indicator, does not concern “the efficiency with which these resources are used”. Ghai (2005:17-19) insisted in differentiating between industrial and transition countries, on one the hand, and developing countries on the other hand, in order to effectively measure the indicators of social security. In industrial and transition countries, the ratio of public social security expenditure to GDP provides a good indicator of the coverage and the level of benefits accorded to workers. Nevertheless, as previously noted, in developing countries, where a large part of the working population are employed in the informal sector, these social security systems are not adequate to meet the essential needs of the population.

▪ *Old age pension*

Bescond et al. (2003) argued that this indicator measures the number of people who receive a pension on account of their past economic activity. However, and in order to have a better account of this subject, the authors suggest separating those “persons in receipt of a pension or income from a property or investment”, from those “persons who receive a pension based on their past economic activity” (Bescond et al., 2003:203).

Anker et al. (2002:55) suggested another important, but not easily available indicator: the health insurance coverage. Saith (2004:28) emphasized an important lack concerning social security indicators. A poor country may have a very low rate of formal pension coverage, but in reality have good quality elderly care offered by family members. The system may be better than in developed countries where family ties are weaker and there is less financial dependence on family members. In this type of system, a more important rate of pension coverage may imply better old age care. For this reason, it is important to establish the need for social protection, the extent of insecurity, and then measure the coverage of requirements which are specific to each society. An essential element concerning the social security dimension is the coverage of the national social security system as well as all its characteristics (such as the population covered, the spheres covered and the system reform if any). Thus, even if this qualitative element will not facilitate comparisons among countries – for obvious reasons – it seems important to improve understanding of the social security systems in each country, region or city being studied.

In principle, although the establishment of systems of social protection distinguishes development objectives in many countries, reality shows that the majority of social security structures do not correspond to the needs of workers in some economic sectors, especially the construction sector. Generally, the health of workers in industrial sectors is determined to a broad extent by the quality of their shelter, water supply, hygiene conditions and health services, as well as their earnings and poverty levels. In other words, “the deficits in decent work, such as low and fluctuating income as a result of uncertain and insecure employment lead to extreme vulnerability among workers when income is lost” (ILO 2003a:52). Days lost from work as a result of work-related injury, disease, invalidity, death or natural disasters generate deficiencies among workers. These workers have to affront social and health risks occurring in the hazardous and unstable situations characterizing many industrial sectors.

2.3. The workers’ rights dimension

Decent work must be work that is acceptable to society. It is therefore necessary to know the incidence of unacceptable work, both to ensure that such work is excluded from indicators of employment opportunities, and also to measure progress towards its elimination. The concern here is with forced labour, child labour under abusive conditions, discrimination at work and freedom of association.

2.3.1. Forced Labour

In 1930, the ILO Convention No 29 concerning “Forced or Compulsory Labour” defined *forced labour* as: “*all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily*”.

Forced labour is very difficult to measure precisely. As Anker et al. (2002) explained, it is hidden since it is illegal and immoral. Thus, it is not just difficult to measure but “it would be systematically under-reported using typical household or enterprise surveys” (Anker et al., 2002:20-21). Thus, it is very hard to find a good indicator of forced labour as a constituent of decent work. An alternative can be found using indirect qualitative measures of forced labour using ILO studies and reports on human rights abuses.

2.3.2. Child labour

According to the UNICEF Report “*The State of the World’s Children 2006*”, and following the latest estimations from the ILO, “246 million children between 5 and 17 are engaged in child labour. Of these, nearly 70 per cent or 171 million children are working in hazardous situations or conditions, such as mines, with chemicals and pesticides in agriculture, or with dangerous machinery” (UNICEF, 2005:46).

There is no official minimum age standard for working. Each country can freely choose an age, according to its own law. However, the *ILO Convention No 138, Article 1*, published in 1973, specifies that:

“Each member for which this Convention is in force undertakes to pursue a national policy designed to ensure the effective abolition of child labour and to raise progressively the minimum age for admission to employment or work to a level consistent with the fullest physical and mental development of young persons”.

Article 2 of the cited Convention states that:

“1) Each member [...] shall specify, in a declaration appended to its ratification, a minimum age for admission to employment or work within its territory [...].

3) The minimum age [...] shall not be less than the age of completion of compulsory schooling and, in any case, not be less than 15 years”.

Another important convention concerning child labour is the *Convention on the Rights of the Child*, adopted by the UN General Assembly on 1989, which stipulates in article 32:

“1) States Parties recognize the right of the child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child’s education, or to be harmful to the child’s health or physical, mental, spiritual, moral or social development”.

2) States Parties shall take legislative, administrative, social and educational measures to ensure the implementation of the present article. To this end [...], States Parties shall in particular:

(a) Provide for a minimum age or minimum ages for admission to employment;

(b) Provide for appropriate regulation of the hours and conditions of employment;

(c) Provide for appropriate penalties or other sanctions to ensure the effective enforcement of the present article”.

Ghai (2002:20) stated that child labour is widespread in developing countries in different forms such as work on family farms or enterprises. It is important to be careful and distinguish the circumstances where child labour is harmful to the health and well-being of children and to their future prospects. These include children working in mines, factories and construction sites, as well as work in dangerous and unhealthy environments. Worst of all is the exploitation of children in sexual commerce, forced or bounded labour, in armed conflict and in human trafficking.

Following the *ILO Convention No 182, Article 2*, published in 1999, the worst forms of child labour which include:

(a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict;

(b) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties,

(c) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

Child labour is particularly significant in some specific sectors such as the construction sector. As remarked by the UNICEF “one boy in every four and more than one in every three girls working in construction suffers work-related injuries and illness” (UNICEF, 2005:47).

Anker et al. (2002: 18-19) suggested two indicators to measure child labour:

▪ *Children not in school*

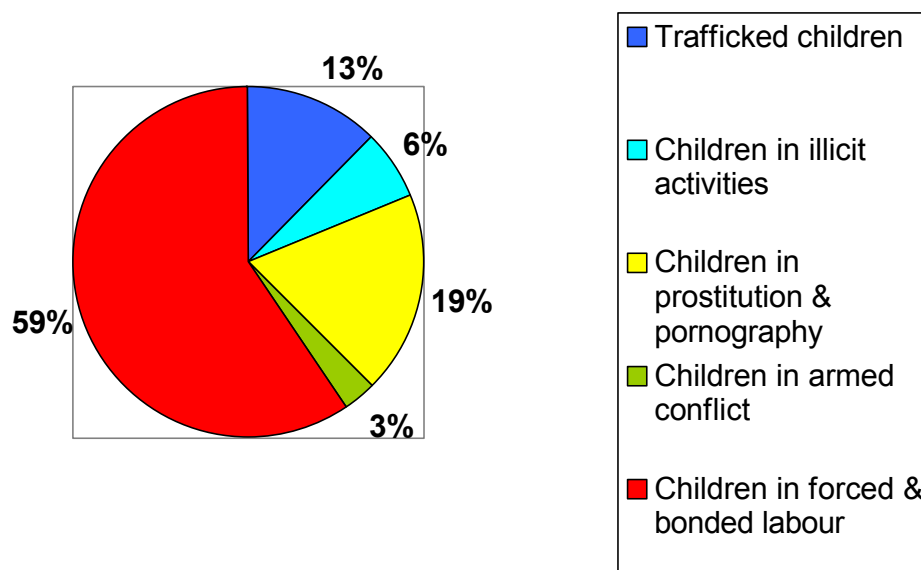
The percentage of children not attending school (percent by age) is a good proxy measure for unacceptable child labour, as well as being a useful indicator and goal in its own right for child welfare. According to the UNICEF and as noted in its “State of the world children 2006”, the ratio(net) of primary school attendance in Namibia in 2004 only characterized 78 percent of children under compulsory primary school age (UNICEF, 2005:114). This means that 22 percent of Namibian children under compulsory primary school age do not go to school, and that they are probably working.

▪ *Children in wage employment or self-employment activity rate*

Children working as employees or in self-employment are a second proxy indicator for unacceptable child labour. It often occurs under exploitative conditions and is often detrimental to health, safety and morals. This interferes with school attendance and performance which decreases lifetime employment options. These forms of child labour can damage children physically and/or mentally. It also prevents children going to school, harming the productive capacity of the future workforce. According to UNICEF, in 2004 child labour¹⁴ affected 23 percent of children in Vietnam, while they represented 14 percent in India (UNICEF: 2005, 130).

Figure 2.1 shows the worst forms and relative importance of child labour in the world. Hence, the majority (59%) of the worst forms of child labour represents children in forced and bound work, followed by children in prostitution and pornography (19%). Together they involve almost 80% of the worst forms of child labour.

Figure 2.1: Children in unconditional worst forms of child labour



Source: Own composition, based on ILO (2002), *Every Child Counts: New Global Estimates on Child Labour*, International Programme on the Elimination of Child Labour (IPEC), Statistical Information and Monitoring Programme on Child Labour (SIMPOC), International Labour Office, Geneva, p.25¹⁵.

¹⁴ For the UNICEF, Child labour represents the percentage of children aged 5 to 14 years of age involved in child labour activities at the moment of the survey. A child is considered to be involved in child labour activities under the following classification: (a) children 5 to 11 years of age that during the week preceding the survey did at least one hour of economic activity or at least 28 hours of domestic work; and (b) children 12 to 14 years of age that during the week preceding the survey did at least 14 hours of economic activity or at least 42 hours of domestic work.

¹⁵ According to the ILO (ILO,2002:35-36), the following definitions are taken into account as unconditional worst forms of child labour:

1) *Trafficked children*: Based on the UN Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially women and children, child trafficking is defined as “the recruitment, transportation, transfer, harboring or receipt of a girl or boy of less than 18 year of age for the purpose of exploitation”. In this case, this is limited to children trafficked for sexual and economic exploitation, including “(i) child prostitution; (ii)

2.3.3. Inequality at work

Inequality at work is an essential element that should be eradicated if an acceptable workers' rights perspective is to be achieved. The World Development Report 2006¹⁶ stated that, when we talk about *inequalities* we are referring to:

“systematic differences in opportunities for individuals and groups who differ only in skin colour, caste, gender, or place of residence, predetermined characteristics than can be argued as morally irrelevant” (World Bank, 2005:28).

Inequality is difficult to measure, because it is a qualitative characteristic of human groups and it is variable between cultures and societies. For these reasons, we propose to analyze discrimination instead of inequality.

In its policies to reduce inequalities at work, the ILO emphasizes discrimination at work. Discrimination at work involves the denial of equality of treatment and opportunity to individuals in their own right or as members of a social group.

According to the *ILO Convention No 111, Article 1(1958)*, discrimination comprised:

“any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation”.

In 1995, the Beijing Declaration from the Fourth World Conference on Women stipulated the commitment of Government participants to promote:

“The equal rights and inherent human dignity of women and men and other purposes and principles enshrined in the Charter of the United Nations, to the Universal Declaration of Human Rights and other international human rights instruments, in particular the Convention on the Elimination of All Forms of Discrimination against Women and the Convention on the Rights of the Child, as well as the Declaration on the Elimination of Violence against Women and the Declaration on the Right to Development”.

In addition, the elimination of discrimination at work also means fair treatment. That means working without harassment or exposure to violence, some degree of autonomy, fair handling of grievances and the resolution of conflicts. Some commonly used discrimination indicators concern gender, but in principle other similar kinds of indicators can also be used. As the ILO Global Report *“Time for Equality at work”* stated “whatever

other forms of sexual exploitation such as the use of children for pornography; and (iii) forced labour or services, slavery or practices similar to slavery and servitude”.

2) *Children in illicit activities*: In this case, reference is made to the ILO Convention No.182 which refers to children in illicit activities as “children involved in the production and trafficking of drugs”. Following this emphasis, in this case are considered “children in drug manufacture, including work in poppy plantations, and trafficking of illegal substances”.

3) *Children in prostitution and pornography*: According to the Optional Protocol to the Convention on the Rights of the Child on the sale of children, child prostitution and child pornography, adopted by the UN General Assembly on 25th May 2000; child prostitution includes “the use of a child in sexual activities for remuneration for any form of consideration”; and child pornography refers to “any representation, by whatever means, of a child engaged in real or simulated explicit sexual activities or any representation of the sexual parts of a child for primarily sexual purposes”.

4) *Children in armed conflict*: this refers to “any person under 18 years of age who is part of any kind of regular or irregular armed force or armed group in any capacity, including cooks, porters, messengers, and those accompanying such groups, other than purely as family members. It includes children recruited for sexual purposes and forced marriage”.

5) *Children in forced and bonded labour*: “forced child labour can be distinguished from the other forms of child of labour through the presence of one or more of the following elements: (i) a restriction the freedom to move; (ii) a degree of control over the child going beyond the normal exertion of lawful authority; (iii) physical or mental violence; and (iv) absence of informed consent”.

¹⁶ The World Development Report 2006 proposed the measurement of inequalities in different spheres such as inequalities in health, inequalities in education, and economic inequalities.

the form of discrimination – be it based on race, sex, age, disease or disability – its elimination tends to require a similar set of policy devices. These range from consistent and effective regulatory and institutional frameworks to suitable training and employment policies” (ILO, 2003c: xii).

According to the ILO Global Report “discrimination in employment and occupation takes many forms, and occurs in all kinds of work settings” (ILO; 2003c:1). In a general way “to discriminate in employment and occupation is to treat people differently and less favourably because of certain characteristics, such as their sex, the colour of their skin or their religion, political beliefs or social origins, irrespective of their merit or the requirements of the job” (ILO, 2003c:15). However, all types of discrimination have a common feature: “it entails treating people differently because of certain characteristics, such as race, colour or sex, which results in the impairment of equality of opportunity and treatment” (ILO, 2003c:1).

The difference between direct and indirect types of discrimination at work need to be considered. Following the ILO Global Report concerning discrimination at work, direct discrimination occurs “when regulations, laws and policies explicitly exclude or disadvantage workers on the basis of characteristics such as political opinion, marital status or sex” (ILO, 2003c:19). On the contrary, indirect discrimination “may occur when apparently neutral rules and practices have negative effects on a disproportionate number of members of a particular group irrespective of whether or not they meet the requirements of the job”. Thus “indirect discrimination may also occur when differential treatment is accorded to particular categories of workers” (ILO, 2003c: 20-21).

Our proposition of indicators of discrimination is related to gender. However, these indicators can also be used to measure discrimination at another level, or between different groups of workers.

The *Convention on the Elimination of all forms of discrimination against women*, endorsed in 1979 by the UN General Assembly, stated in its Article 11:

“ States Parties shall take all appropriate measures to eliminate discrimination against women in the field of employment in order to ensure, on a basis of equality of men and women, the same rights, in particular:

- (a) The right to work as an inalienable right of all human beings;*
- (b) The right to the same employment opportunities, including the application of the same criteria for selection in matters of employment;*
- (c) The right to free choice of profession and employment, the right to promotion, job security and all benefits and conditions of service and the right to receive vocational training and retraining [...];*
- (d) The right to equal remuneration, including benefits, and to equal treatment in respect of work of equal value, as well as equality of treatment in the evaluation of the quality of work;*
- (e) The right to social security, particularly in cases of retirement, unemployment, sickness, invalidity and old age and other incapacity to work, as well as the right to paid leave;*
- (f) The right to protection of health and to safety in working conditions, including the safeguarding of the function of reproduction”.*

Three indicators may be used to measure gender discrimination:

▪ *The male-female gap in labour force participation*

Bescond et al. (2003:200-201) noted that the male-female gap in the labour force participation rate is the desegregation by sex and by age of the labour force participation rate (LFPR). An indicator of the male-female gap in labour force participation measures the extent to which women enter the labour market relative to men across different countries. The authors remind us that this gap may be narrowing in some countries due to a decline in male participation, and not because of an increase in female participation in the labour force.

▪ *Unemployment rate for men and women*

In a general way, unemployment rates have always been higher for women than for men. As the ILO Report "*Time for Equality at work*" (2003c:42) noted "women, and for that matter other discriminated-against groups, may adjust to deteriorate labour market conditions by accepting shorter working hours rather than no work at all, and therefore becoming underemployed and; in the face of discrimination becoming discouraged and abandoning active job seeking altogether". The ILO Report also specified that there are differences between men and women concerning employment status. Therefore, often men have regular and superior remunerated positions, while women "are often in peripheral, insecure, less-valued positions". In addition, women represent the majority of home workers, casual workers and temporary workers (ILO 2003c: 42).

To illustrate the gap between the unemployment rate for women and the unemployment rate for men, we present statistics from the "*Panorama Laboral 2005*" published by the ILO Regional Office for Latin America and the Caribbean in 2005. According to the ILO, for the first semester 2005, the urban unemployment rate in Colombia represented 15.0 percent of the total labour force population, but affected in a different way women and men. Thus, for women, the urban unemployment rate for the first semester 2005 characterized 17.6 percent of the female labour force, while it concerned only 12.6 percent of the male labour force during the same period (ILO 2005a:92).

▪ *Differences in earnings*

Some authors highlight the difficulties in defining a precise indicator for measuring differentials in salaries between men and women owing to their concentration in different occupations and economic sectors, and the differences in the number of hours worked.

For the ILO, discrimination in paid wages is an important illustration of what discrimination at work means. The ILO clarified that (ILO 2003c:47) "discrimination in remuneration occurs when the main basis for the determination of wages is not the content of the work to be performed, but rather the sex, the colour or the personal attributes of the person performing the work". In order to really examine discrimination in remuneration, the ILO has presented two proposals. The first "distinguishes between inequalities due to individual characteristics such as levels of education, skills, or seniority, and inequalities due to discrimination". The second proposition "focuses on inequalities among groups and finds that women's earnings in certain occupations, sectors, skills, or levels of pension are typically lower than men's, irrespective of individual abilities" (ILO 2003c:47).

▪ *Distribution of skilled jobs*

The distribution of women and men across levels of responsibility is an important measure of equal treatment in employment. One indicator of this is the extent to which women are in positions of authority and decision-making, such as managers and administrative workers.

2.3.4. Freedom of association

Freedom of association is necessary for workers and employers to protect their interests, to coordinate common activities and to participate in negotiations and dialogues concerning their interests.

Based on Ghai's (2002: 24-26) contribution, we can suggest two quantifiable indicators:

- *The number of countries having ratified Conventions No 87 and 98.*

Convention No 87 refers to 'Freedom of association and protection of the right to organize', and Convention No 98 to "right to organize and to bargain collectively". Nevertheless, ratification of a Convention does not necessarily guarantee that the country that signed respects the necessary conditions for freedom of association.

At the present time, according to the ILO, Convention No. 87 has been ratified by 145 countries of the 178 members of the Organization, while 154 countries have ratified the Convention No. 98. Violations of freedom of association among workers in the construction sector are common. These abuses vary from regulatory restrictions and anti-union practices to physical violence and even repression.

- *Index of civil rights*

One of the most frequently used indexes of civil rights is the *civil liberties index* prepared by Freedom House¹⁷. This index is based on comprehensive subjective evaluations by human rights experts who collect evidence globally. The civil liberties index is based on a checklist including: freedom of expression and belief; associational and organizational rights; rule of law and; personal autonomy and individual rights. For example, and as noted by Freedom House in 2005, the Brazilian, Ecuadorian and Tanzanian Civil liberties index is 3¹⁸, while the Civil liberties index of Zimbabwe correspond to rating of 6.

¹⁷ This index has several components going further than civil rights, including "association and organizational rights", "freedom of expression and belief", "rule of law and human rights", and "personal autonomy and economic rights".

¹⁸ According to the Freedom House, each country and territory is assigned a numerical rating, on a scale of 1 to 7. A rating of 1 indicates the highest degree of civil freedom and 7 the least amount of civil freedom. It is important to mention the general acknowledgement that the Freedom House indexes are sometimes accused of being biased, even if not intentional, owing to their pro-North American perspective. Thus, and according to the International Relations Center – Rights Web, "Although frequently cited in press reports and academic works, the reports and studies produced by Freedom House and its affiliates have been criticized for their alleged partiality towards U.S. interests".

<http://rightweb.irc-online.org>

2.4. The social dialogue dimension

Anker et al. suggested that social dialogue “refers to any type of negotiation, consultation or exchange of information between representatives of governments, employers and workers, on issues of common interest relating directly to work and related to economic and social policies” (Anker et al., 2002:55-56). According to the ILO “ a prerequisite for social dialogue is the existence of social partners that have both the capacity and the will to engage responsibly in the various forms of social dialogue at different levels”(ILO, 2003c:70). Thus, the process of social dialogue can help to build efficient labour market institutions and to achieve consensus on issues concerning decent work deficits. Thus, the extent to which workers can express themselves on work-related matters and participate in defining their working conditions is essential: “The ability of workers to organize freely to defend their interests collectively in negotiations with the employer is a pivotal element of democracy at the workplace and the effectiveness of social dialogue” (Anker et al, 2002, 55-56).

For the social dialogue dimension, we suggest the following indicators:

▪ *Union density rate*

This means the number of union members expressed either as a percentage of the non-agricultural workforce or as a percentage of wage and salary workers. Kuruvilla (2003:5) noted that on some occasions, union density has been utilized as an evaluation of union strength and the capability of social dialogue. Also, Kuruvilla (2003: 5) explained that in industrialized countries, a positive correlation between union density and any other measure of tripartism or bipartism industrial relations has been observed. Nevertheless, this measure has also shown problems in the non-industrialized countries where this correlation is not that obvious. In other cases, union density as an illustration of union strength and as a base for social dialogue is dubious because unions are not independent and are subject to strict control. Another important point is the problem concerning the quality of data, particularly the terms of data compilation methodology and the estimation of density.

An additional difficulty of the union density rate noted by Kuruvilla (2003:30) is that this indicator does not automatically describe the presence of real social dialogue. Nevertheless, and according to Ghai (2002:25), “in general the higher the union density, the stronger the defense of worker’s interests in negotiations with employers and the government, and the greater the participation by workers in matters affecting their work”.

▪ *Collective bargaining coverage rate*

This refers the number of workers covered by a collectively negotiated wage agreement. As Kuruvilla (2003:5) stated, collective bargaining coverage has been seen as an evaluation of bipartite industrial relations in countries where negotiating was usually executed at the workplace. Thus, collective bargaining coverage has been considered as a measure of tripartite industrial relations in countries where negotiation was attained at the national level. It is a concrete measure of the real degree of social dialogue as it gives a quantifiable indicator of the number of workers who are really covered by collective bargaining agreements. However, in many countries, the collective bargaining coverage does not represent the right to bargain. Kuruvilla (2003:31) noted that the collective bargaining coverage - even if measuring the force of trade union activity at the place of work - does not estimate the quality of collective agreements.

The two social dialogue indicators about union density and collective bargaining coverage should be used carefully. Hepple (2003:19-20) noted that in industrialized countries, union density and collective bargaining coverage have dramatically declined, and that the employment contract has lost much of its analytical value as paid work is increasingly performed outside conventional employment relationships.

It is also important to note that in cases where workers are allowed to form and/or join organizations and to bargain collectively, there often are requirements and restrictions in national legislation which in practice limit their movements. In general, collective bargaining agreements - and by that collective bargaining negotiations - are concluded in sectors and enterprises where there is a significant number of permanent workers. Thus, these agreements usually defend permanent workers rights and concerns, whereas the rights of daily, temporary or seasonal workers, which are often the majority of workers in the construction sector, are often not considered.

▪ *Strikes and lockouts*

Chernyshev (2003:2) noted that one measure of the failure of social dialogue is the utilization of strikes or lockouts¹⁹. Industrial action – strikes and lockouts – could be the most important characteristic of social dialogue, in terms of media coverage and public impact. Simultaneously, in some cases, the deficiency of strikes (and lockouts) can signify the absence of the right to strike (or lockout) and/or a fragile social dialogue. In order to be able to compare international measures of strikes and lockouts, Chernyshev presented the “*rate of days not worked per 1000 employees*” as the most useful indicator. Usually, this threshold is determined in terms of the number of workers involved, the length of the dispute, the number of days lost, or a combination of all or some of these measures. Nevertheless, Kuruvilla (2003:32) also noted that it is important to be careful with these indicators, because the absence of strikes and lockouts will not necessarily mean a positive interpretation of social dialogue.

According to the ILO (Laborsta), in 2004, 5 strikes and lockouts were registered in Peru in the construction sector from a total of 107 strikes and lockouts in the entire economy. During the same period, 11 strikes and lockouts were recorded in Algeria in the construction sector from 35 in the whole economy. Even if these data do not give details about the exact number of days not worked, they give an idea of the importance of strikes and lockouts in the selected countries.

▪ *Degree of participation in decision-making*

This is another aspect of social dialogue suggested by Ghai (2002:28). It concerns workers participation in the running of their enterprise, whether in the formal or the informal economy. The participation of workers can comprise a broad area, varying from representation on the governing boards and executive committees to playing an active role in the management of training by occupational safety and health committees. The degree of participation in decision-making processes can be understood by studying labour laws, institutions, procedures and practices existing in each country.

▪ *Participation at the national level*

In this case, we refer to direct participation in the policy formulation and implementation through a multiplicity of measures, such as the representation of different social and economic groups on ministerial committees. According to Ghai (2002:29), there are no simple indicators to measure the degree or efficiency of social dialogue at the national level. As for the degree of participation in the decision-making, it is important to analyze the laws, institutions, procedures, powers of consultative bodies and then their actual performance.

¹⁹ As Chernyshev (2003) notes, the ILO Resolution concerning statistics of strikes, lockouts and other action due to labour disputes gives the following definitions:

i) A strike is a temporary work stoppage affected by one or more groups of workers with a view to enforcing or resisting demands or expressing grievances, or supporting other workers in their demands or grievances.
ii) A lockout is a total or partial temporary closure of one or more places of employment, or the hindering of the normal work activities of employees, by one or more employers with a view to enforcing or resisting demands or expressing grievances, or supporting other employers in their demands or grievances.

It is important to highlight the significant role of the State in facilitating and promoting all forms of social dialogue, “creating the overall environment within which contributions of workers, employers and other concerned civil society groups are elicited and reflected in policy outcomes” (ILO 2003c:70).

This chapter has presented a broad set of decent work indicators based on the four main components of decent work. The primary objective has been to select indicators that could be easy to measure in all countries. However, we recommend that these indicators are adapted to the specific conditions and customs of countries, cities and economic sectors, in order to be more precise, and to find, whenever possible, additional indicators of decent work. Initially, the idea was to find a set of indicators with no ranking between them. Ideally, there should all have the same weighting, as all the different indicators are measuring a precise characteristic of one of the four components of decent work. We acknowledge that in some situations, some indicators might be more complicated to find. For that reason, we have proposed using qualitative information too, in order to complete, and sometimes to corroborate the available quantitative data.

For the case studies presented in this report, we have suggested some indicators from the list in this chapter that are more adjustable to the construction sector. Thus, the selected indicators have also been divided according to the four decent work components: employment; social security; workers rights and; social dialogue. (Annex 2).

III - THE ROLE OF LOCAL AUTHORITIES IN THE PROMOTION OF DECENT WORK

During the period that globalization has accelerated, decentralization has also become a major concept and trend around the world. While there are important variations between countries, in general, power and management have often been decentralized to the local level. The role of local authorities in economic development has increased. This trend has been reinforced by the creation or strengthening of several associations and networks. In particular, local authorities are playing an increasingly strong role in the construction sector and related services, either via the direct execution of public works and/or in some form of partnership with the private sector. At the same time, decent work and employment generation continue to be crucial issues in developing and transition countries. There are ample data and statistics about the work-related problems faced by a large part of the population in these countries – such as low wages, mistreatment, lack of rights, poor occupational health and safety standards, unemployment, etc. – resulting in an alarming level of poverty.

The following section is based on an analysis prepared for this international research project by Jeroen Klink (2006). In that report Klink emphasized that although a lot of theoretical and empirical work has been undertaken on this subject, the role of local authorities in generating decent work has been largely ignored.

3.1. Evolution of the role of cities in the global economy

An important trend observed in recent decades is the new territorial and competitive role of cities in the global economy: local stakeholders, instead of passively depending on macro-economic and micro-economic forces in movements related to globalization, have become increasingly concerned about the potential competitive advantages of large cities and metropolitan regions.

This new trend has grown in parallel to changes in overall macro- and micro-economic frameworks in Europe and the USA since the 1970s and in many developing countries since the mid-1980s. As a result of this economic restructuring, cities and metropolitan areas have been increasingly engaged in new challenges in the region of local development income and employment generation without depending exclusively on national initiatives.

First, since the 1970s, national governments have increasingly retreated from traditional Keynesian style active macro-economic management policies aimed at full employment and income generation. Therefore, these policies had become difficult to implement. They have lost some of their effectiveness in the context of an increasingly deregulated international economy characterized by massive volatile flows of international financial capital. At the same time, the continuing tendency towards deregularization and trade-liberalization have had impacts on the behaviour of companies, especially on those that have operated within relatively protected domestic markets. Hence, these companies initiated a series of micro-economic adjustments aimed at managerial and technological modernization. These processes increased all the levels of productivity, but did not always create immediate positive effects on employment. Actually, in many cities distinguished by relatively obsolete industrial structures, the increase in productivity and the shift from industrial towards tertiary employment resulted in losses in formal employment.

An important number of cities and metropolitan areas have been affected by the impact of macro-economic and micro-economic restructuring. The bottom line of experiences in different cities was to create the right conditions for endogenous development taking advantages of the local skills available in each city. The essence of these experiences was the awareness that a productive mobilization of public and private actors and skills would permit the creative use of globalization, instead of becoming its passive victim. Simultaneously, it could also improve urban productivity, salaries, working conditions and the quality of life of citizens.

A second point underlined by Klink (2006) regarding the new role of cities and urban regions is related to their potential to encourage cooperation among local stakeholders through participatory processes. Klink (2006) notes that the nation state has been challenged: On the one hand, its macro-economic apparatus has lost effectiveness in light of the size and instability of massive flows of financial capital at the global level. On the other hand, given the global transformation towards more democratic and diversified local communities, national authorities have lost out against local and metropolitan systems of governance that are closer to local constituencies. Considering the increase of the network society, local communities in urban areas would also have new ways and means to evade conventional national borders and networks. Today, they can exchange experiences on a global level.

In the specific case of developing countries, a gradual process towards decentralization has been observed. Additionally, an increasing number of cities and metropolitan regions in developing countries are experimenting with innovative tools of direct democracy, such as participatory budgeting, city visioning, cooperatives and strategic planning.

3.2. New roles for local authorities

As a consequence of ongoing changes to the role of cities within the national and international development context, the role of local authorities and of urban management are also changing. Klink highlights changes in the culture of urban management and the role of local authorities in the European and North American context since the 1970s. Three aspects are relevant:

First, local leaders are starting to incorporate new themes and change previously established priorities on policy agendas. Therefore, while the management of a set of urban services (such as housing, basic sanitation, health, education, etc.) does not disappear from the policy agenda, simultaneously, issues like competitiveness, sustainable employment and income generation have gained strategic importance as a consequence of the gradual retreat of national government from these areas.

Second, there is a changing international situation characterized by an increasing level of competition among cities, which constrains local authorities to engage in innovative and area-wide strategies of urban and economic revitalization. An increasing number of cities start to adopt more flexible institutional arrangements and are willing to acquire new responsibilities. Klink (2006) underlines that there are many examples of this tendency in the Latin-American setting, particularly in a context of strong local governments.

Third, there is also a growing perception about the new urban governance. Since the 1990s local governments have launched democratic processes that enable many actors to participate in a multi-stakeholder society. This trend, noted by Helmsing (2001:9-10), symbolizes a contrast with the previous custom by which local authorities were considered as mere implementing agents, frequently without much participation from public and

private stakeholders. The concept of governance involves negotiation processes through which a set of governmental and non-governmental actors (such as civil associations, public-private partnerships, labour unions, enterprises, etc.) work together for collective goods and policy-making. Additionally, the result of urban planning itself is shifting from the comprehensive and detailed master plans towards more operational and area-based strategic plans elaborated and discussed with a wide range of stakeholders from the local community.

The ongoing shift in the culture of urban management and local governance has also become increasingly relevant for developing countries since the beginning of the 1990s, especially in Latin America. Thus, a growing number of cities are acquiring new responsibilities without formally being directly responsible for these domains. Recognizing the impossibility of acting as single service provider, many local authorities are accepting a “new participatory framework that increasingly involves local actors in delivering services and building physical infrastructure” (ILO, 2004:21). Within this new approach, local authorities have kept a crucial role, particularly in the establishment and implementation of a regulatory framework. For example, local authorities can define standards for infrastructure and construction, contracting processes, land regulations, as well as the imposition for the private sector. Local authorities can also play an important role in articulating the needs of their cities and residents, because they serve as their representatives at the national and international levels. Thus “in this capacity, they need better access to policy-formulation at the higher level; they need to be involved in drawing up policies that will eventually affect them and the people they govern”. In addition “local authorities need to provide an enabling environment for local development, and in particular, to establish partnerships for employment creation” (ILO, 2004:21).

Klink (2006) notes that the review of existing literature on the changing roles of cities and local authorities within national and international contexts enables some preliminary conclusions. In general, there is a lack of detailed studies on a decent work perspective within the traditional programmes of local authorities in housing and urban development issues. However, ample references exist concerning the evolution of the role of local authorities within the globalized economy. As a result, there have been original evaluations of local economic development and employment strategies in general (such as cooperatives, clusters, incubators, micro-finance, etc.). But even within these evaluations, there is a lack of a decent work perspective concerning the role of local authorities and their tasks with respect to housing and urban development.

Another finding of the literature review is the existence of empirical analyses concerning the role of local authorities as important actors in poverty alleviation strategies. Klink (2006) found that in Latin American countries that have implemented a strategic decentralized policy there is a concern by local governments to establish and implement inclusive policies through safety nets, minimum income programmes, and other compensation plans targeted at the most vulnerable population groups.

3.3. The case of the construction sector and related services

3.3.1. The construction sector: definition and general characteristics

The ILO notes that “the construction sector produces a wide range of products, from individual houses to major infrastructure such as roads, power plants and petrochemical complexes”²⁰ (ILO, 2006). In a large majority of countries, the construction industry implies housing, other building, as well as civil engineering projects.

The construction sector “is a labour-intensive activity, with the capacity to provide extensive employment with very little investment. The industry provides a point of entry into the labour market for migrant workers from the countryside and it employs people from the most disadvantaged sections of society. Construction is an “employment spinner” which absorbs the excluded” (ILO, 2001c:58).

3.3.1.1. Structure of the construction industry

Jill Wells (1986) made a seminal contribution to current understanding of the construction sector. Her analysis is still valid today (ILO, 2001c). Wells (1986:5) noted that the construction industry is distinguished by a significant characteristic: “the fact that the completed products are generally not mobile but fixed for all time in the particular location where they are built. Thus, even if parts of the structure may be manufactured elsewhere, the final assembly process is site-specific”. Wells notes that this characteristic has two implications: “First, it places quite clear limits upon the process of centralized mass-production of component parts, or “prefabrication”; for the economies that may be gained from mass-production must always be balanced against the subsequent costs of transporting component parts of a structure to the construction site”. Second, “the fact that construction products are site-specific (i.e. that they are produced where they are to be consumed and cannot afterwards be transported) means that in general the final products of the construction industry cannot be produced in advance of demand but rather have to be sold before they are produced, or made to order”.

Another important element highlighted by Wells (1986:56) is a list of five indicators by which the actual performance of the construction sector may be evaluated, in any country:

- the extent to which the construction projects in a country’s development plan are actually implemented to time;
- the percentage of imports in the total construction output;
- the degree of development of local skills, and of local participation in contracting;
- the extent of development of the local building materials industries;
- the overall efficiency/productivity of the construction sector and the extent to which construction plans are implemented within the cost limits set”.

Using these five indicators, it is possible to evaluate the relative weight and the performance of the construction industry in a national economy, but not in terms of employment significance.

One of the principal characteristics of the construction sector in recent decades has been the increasing use of subcontracting and temporary employment. The ILO notes that subcontracting has always played a significant role in the construction sector, “particularly in building construction where the production process is divided into a number of discrete

²⁰ ILO website Social Dialogue, Sectoral activities, Construction
<http://www.ilo.org/public/english/dialogue/sector/sectors/constr.htm>, consulted on July 28th 2006.

activities, which are often carried out sequentially and may require specialized labour” (ILO, 2001c:15). Even if subcontracting has always been important in the construction industry, “there is evidence from all parts of the world to indicate that subcontracting has increased significantly in the past two to three decades, and that it is no longer restricted to specialized tasks. In some countries the bulk of the construction workforce is now recruited through subcontractors and other intermediaries as the “outsourcing” of labour requirements has become the norm” (ILO, 2001c:15). Some others workers continue to be employed on a more permanent basis: they are the “core workers” of the general contractors, as well as employees in the public sector.

The increasing phenomenon of subcontracting is related to a number of reasons. First, “subcontracting offers contractors and subcontractors flexibility in the recruitment of labour. It allows them to get the labour they need when they need it and to pay for it only when it is needed” (ILO, 2001c:24). In addition, flexibility is particularly important in construction due to changeable labour necessities. Second, the use of subcontracted labour in construction gives “the possibility to delegate the responsibility for supervision”. This is particularly significant in “an industry where the dispersed location of sites and the craft nature of the production process both make supervision difficult”. Consequently, employing labour indirectly permits central contractors both “to get the flexibility they need and to pass the problem of labour control to the subcontractor” (ILO, 2001c:24). In sum, and citing the ILO, “there has been a dramatic change in the structure of the construction industry in the past three decades, involving a process of concentration at the top and fragmentation at the bottom. The large enterprises which are responsible for a significant share of construction output are increasingly removed from the construction site and construction workers. The subcontractors and labour contractors who are now the main employers of the construction workforce are small, sometimes very small, firms” (ILO, 2001c: 23).

3.3.1.2. Implications in the employment relationship

In general, the majority of the employment in the construction sector throughout the world is carried out in small enterprises that rely on casual and temporary working conditions. This has important consequences for the construction workforce and their labour conditions and rights. These consequences will be presented according to the four components of decent work.

Employment

According to the ILO, “the construction sector is providing employment for some of the most disadvantaged sections of society, and could even increase employment opportunities in low-wage countries, where there are few alternatives” (ILO, 2001c:43). However, it is imperative to reiterate that the quality of work in the construction sector is not always good.

Concerning wages, “for the bulk of the workforce on temporary contracts, wages are increasingly set by the market. Hence the level of wages, like the level of employment, will reflect demand and supply in the labour market” (ILO, 2001c:32); and by that will not be always sufficient to meet workers’ basic needs.

Another important element of employment are hours of work. In a large number of countries, the principal remuneration for temporary workers is “piece-work”. According to the ILO, among these workers “many are forced to work long hours, while others choose to do so, either because the rates of pay are so low or simply because they want to earn as much as possible while work is available” (ILO, 2001c:33).

This phenomenon is particularly evident in the case of workers who have migrated from the countryside or from overseas. It is also common in many developing countries.

Health and safety

One additional characteristic of labour conditions is health and safety at the working place. It is not easy to present the connection between the recent changes in the structure of the construction sector and the decline in occupational safety and health. As highlighted by the ILO, “in many developing countries there is no reliable data because of lack of insurance coverage, which means that reports of accidents are frequently not filed”. Thus, even when data is available, statistical analysis is still being complex due to the fact that the rate of accidents varies with cyclical fluctuations in construction productivity. In principle, “subcontracting intensifies the pressure to produce while increasing the difficulties of coordinating work and ensuring site safety”.

The ILO estimates that “95 per cent of serious accidents involve workers employed by subcontractors”. Also, these workers are less apt “to gain the training and experience required to work safely in a dangerous working environment, and they are in a weaker position to refuse to work in unsafe conditions” (ILO, 2001c:35-36). For these and other reasons, a construction worker with a temporary contract is three times more likely to suffer an occupational accident compared with a worker with a permanent contract.

As noted by the ILO, “the main occupational health problems in the construction industry are back injuries from carrying heavy loads, respiratory disease from inhaling dust, musculoskeletal disorders, noise-induced hearing loss and skin problems. There is a very serious risk of cancer from the handling of asbestos, a problem which is only beginning to be tackled in some countries” (ILO, 2001c:37). Moreover, workers employed by subcontractors are usually less aware of these risks, and less able to combat them. An additional problem, especially in developing countries, is the poor state of on-sites accommodation and services.

Social security

The increased use of casual and temporary work, as well as subcontracting, that has occurred all over the world in the past 30 years, has resulted in an important reduction in the number of construction workers who are covered by social security schemes. “In some countries this has happened because temporary workers have been excluded from the provisions of labour legislation. In many more cases there is provision for temporary workers to receive benefits but they are not claimed. There are also reports from a number of countries of total abuse, such as employers deducting contributions from wages but failing to forward them” (ILO, 2001c:35). In general, “temporary employment status means that the majority of construction workers enjoy little or no social protection (income security or social security)” (ILO, 2001c:43).

Rights at work

Basic labour rights are usually ignored in the construction industry. “In many countries construction workers are excluded by law from joining trade unions because of their temporary employment status, because they are self-employed, or because they are foreign” (ILO, 2001c:43). Discrimination between gender, between workers place of birth, and between temporary and permanent workers in terms and conditions of employment is common in both developing and developed countries.

Social dialogue

In the construction sector, social dialogue is disadvantaged by the fragmentation of the industry and the weaknesses of workers’ and employers’ organizations. According to the ILO, “the majority of construction workers are not members of a trade union and most employers do not accept collective bargaining” (ILO, 2001c:29). Even worse, in some

cases, this is because the law does not allow temporary, self-employed or foreign workers to join trade unions. In general, in a large number of countries, “both workers’ and employers’ organizations have been seriously weakened by the increased fragmentation of the industry. Collective bargaining has been undermined almost everywhere and collective agreements, where they exist, are applied to a small and decreasing proportion of the workforce” (ILO, 2001c:30).

Following this brief presentation of the construction industry and its situation in relation to the four main components of decent work, the role and the importance of local authorities in the promotion of employment, namely in the construction sector and related services will be presented.

3.3.2. Local authorities and the promotion of employment in the construction sector and related services

Local authorities have increasingly assumed new roles beyond the mere management of urban services (such as housing, basic sanitation, education and health services). The entrepreneurial dimension of public urban management (as reflected in the rise of strategies and employment generation, local economic development and poverty alleviation) has become a prominent feature of the new urban agenda of local authorities. Nevertheless, there seems to be scarce evidence of how, at least at the local level, these managerial and entrepreneurial agendas reinforce and consolidate decent work programmes at the local level, especially in the construction sector and related services.

The construction sector and related services are considered pertinent for the promotion of employment. In the principle, the construction industry and related services constitute one of the major providers – and in many instances the primary provider – of work, especially for unskilled workers and poor workers. In addition to direct employment on construction sites, the industry provides a large number of other jobs, such as in the production of building materials and equipment, post-construction maintenance, etc. It is precisely for these reasons that it is important to analyze the case of the construction sector and related services, and to evaluate the extant functions and responsibilities of local authorities in the promotion of decent work.

According to Radwan (1997), local authorities can play a non-negligible role in the promotion of employment, and decent work, in the construction sector and related services. First, local authorities can influence investment policies – especially in infrastructure and housing – in order to have a larger impact on employment creation and poverty alleviation: “the investments that are of greatest benefit to the urban poor are all conducive to labour-intensive technologies – and hence job creation – and provide direct improvements to the urban environment” (Radwan, 1997:323-324).

Second, the role of the urban informal sector should not be underestimated. Local authorities should support this sector, instead of persecuting it. Radwan stated that “improving basic urban services and infrastructure provides one “win-win” scenario that can improve incomes, productivity, and working conditions in the urban informal sector” (Radwan, 1997:324). Alliances between labour unions and informal sector associations should be encouraged, in order to better organize and better represent all types of urban workers. For this reason, Radwan (1997:324) notes that there is a need for programmes capable of providing “...basic social security, health care, urban services, upgrade the physical working and living environment of the informal sector, improve productivity and incomes, help the self-employed to organize and strengthen their bargaining power and be aware of their rights”. Decent work can be promoted also at the urban informal sector level under these conditions.

A third aspect is the development of alliances at the local level for greater employment and the promotion of decent work. Radwan (1997) noted that local governments “have to increasingly forge partnerships with the private sector, with employers and workers organizations, with different levels of government, and with nongovernmental and community based organizations” (Radwan, 1997:325).

The following paragraphs present some existing approaches that promote decent work using interactions between local governments and other relevant actors as participants in the promotion of employment policies.

The first approach concerns partnerships between local actors and the private sector. Through privatization and changes in their procurement regulations, local authorities provide new market opportunities for the whole private sector, including local business. Nevertheless, local authorities have to be careful and implement appropriate policies, regulations and incentives in order to ensure an effective promotion of employment, respecting rights of workers, conditions at the workplace, as well as the others dimensions of decent work. The ILO (2004:24) noted that care should be taken to guarantee that this does not enhance the vulnerability of workers and conditions of work. In some cases, privatization has been used by local authorities as a way to reduce costs. However, sometimes “workers engaged [...] by private companies, may be subject to poor working conditions, long hours and sub-standard wages; they may have no proper contract of employment and no social security benefits”.

The second approach presents community contracting. One example of this approach is briefly presented in Box 3.2. This example of the Kalerme Experience shows how a local authority can provide technical support and create an enabling environment for community contracting in urban infrastructure. In general, local authorities can help communities to organize themselves and to become actors in employment promotion, often in infrastructure works. As noted by ASIST-Africa, (Tournée & van Esch, 2001:34), “the main aim of community contracts is to actively involve communities in the planning and implementation of construction activities. In a community contract, the community or community groups are always the implementor or contractor”. According to the ILO “community contracts have been used for urban infrastructure construction and maintenance and for the delivery of public services” (ILO, 2004:26). Nevertheless, “community contracts need a conducive environment and it is therefore important to enhance the capacity of local authorities to anticipate needs, design works, manage contracts and work in partnership with community groups” (ILO, 2004:37).

The third approach is based on local economic development (LED), which is “a process of participatory planning through partnerships between local government, the business community and the civil society” (ILO, 2004:26). LED intends to recognize and realize strategies for territorial development based on the comparative advantages of specific areas. In sum “the overall objectives of LED are to promote economic development, employment creation and poverty reduction at the local level”. This facilitates negotiation and consensus between the different actors. One example of the role played by local authorities in urban, economic and social development is the FUNACOM programme presented in Box 3.5.

The fourth approach involves the strengthening of urban social dialogue. According to the ILO, conventional processes of social dialogue and collective bargaining usually take place at the national, sectoral or enterprise level, between representatives of government, employers’ and workers’ organizations. Thus “in the urban context, local authorities can develop their own, complementary approaches for an expanded social dialogue, drawing in all the partners at local level” (ILO, 2004:25). The aim is to develop a platform that

enables the different actors concerned – local authorities, community organizations, formal and informal employer’s organizations, local trade unions and workers in the informal sector, as well as the Ministry of Labour and others ministries - to share information, consult, negotiate and allocate decision-making.

The fifth approach concerning the role of local authorities in the promotion of decent work in the construction sector and related services is the elaboration and implementation of public works and Employment-Intensive Infrastructure Programmes (EIIP) as an instrument of employment generation. According to the ILO, the EIIP was created in the mid 1970s as part of the ILO’s response to the deteriorating employment situation in developing countries. Specific examples of EIIP in the construction sector and related services (for example, solid waste collection and recycling) are included in Boxes 3.1. and 3.3.

The principal objective of this approach is to influence investment policies so that they have a greater impact on employment creation and poverty alleviation. “In most developing countries a high percentage of government investment budgets as well as gross fixed capital formation is allocated to infrastructure creation and maintenance. By demonstrating how such infrastructure can be created and maintained in a cost-effective manner with labour-intensive methods, the programme has a major impact on creating sustainable employment with available existing resources. Furthermore, by directing such investments towards the needs of low-income groups, the programme has a double impact on poverty alleviation, both through the infrastructure itself, and through the employment created during construction and maintenance” (ILO 1997:9). Therefore - and as highlighted by Klink - employment-intensive infrastructure programmes can be considered as “launch pads” for small contractors to enter into the public construction market. One example of the implementation of EIIP in the provision of community infrastructure is described in Box 3.4. Unfortunately, there is still no evaluation of how local government can generate these processes. Also, it is important to remember that it should not be assumed that this approach automatically generates decent work.

The sixth approach uses the strategic role of alternative procurement and tendering procedures. This approach concentrates on the possibilities of including additional criteria in traditional tendering mechanisms, such as employment levels for particularly disadvantaged groups and excluded populations. Watermeyer (2006) proposed to evaluate the role of targeted procurement as an instrument of poverty alleviation and job creation in infrastructure projects: “Targeted procurement provides employment and business opportunities for marginalized/disadvantaged individuals and communities. It enables social objectives to be linked to procurement in a fair, transparent, equitable, competitive and cost effective manner. Targeted procurement has been used within the South African context where it has been incorporated in the constitution of 1996 “to address good governance concerns and to use procurement as an instrument of social policy” (Watermeyer, 2006: 27) to target those groups that were excluded under the apartheid system.

Klink (2006) made some pertinent remarks concerning the changing role of cities and local authorities in the construction sector and related services. First, in general, there is a lack of more detailed studies about the potential of decent work within the more traditional housing and urban development agendas of local authorities. Klink highlights that there is ample references about the new productive role of local government within the globalized economy (resulting in innovative evaluations of local economic development and employment strategies). However, these evaluations are deficient from a decent work perspective about the role of local governments while dealing with its traditional responsibilities within the housing and urban development sector. Second, there is a series of more empirical analyses focused on the role of local authorities as strategic

actors within poverty alleviation strategies. In the more decentralized policy environment in Latin-American countries, the potential role of local authorities in setting up and implementing inclusive policies through safety nets, minimum income programmes linked to school attendance and other compensation strategies targeted at the most vulnerable segments, has been highlighted. Broadly speaking, Klink noted that the majority of the literature is related to economic inclusion and community solidarity without many links to the housing and urban development services provided by local authorities. This research project has found very little evidence to question this conclusion.

Although there are very few publications on the implementation of decent work by local authorities, this research project has tried to overcome this gap. This aim has only been partially successful because only a few examples of best practice have been found, frequently without reference to the concept of decent work. Examples of these are included in the following pages.

BOX 3.1

FEEDER ROADS PROGRAMME MOZAMBIQUE

Since 1981, the international community has provided external assistance through various projects to develop the capacity of the National Directorate of Roads and Bridges (DNEP), a department of the Ministry of Public Works of Mozambique, to programme and execute labour-based construction and maintenance brigades of tertiary roads. In 1992 a nation-wide Feeder Roads Programme (FRP) was implemented by ANE with technical and financial assistance from a number of international agencies, including UNDP, ILO and Asdi. The FRP is an employment-intensive road rehabilitation programme, which has become institutionalized within DNEP. It is meant to rehabilitate and maintain a total of 6'956 km of tertiary roads by the year 2002.

This programme relies on labour based methods of construction and maintenance in a increasing commercial environment. The opening of feeder roads creates access to markets, stimulates the use of cash crops, and provides access to services for the local communities. The use of labour-based methods for rehabilitation and maintenance creates employment and enlivens the rural economy by ensuring that much of the cost of road works, in terms of wages, remains with the local rural population.

By the end of 1998, a total of 3,507 km of roads had been rehabilitated. The work programme for the year 1998 was carried out by a total of 34 brigades that work under the umbrella of the programme.

Through this programme a culture of fair working practice and consideration of workers' interests has been built up culminating in provincial and national nuclei dealing with gender and social concerns of the workforce. With national development objectives in mind, the FRP has gradually increased female workers participation from a 2% rate in 1992 to 20% by the end of 1998. Over 1'400'000 days of employment were created by the labour-based brigades in 1998. With the inclusion of supervisory staff and plant operators, an average of 7'827 jobs were sustained by the programme during the year.

The DNEP controls the programme and channels its tertiary roads funding through the programme, which is also supported through a consortium of donor agencies. The FRP management unit has been invited by the National Director of DNEP to contribute towards the institutional reform process. The creation of a National Roads Board in 1999, the decentralization of decision making for the tertiary road sector, and further commercialization of road works, all contribute to this reform process.

Source: ILO (2000d), "Employment-Intensive investment in infrastructure: Jobs to Build Society", International Labour Office, Geneva, p. 49.

BOX 3.2

KALERME: A COMMUNITY CONTRACT EXPERIENCE UGANDA

Kalerwe is a low-lying unplanned settlement in Kampala, Uganda, where the inadequate drainage network resulted in severe flooding during the rainy seasons. In addition to the damage to property, the living conditions became very unhygienic due to the overflow of latrines and the mix of water with uncollected rubbish. The existing primary drain and the four secondary drains did not function. This situation provided a breeding ground for mosquitoes and the site was used as dumping ground for all kinds of waste, thus leading to increased incidence of water-borne diseases.

Resident Committees (RC) and the Kampala City Council (KCC) were well aware that the solution to the problem of flooding would be the construction of a main drain. As there was high unemployment and the drain had to be constructed through a densely populated area, it was decided that labour-based methods and community contracts would be the most appropriate way to implement the works. The Kalerwe Community-Based Drainage Upgrading Project was carried out from April 1993 to March 1994, after which project management was delegated to the community.

For this project the funding agencies were UNDP, the Government of Uganda, the Kampala City Council (staff, office facilities), and Kalerwe residents (labour). The technical service was provided by the ILO. The funds were channeled through a Project Management Team (PMT) which signed community contracts with Local Project Committees (LPCs). These committees include community members living in a certain area of Kalerwe settlement. The community contract is assigned to that LPC which represents the area where the drain is crossing at that moment. The community contracts are labour-only contracts, and the procurement of material and equipment is carried out by the PMT. The primary drainage channel (2.4 km) was treated as major works. Therefore no community contribution towards construction costs occurred. The secondary channels (1.4 km), as minor works, involved a direct community contribution of 33% of the total labour costs.

The notable issues in this contract situation were:

- Although the community is involved in the planning and design, it does not have full control. The capacity building of the community in initiating and planning these types of works was a minor aspect of the project.
- The community as contractor (local project committees) is only responsible for the labour input. There is a clear task division between the Project Management Team (contracting authority) and the contractor (the local project committees).
- The works were carried out effectively and efficiently. However, maintenance has been a problem. During project implementation it was envisaged that maintenance on the main storm water drainage would be carried out with decentralized government funds and implemented under community contracts. However, the decentralized government funds were not available directly after the completion of the infrastructure and maintenance has only taken place in an ad hoc manner.

Sources: Tournée, J; van Esch W.; (2001), "Community Contracts in Urban Infrastructure Works : Practical lessons from experience", Advisory Support, Information Services and Training for Employment-Intensive Infrastructure Development (ASIST-Africa), International Labour Office, Geneva, p. 23-25.

BOX 3.3

SELECTIVE SOLID WASTE COLLECTION AND RECYCLING IN RECIFE BRAZIL

Recife is a capital city in North-eastern Brazil with a population of 1'300'000 people. The city is confronted with poor infrastructure resulting in the limited collection and treatment of domestic sewerage and solid wastes. The contamination of water by wastes and the high incidence of water related diseases entail high costs to the public. The municipal institutions therefore turn to social structures and community approaches as alternatives to public services.

The Programme of Selective Collection and Recycling of Solid Waste was initiated in 1993. It aims at behavioural change for reducing the production of solid wastes, encourages and promotes the commercialization of recyclable material and stimulates the generation of income. Men, women, children and adolescents work in cooperatives or other community based organizations, generating income through sustainable activities.

The continuity of the initiatives undertaken by the Municipality together with the residents for the Selective Collection of Urban Garbage is ensured by a strong emphasis on environmental education and the high participation of Community Based Organizations and the private sector. Through environmental and hygiene education people learn to separate recyclable materials at the source and donate them to groups which collect, sort and sell them for a living. The difficulties which occurred in the implementation period were caused mainly by the lack of management capacity-building and by strong fluctuations in the market price of recyclable materials. Continued partnership between the public and private sectors is an important element of the programme. Recyclable materials will continue to be part of the urban waste and industries will be interested in having these materials.

The results achieved are presented:

- 73% increase in recycled materials in 2 years
- 62% annual increase in volume of material for recycling
- 482 ton/month reduction in solid waste
- 56.5% reduction of special operations for waste collection and 2'856 dumpsites reduced to 124 (43.5% reduction)
- 5'796 tons/month less garbage collected
- 5 to 20 years expansion of the life of the dump site.

Source: "United Nations Earth Summit+5 Success Stories"
<http://www.un.org/esa/earthsummit/recycle.htm>. (Consulted on March 21st 2007)

BOX 3.4

THE MAHARASHTRA EMPLOYMENT GUARANTEE SCHEME (EGS) INDIA

The Employment Guarantee Scheme (EGS) introduced in Maharashtra in the early 1970s is an innovative anti-poverty intervention. The EGS provides a guarantee of employment to all adults above 18 years of age who are willing to do unskilled manual work on a piece rate basis. The scheme is self-targeting in nature. It is totally financed by the state government. The main objectives of the EGS are to improve household welfare in the short run (through provision of employment) and to contribute to the development of the rural economy in the long run through strengthening rural infrastructure. Works undertaken by the EGS have to be productive. There is an elaborate organizational setup for the EGS. Initial planning is generally done by the Revenue Department while implementation is carried out by the Technical Department.

The unique feature of the EGS is its insurance nature. In principle, every person who is willing to work for the statutory minimum wage can get a job under the EGS. Being permanent, EGS is the major anti-poverty measure in Maharashtra State and relies on 10% to 14 % of the State's development budget.

From a modest beginning of only Rs 18.8 million in 1973, the scheme expanded to an expenditure of Rs 2'350 million in 1991 and from 4.5 million person-days of employment in the first year to about 190 million person-days in 1986, but declined to 80-90 million person-days after 1989.

During its lifetime the EGS has, with certain fluctuations, produced between 1 to 2 billion workdays of paid employment each year: equivalent to on average, about half a million men and women being at work throughout the year (this means that the EGS has reduced underemployment and unemployment in the State by some 20%).

Some studies have shown that the average period worked per person varies between 25 to 160 days, and that the money earned constitutes between one third and two thirds of total income of participating households.

In spite of a variety of difficulties, observers state that none of the other Indian anti-poverty programmes have sustained large-scale operation for such a long period, or dealt as effectively with corruption and other administrative problems.

Based on estimates at the aggregate level, it can be concluded that the contribution of the EGS to the total employment/underemployment in the state varies from around less than 10% to 33%. However, the equivalent of 10% to 30% of full time employment has an impact on a much larger part of that population group because EGS employment is considered only as supplementary or part-time employment.

Sources: ILO (2000d), "Employment-Intensive investment in infrastructure: Jobs to Build Society", International Labour Office, Geneva, p. 49.

Dev, S.M. (1995), "India's (Maharashtra) Employment Guarantee Scheme: lessons from long experience". In J. von Braun (éd.). *Employment for poverty reduction and food security*, p. 108-143. IFPRI, Washington.

BOX 3.5

THE FUNACOM PROGRAMME IN SÃO PAULO BRAZIL

The FUNACOM programme was one aspect of a radical political programme introduced by the newly elected *Partido de Trabalhadores* (Workers' Party) in the Municipality of São Paulo between 1989 and 1992. The Workers' Party adopted a comprehensive and participatory approach to the problems of the city, including those of the informal (and illegal) settlements. It encouraged a process of community negotiation in order to develop an Action Plan for the city, not only with a view to improving the overall environment, but also to achieve a more equitable environment. The new Action Plan comprised an urban policy which was based on the mobilization and support of local communities. It introduced a new regulatory framework for land-use, zoning and building standards. It sought to mobilize financial resources through the restructuring of an existing fund ("the municipal fund to support housing for low-income people" – FUNAPS), and the redeployment of municipal resources.

In essence, the programme allocated funds directly to the families involved in order to improve housing and infrastructure facilities throughout the city. The families formed themselves into Community Associations (autonomously functioning legal associations), and were assisted both in the formulation and implementation of local projects by Technical Assistance Teams. The projects, developed in consultation between the Community Associations and the Technical Assistance Teams, were submitted to FUNACOM for approval. Through this programme the community not only decided on the nature and standards of local projects. It was also responsible for the management and allocation of finances and it participated in the construction process.

Some "strengths" of the FUNACOM programme include:

- The high level of community participation and the decentralized nature of the programme ensured that the programme effectively countered problems of political patronage.
- The localized nature of the project and the flexibility of the programme resulted in appropriate choices of standards and technologies, according to the preferences, needs and monetary resources of each community.
- The local authority adopted decentralized procedures and accepted local decision-making. The local authority also began to develop public-private partnerships over land development.

The FUNACOM programme, as part of the overall shelter programmes initiated by the municipal authority of São Paulo between 1989 and 1992, achieved much greater success in targeting the needs of the urban poor than previous administrations. The programme was able to mobilize local communities to participate effectively and to generate substantial local resources to improve the living and environmental conditions of the urban poor.

Sources: Jeroen Klink (2006) "The role of local authorities in promoting decent work: towards an applied research agenda for the construction and the urban development sector" Working Paper No. 243, SECTOR, ILO, Geneva, p.p. 16-17.

UN-Habitat (1996) "The Human Settlements Conditions of the World's Urban Poor", pp 243-250.

Denaldi, R. (1997) "Viable Self Management: The FUNACOM Housing program of the São Paulo Municipality", HABITAT International, vol. 21(2), pp. 213-227.

IV - METHODOLOGY

The aim of this project is to demonstrate the feasibility of promoting decent work using employment generation in the construction sector by the initiative of local authorities to provide infrastructure service delivery (in particular housing and public works). Therefore, this project is meant to address and overcome a significant limitation found by a review of recent contributions on decent work. The project is intended to test the hypothesis that local authorities can play an important role in promoting decent work, and to determine how the construction sector can make an important contribution (in both the formal and the informal sectors) to employment generation as well as the promotion of decent work.

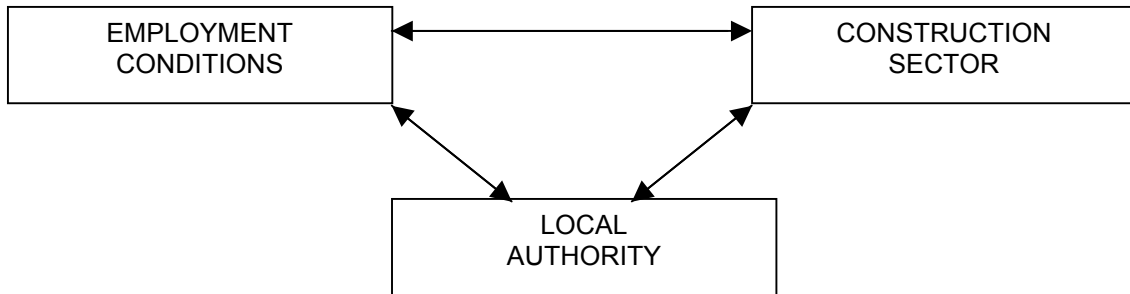
This project comprises three phases of research which involve a range of methods and collaboration. Phase 1 comprises a synthesis and a critique of recent contributions on this subject stemming from an extensive review of literature published in several languages. It also includes the definition of criteria and sources of information to assess decent work in the construction sector using a set of indicators. These indicators refer to the 4 key dimensions of decent work and how their specific components can be quantified and qualified in specific localities at precise points in time. Phase 2 involves the completion of case studies by field research in 4 municipalities using the criteria and methodology validated in Phase 1. The case studies evaluate the strengths and weaknesses of policies and programmes for the promotion of decent work in each municipality. This phase will validate the proposed criteria and method which only then could be reapplied in other localities. Phase 3 includes the documentation and dissemination of a set of guidelines, a product of this project which could then be reapplied.

4.1. Outline of the research methodology

This project formulated and tested a methodology that combines quantitative and qualitative information and data. An important aim and contribution of the project is to define and validate a set of indicators to evaluate the capacity of local authorities to promote decent work in the construction sector. In order to achieve that goal, it is necessary to define and evaluate criteria about decent work, about the construction sector (and related services), and about the policies and programmes of the local authority in each of the four cities chosen for a case study.

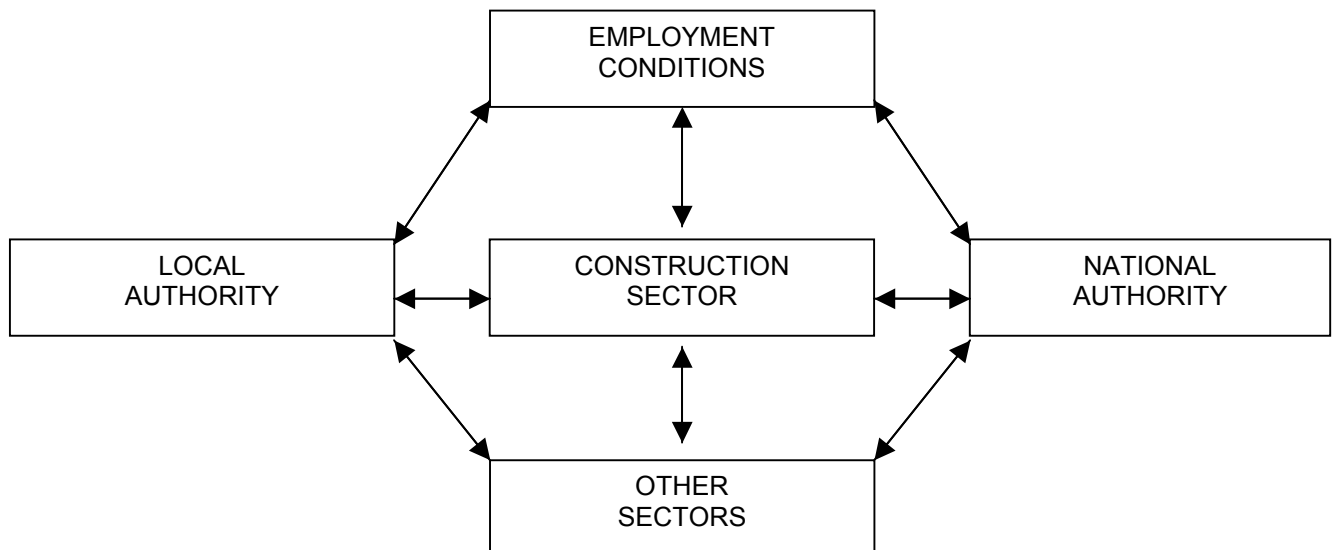
At the outset, the research team envisaged explicit relationships between the employment conditions (specifically the promotion of decent work), the construction sector and related services, and the policies and programmes of local authorities. These relationships are represented in figure 4.1. These relationships have not been found in the literature survey of the promotion of decent work, specifically in the construction sector by the initiative of local authorities. If validated by this project, this framework will be an innovative theoretical and methodological contribution that will not only enlarge current interpretations of decent work, but also illustrate the pertinence of decentralization, and show how the construction sector can contribute to the promotion of decent work and, therefore, to sustainable development at the local level.

Figure 4.1: Interrelations between employment conditions, the construction sector and local authorities



Each of the three interrelated subjects shown in Figure 4.1 should be interpreted within the broad economic and political context in which they occur. This context includes national policies and programmes in employment and economic development which impact on the construction sector and other related sectors (education and professional training, housing and community services, social protection and welfare). For example, educational policies that explicitly address continuing education or retaining programmes for unemployed workers may or may not be explicitly targeted at the construction sector. Local authorities always implement their policies and programmes within this national context. This does not imply that they cannot and do not question national policies and programmes. However, if they decide to define different goals and priorities, then this should be documented. This kind of information is crucial for the project and will be obtained during each case study. In addition, the policies and programmes of local authorities ought to deal with specific local conditions, especially problems, such as relatively high unemployment, discrimination, or lack of training in the construction sector.

Figure 4.2: interrelation between employment, construction and other sectors, at both the national and local levels



The relationship between local and national policies and programmes is dependent on the roles and responsibilities of authorities at both these administrative levels. Since the 1990s, there has been an increasing willingness to decentralize these roles and responsibilities from the national to the local level. Therefore in each case study it is important to develop a clear understanding of the scope and the limitations of local authorities with respect to employment, the construction sector, and other sectors (Figure 4.2). It is important to compare the construction sector with other sectors in order to identify the specificity of employment conditions in the former.

Phase 1: Definition and analysis of indicators of decent work

This project has created and will help to disseminate new knowledge following a review and critique of recent contributions on how decent work can be measured using a set of indicators. These indicators represent employment conditions in the construction sector, and other sectors, at both the local and national levels.

► *Indicators of Decent Work*

The concept of decent work is broadly based on four components:

- The *employment* component involves different dimensions such as employment opportunities; remunerate employment, conditions of work and safety at work;
- The *social security* component concerns social security coverage, old age pensions and others types of social protection for workers;
- The *workers' rights* component includes forced labour, child labour, inequality at work and freedom of association;
- Finally, the *social dialogue* component involves union density coverage, collective bargaining coverage and other types of social dialogue.

According to the literature on decent work, a list of indicators adapted to the construction sector has been developed and tested, in order to measure the four dimensions of decent work in a quantitative way. These indicators are presented in Annex 2 of this report.

► *Criteria for the Construction Sector*

The construction industry can be characterized by both the formal and the informal sectors. The relationships between these two sectors can vary and will change over time. Data, information and longer-term statistics should be collected for the following list of criteria, at the national and local levels, and if available, in both the formal and the informal sector:

- Volume of full-time and part-time work
- Volume of shift-work, seasonal work and bonded work
- Level of unemployment
- Salary/ wages of workers
- Equity – discrimination of workers (children, women, foreign workers)
- Number of professional accidents
- Level of absenteeism and authorized sick leave
- Profile of workers by age, gender, and nationality and level of education/training.

► *Criteria about Local Authorities*

The performance of local authorities in the promotion of decent work in the construction sector and related services should be evaluated with respect to policies and programmes that have been approved by the local administration and/or the national government. Structured interviews will be used to obtain qualitative and quantitative information about:

- Policies and programmes in employment in general
- Policies and programmes in the construction sector and related services
- Policies and programmes about social protection and welfare
- Policies and programmes about professional training (apprenticeships and reinsertion)
- Policies and programmes about urban development, community services and infrastructure.

4.2. Overview of the field research

This research is at the interface between knowledge and practice in different disciplines and professions including:

- Employment policies and labour processes in urban areas (with appropriate inferences from connected fields including poverty alleviation and social protection against vulnerability).
- Municipal management and governance (with appropriate inferences from related fields such as policy sciences on decentralization and public-private partnerships).
- Policies and practices of private companies in the construction industry about working conditions of their employees. These should not be isolated from national employment policies and practices.
- Social dialogue, which has facilitated the preceding sets of policies and practices. Social dialogue plays a prominent role in policy making for the creation of decent work. It will also be used in the third phase of this project to disseminate the results of this research.

The sector focus of the project is employment, local government and the construction industry and related services (water supply, sewerage treatment, electricity and waste management). The geographical focus is four local authorities in the developing world, namely in Bulawayo (Zimbabwe), Dar es Salaam (Tanzania), Esmeraldas (Ecuador) and, Santo André (Brazil).

Phase 2: Case studies

This second phase comprises the case studies in Bulawayo (Zimbabwe), Dar es Salaam (Tanzania), Santo Andre (Brazil) and Esmeraldas (Ecuador). However, the last case study has not been used for the final analysis, because the information found does not meet the conditions and criteria required to be included in this research project. For these reasons, the Esmeraldas case study is presented in Annex 3 of this report.

Case study methodology has been used in the social sciences and in the professional practice throughout the 20th century. A case study is meant to examine the particularity and the complexity of a specific case in its naturally occurring setting using several research methods. A longitudinal perspective may be necessary in order to identify whether there has been changes over time.

In this project, four case studies were proposed in order to apply and validate a conceptual framework and a research methodology that could be reapplied in many other situations in order to study the relationship between employment/decent work, the construction sector, and related policies and programmes at both the local and national levels. There is no intention to make statistical comparisons between the case studies. However, even though the context and conditions in these local authorities may be very different, some analytical generalizations have been studied using qualitative and quantitative research methods in order to verify whether these relationships exist in each local authority.

The case study in each local authority includes three types of empirical research:

Type 1: the first part of each case study involved the collection and the analysis of data and information about employment conditions, specifically in relation to criteria about decent work in the construction sector, at both the national and the local levels, including the formal and the informal sectors. Access to data and statistics at both the national and local levels have been acquired, for the years 1990 and 2000, in order to have a comprehensive data set and information about all criteria. (If not available for these years, others could be proposed reasonably close to those years).

Type 2: The second part of the case studies was meant to identify links between the data and information obtained in the previous phase and the policies and programmes applied in the construction sector at both the local and national levels. The key task was to provide a set of quantitative and qualitative indicators of the four dimensions of decent work in both the formal and informal sectors using the criteria and measures established by the project management team.

In this phase, the empirical research also involved structured interviews with staff of each local authority, representatives of employer's associations and workers unions. A guide to interviews has been developed by the project team in order to follow the same procedure in each of the four selected case studies (see Annex 4). These interviews were meant to obtain qualitative information about the goals and outcomes of policies and programmes in employment and especially in the construction sector, to discuss examples of best practices, and to cross-check information provided by the different persons and documents.

Type 3: The third part of each case study included site visits to projects that were identified as being examples of best practice. Random interviews with companies and workers permitted the verification of information obtained in the two previous parts of each case study.

The selected case studies illustrate how criteria can be used systematically to assess the extent to which local authorities are key actors in the promotion of decent work. The case studies have validated the conceptual and methodological frameworks proposed. The case studies also identified obstacles to the promotion of decent work in the construction sector by local authorities. Some ways and means of overcoming these obstacles have been considered.

Phase 3: Synthesis, publication and dissemination of results

Two members of the project team participated in the United Nations' World Urban Summit held in Vancouver, Canada from 19 to 22 June 2006. This was an important international forum for the presentation of this project. Outcomes of the project were presented at an International Workshop held at ILO Headquarters in Geneva on December 12th 2006. The main aim of this Workshop was to discuss the results of the project, the policy recommendations and a set of guidelines for local authorities. The research project is also presented in the ILO website²¹. In addition, a network of local authorities and partners led by UNITAR-CIFAL and UNDP-UNV will promote and disseminate the project results mainly via internet. Scientific and professional publications are intended.

²¹ <http://www.ilo.org/public/english/dialogue/sector/sectors/constr/local.htm>

PART TWO: FIELD RESEARCH

This second part of the report presents the case studies of Bulawayo (Zimbabwe), Dar-es-Salaam (Tanzania) and Santo André (Brazil). Each of the case studies has been completed following the methodology compiled by the research team. The choice of focusing the empirical research on the construction sector was suggested by Dr. Edmundo Werna, as was the choice of four cities for the case studies.

V - BULAWAYO CASE STUDY



Dr. Beacon Mbiba

Acknowledgements

This study was completed with the support of many people in Zimbabwe and beyond. In particular the key informants mentioned in the report spared their time to be available for discussions and to provide information for little personal or institutional gain. The long term benefits to Zimbabwe local government and labour that may arise from this work are dedicated to these people. We value their support. In some instances, key informants requested that their details or views not be published. This has been respected as much as is possible.

The Bulawayo component of the field work and data collection was done jointly with Dr. Michael Ndubiwa who organized the key informants interviews and logistical support. We had a valuable experience that will influence the way we work for years to come. We also acknowledge with thanks the office space and intellectual support provided by C. W. E. Matumbike of Matumbike and Partners, Harare.

This document is produced in the spirit of shared learning and we would like to thanks ILO and UNIGE for affording Zimbabweans the chance to remain engaged in processes of international policy making at such a critical time in the nation's history. Shortfalls in the report are not deliberate and remain those of the author.

5.1. Introduction: objectives and methodology

5.1.1. Decent Work: Concept, Purpose and Challenges

One of the main challenges of those institutions and associations that share the common goal of promoting decent work is to define and apply policies and programmes that are understandable and easy to interpret by employers and employees (Anker et al., 2003). Indicators of decent work are partly designed to achieve this goal. Following the 1999 ILO launch of the decent work concept, energies have been spent in efforts to develop concrete and reliable measurements or indicators of decent work. The concept is complex, multidisciplinary and its application is still evolving, thus making it difficult to find measurements that are effective at all levels; the global versus the local, developed versus developing countries, national versus regional or enterprise and individual levels (Bonnet et al.). Some measures have been aggregate while others are comprehensive and detailed such as explored by Anker et al (2003). But while comprehensive measures are the most desirable, they create problems of data sources and data availability when compared to the aggregate measures.

Probably the most serious challenge to the decent work concept is to do with how it is or can be translated in relation to human development and development studies in general. In other words, the concept needs to be attractive and usable by a wide range of development practitioners beyond the ILO and labour movements. This broadening is crucial in countries like Zimbabwe where key stakeholders perceive that the ILO's local presence as a development partner is absent or has shrunk in recent years (Chipika, 2005). Fields (2003: 260) argues that in "creating more and better jobs for all, now and the future", the decent work agenda has at its core the means of achieving development. Further, that economic growth does not come at the expense of decent work or vice versa means that the decent work agenda's welfare benefits have income benefits. These are the traditional and current concerns of development that make it possible to link decent work with development policy broadly.

In this regard, a connection that needs to be communicated better is the decent work concept's links with the "rights approach to development" (Nyamu-Musembi and Cornwall, 2004), development as freedom (Sen, 1999); to poverty alleviation and global initiatives such as the Millennium Development Goals; to continental frameworks such as the New Partnership for Africa (NEPAD), the Commission for Africa (CFA)²² and national level policies; for example in Zimbabwe the indigenization program and "*Third Chimurenga*" controversial though they maybe. Concepts such as 'rights' are highly contested not only in developing countries such as Zimbabwe but even in developed European countries such as the UK where the idea of human rights is increasingly under attack (Dworkin, 2006) from government and leading politicians when it comes to individual rights and community rights versus national security and sovereignty principles. However, it is only when the decent work concept is adopted in these wider development and poverty debates that its full value and benefits will be appreciated; a thing not happening yet.

This study addresses a further challenge facing the decent work agenda i.e. that of the constituents involved in its promotion. While governments, workers and employers are crucial, the role of other local level actors such as civil society and local authorities can also make a significant difference (ILO, 1999:1). In Zimbabwe, local authorities in particular supervise implementation of development work at the local level and have wide ranging powers delegated by central government that enable them to initiate and influence

²² See The Commission for Africa On-Line at: <http://www.commissionforafrica.org>.

job creation through local economic development (LED) and sustainable development in general. A local authority focus will thus enrich the decent work debate if integrated with the cross national and cross sector studies and comparisons.

5.1.2. Study Aims and Objectives

The aim of this study is to extend the debate on how to translate the meaning of the decent work concept and its application at the local level. In particular it seeks to explore the current and potential role of Bulawayo City, as a local authority in Zimbabwe, in promoting decent work in its area of jurisdiction. The study uses a comprehensive view of decent work that incorporates a wide range of measurements and indicators. The study's two objectives are:

- To identify and collect relevant information at the local and national economy level to be used for the compilation of aggregate decent work indicators in general and regarding the specific case of the construction and urban development sector.
- To identify and describe the current and potential role of Bulawayo City in promoting decent work in the construction and urban development sector.

The first study objective is clearly linked to the measurement and comparison debates while the second explores issues of developmental impacts and linkages. Combined, both objectives extend the attempts to link the decent work concept to development at global and local levels. In comparative terms, through looking at policies implemented by Bulawayo City Council, the study also moves the discussion towards analysis of the "institutional" determinants of success or failure in achieving decent work. To date this discussion has revolved mainly around aggregate and economic factors such as correlation of determinants with GDP and HDI.

A major exercise in the study was the collection and analysis of data and information about employment conditions in relation to the construction sector at the national and local levels. The next section will describe the main sources of such data and information and the methods used to collect it.

5.1.3. Data Sources, Study Design and Methodology

The definition of decent work indicators used for this study is that of comprehensive measures or variables similar to that of Anker et al. (2003). This includes unemployment rates, wage rates, safety at work, hours of work, legislation on the working conditions, public social security coverage rate, social protection, old age pension and social dialogue. These were to be established at the national level and the Bulawayo city level for both the formal and informal sector of the economy. Information for these variables or their surrogate measures is scattered in a range of national (government), employer and employee organizations.

A major source of statistical information in Zimbabwe is the Central Statistical Office (CSO). It has responsibility to collect and publish national economy statistics including monthly bulletins such as the cost of living indices/consumer price index. The CSO conducts periodic surveys on specific socio-economic themes such as health, agriculture, labour force; conducts a national census every ten years and publish reports that are available to the public at a price. In the process the CSO generates and compiles huge

data bases from which only a small proportion of the information is published. Thus in theory, these data bases can be interrogated to extract information and statistics on request from users. The security issues and sensitivities regarding research are not limited to the government institutions but are also prevalent in the civic and private sectors (for private sector, see also Intermarket Research 2004: 4). In addition to the reports in stock, the CSO was able to respond to written requests for statistics from the data bases. However, the process is slow given manpower shortages at CSO as well as lack of expertise to deal with old data bases previously managed by bureaucrats who have since left the department. Any material from the data base inquiry has to be checked by senior officers (for errors and security) before release, thus also causing further delays in the process. As detailed in the results sections, the CSO was the source for the bulk of statistics on wages, working hours, and unemployment.

A second key source of statistical information is the National Social Security Authority (NSSA) that collects public social security, health and safety and pensions data. NSSA was set up in 1994 meaning that the information available on these variables covers just about a ten year period only. Ordinarily, selected NSSA statistics are passed on to the CSO for inclusion in CSO reports. Information is also published in NSSA annual reports and internal magazines such as "On Guard". However, only a selected set of information is published in this way and only to highlight issues of interest to the organization at the given point in time. They are not sources of time series or comparative data. As with CSO, the administrative databases can be interrogated to extract specific sets of statistics. For this study, this was possible following clearance with the General Manager²³ and discussions with heads of departments. Only information considered "safe" was released for the study, ordinarily, this information is not for public use.

All statutes are sold to the public by the government printer in Harare and Bulawayo although some documents can be out of print in which case one has to depend on libraries such as at the University of Zimbabwe. A range of other institutions have sectoral data and written requests were sent to employer and employee organizations in both Harare and Bulawayo.

In addition to the statistics and grey literature, semi-structured, in-depth, face to face interviews were conducted with key informants at CSO, NSSA, ZCTU, Bulawayo City Council, National Employment Council (NEC) in Bulawayo, and other employer and employee organizations as listed in Annex 5.2. In Bulawayo the interviewees included a number of directors in construction firms from the larger organizations, the Construction Industry Federation of Zimbabwe (CIFOZ), as well as from the smaller organization of indigenous firms, the Zimbabwe Building and Construction Association (ZBCA). This was necessary to get a better appreciation of the nature of the construction industry in the current economic environment of a shrinking economy, continued dualism and the demands for indigenization that are linked to decent work concerns for equality and equity.

Interviews were also held at the construction site level with informal sector builders to establish conditions in the sector and with operators at best practice sites – mainly the Kelvin North Industrial Incubator Shells - and with directors of construction firms involved in the implementation of the Bulawayo City's innovative strategies in urban development and decent work.

Further discussions with professionals were held to validate information and ideas. Also, a workshop is planned in the coming year to help mainstream the idea of decent work. Unless greater discussion of the concept takes place, then the development impacts of

²³ A letter of request had to be submitted followed by a meeting with the AGM.

decent work will be minimal. Research centers such as the University of Zimbabwe, Labour and Economic Development Research Institute of Zimbabwe (LEDRI), ILO Sub regional Office for Southern Africa (ILO/SAMAT) and Training and Research Support Centre (TARSC) were also included in the search for grey literature and discussions. Although data collection and clarification has been a continuous process in the study, the bulk of the interview activities were carried out in April 2006. The interviews were supplemented by e-mail discussions, requests for further information and clarification throughout the research period.

5.1.4. Structure of the report

The dynamics of and decent work conditions in the construction sector have to be understood within the context of Zimbabwe's turbulent political economy going back beyond the past five years of "crisis" (see ZCTU, 2005b; Intermarket Research, 2004; CB Richard Ellis, 2006). This terrain of contradictory development and turbulence is described the next in Chapter 5.2. The chapter also highlights conditions of distress prevailing in the construction sector including the "scourge" of hyper-inflation, key actors including the Chinese, an outline of the place of urban local authorities in Zimbabwe and the position Bulawayo has in the national economy. This is followed by a thematic presentation and analysis of information on local economic development policies and programs in the 1990s. Details on the status of the construction activities and the place of the informal sector are also described. Key actors in promotion of equality and indigenization in the construction are also presented. This is a key element of decent work.

In Chapter 5.3, an attempt is made to present statistics and information on decent work indicators. This is in some respects a statistical summary of the decent work situation prevailing in the country since the 1990s. Given the need to relate national conditions to the local ones, some illustrations in this chapter are taken from outside Bulawayo, the detailed case study city. Details of the link between local authority policies in urban development and construction and their likely impacts on the decent work agenda in the construction sector are presented. This includes elements of the limited "best practice" identified at the local level. Workers' rights, social dialogue and dispute resolution are also outlined. This highlights the legal and political climate within which decent work has to be pursued at all levels. Bulawayo City appears to have little input in this sector of decent work outside the area of its legislated jurisdiction.

Among the conclusions, the study notes that the most intractable obstacle against achieving decent work is the economy. The political will to achieve decent work at national level is there but has fluctuated over the years while in Bulawayo city, there appears to be some consistency in the commitment to promote conditions amenable to decent work. The language of decent work is unfamiliar at the local level; with most key informants unaware of what the concept is all about. This points to the need for programs to disseminate the decent work concept and efforts to mainstream it into local authority everyday activities.

5.2. Zimbabwe's turbulent political economy

5.2.1. The National Context

5.2.1.1. Change and Continuity: Beyond the Colonial Inheritance

Although at independence in 1980, Zimbabwe adopted a socialist policy outlook, it fundamentally remained a capitalist economy (GoZ, 1982). It achieved world acclaim in smallholder food production (Rukuni and Eicher, 1994; Eicher, 2003; Gabre-Madhin, and Haggblade, 2004), education and health (Raftopolous, 2004), infrastructure and decent work provision for the previously marginalized majority Black Africans (LEDRIZ, 2005). It was applauded globally for its "national reconciliation policy" adopted in 1980, its role in brokering peace in Mozambique, SADC leadership, and its leading role to end apartheid in Namibia and South Africa. Zimbabwe was influential globally, for example in UN peace keeping missions in the 1980s and early 1990s – as for example in Somalia, Liberia and the Balkans. However, contradictions characterized the economy; a factor compounded by the continued inequitable land distribution, obsolete industrial equipment and production methods that could not compete in emerging global markets (Bond & Manyanya, 2002).

In an attempt to reverse the economic decline that set in from the mid 1980s, a reform program, The Economic Structural Adjustment Program (ESAP) was adopted in 1991 (Bond & Manyanya, 2002) with a view to open up the economy, reduce government expenditure, remove tariffs, etc. However, while the service sectors and tourism experienced positive growth, increased productivity did not materialize especially in the manufacturing sector (Zaaijer, 1998). Instead a rapid decline in income and consumption inequalities set in leading to political ferment by the mid 1990s. At this point, President Robert Mugabe and the ruling ZANU (PF) party abandoned any remaining aspects of ESAP market economics promoted by IMF and the World Bank, in favour of pragmatic dictates. In particular, a combative approach associated with, revolutionary language became the norm and a land distribution programme, "the Third Chimurenga" was fast tracked to the policy forefront from 1995 onwards on the back of the 1993/94 Rukuni Land Tenure Commission report.

Attempts at dialogue with donors, labour movements, employers and the intelligentsia initiated to rescue the situation between 1997 and 1998 collapsed. By the time of the February 2000 referendum for a new national constitution, (that was rejected by 54.7% of the electorate), the political atmosphere was completely changed and poisoned. The Movement for Democratic Change (MDC) a trade unions and commercial farmer anchored political party de-campaigned the draft constitution and came close to defeating the ruling ZANU (PF) at the 2000 Parliamentary elections; in which the MDC got 57 seats against 62 for the ruling party. Charges of alleged vote rigging, violence, voter intimidation and human rights abuses generally were made by the MDC, international human rights groups, the EU, Australia and USA. On this basis, since 2001 the EU, Australia and the USA have consolidated the isolation of Zimbabwe (Patel & Chan, 2006); imposing targeted sanctions, blocking loans to the country (e.g. from IMF, Inter American Development Bank, African Development Bank, Inter American Corporation and the World Bank) and freezing all bilateral aid save in extreme humanitarian situations. It has become increasingly difficult for Zimbabwean firms to do business in the USA and EU and vice versa²⁴.

²⁴ USA economic sanctions on Zimbabwe are spelt out *inter alia* in section 4 (c) of the Zimbabwe Democracy and Economic Recovery Act (2001). Lack of transparency in how these countries compile their "smart

Of late escalating inflation has and a sharp decline in GDP has emerged as key economic challenges. A rapid rise in inflation since 2000 and misaligned exchange rates make it difficult to calculate accurate US\$ GDP figures from nominal values of GDP in Zimbabwe dollars (EIU, June 2005:27). Therefore, while GDP has risen sharply in nominal terms, the reality is the opposite in real terms (Intermarket Research, 2004; CB Richard Ellis, 2006). After political tensions, commodity shortages, foreign currency, food, fuel and electricity shortages, inflation of over 1000% by end of April 2006, has been acknowledged as one big economic challenge the country now faces.

5.2.1.2. Third Chimurenga and the Look East Foreign and Economic Policy

Patel & Chan argue that there is an organic link between Zimbabwe's armed struggle for independence (the Second Chimurenga) and the way Zimbabwe has fiercely guarded its sovereignty, even at great cost in recent days (Patel & Chan, 2006). After surviving military and economic destabilization by apartheid South Africa plus sanctions threats from the UK and USA in the 1980s (Patel & Chan 2006: 176-177), Zimbabwe finds itself against real economic threats from the later. Since 1997, it has recast defense of its sovereignty against these threats in the language of "The Third Chimurenga" in which a domestic fast track land reform is a key component that has brought about economic destabilization in the short term.

The fast track land reform program basically converted former foreign currency earning white owned commercial farms into "nationalized", peasant's system production enterprises²⁵. Agriculture, the backbone of the economy was decimated. Combined with the political upheavals and economic isolation, the Third Chimurenga has been followed by rapid economic decline, further political instability, impoverishment, escalating out migration, collapse of social services especially health, education and transport. The human development gains from the first decade of independence have been wiped out (LEDRIZ, 2005). The economic decline has had negative feedback on any attempts to revive the agricultural sector. Combined with the impacts of HIV/AIDS in the economy, industrial and agricultural productivity have continued to fall. Other problems surface continuously; fuel shortages, food shortages (e.g. bread, sugar, cooking oil), electricity, transport, and foreign and even local currency shortages.

The response of ZANU (PF) has seen a return to the "political old guard" (and mistrust of the "young Turks" within the party); to a militarized and uncompromising "sledge hammer" approach to domestic politics and economic management, a vitriolic anti-imperialist stance at the global level and a "go it alone" and a "Look East Policy" aimed at "dispersal of dependence" (Patel & Chan, 2006:176). The Look East Policy is characterized by opening up and extending economic, military and diplomatic relations with countries in the East particularly Malaysia and China – among countries that supported Zimbabwe's struggle for independence prior to 1980. China-Zimbabwe relations have helped to keep key sectors afloat; Air Zimbabwe, The Air Force of Zimbabwe, ZUPCO the national bus company, mining and construction of national projects such as Harare Norton Motorway

sanctions" lists was highlighted by Australia's 2005 list that included dead people, incorrect details and individuals not associated with the government – 53 were subsequently removed from the list of 127 following protests.

²⁵ The case of Kondozi Estate is illuminating. From an enterprise employing thousands of workers and daily exports of horticultural produce to South Africa and Europe's giant supermarkets, the estate was seized and handed over to the Agricultural and Rural Development Authority (Arda) in 2004. It is now derelict with portions used to grow maize under "Operation Maguta" a Zimbabwe National Army led food security project.

and building materials production²⁶. But this has not been able to reverse economic decline in the short term. For the economy to stabilize and recover, the Chinese investments may need to be complemented by a comprehensive return of western resources in the mining and industrial sectors. Capital flight, characterized by ordinary Zimbabweans taking out their savings elsewhere as well as a negative image of the country held by many in the western world needs to be reversed.

5.2.1.3. Employment and the Construction Sector

According to the Economist Intelligence Unit (2003: 23), the proportion of the population formally employed in the economy as a whole dropped from 18% in 1965 to under 10% in 2000. Implicitly, the rest of the population is employed in the informal and peasant sectors (LEDRIZ, 2005). Secondly, employment since 1980 has shifted markedly away from manufacturing to employment in services, education, health and financial services. Agriculture is reported as employing 26% of the formal labour force compared to 15% in the manufacturing sector (EIU, 2003:23).

In terms of share of GDP, the construction sector witnessed a boom in the 1970s and general decline in the 1980s and 1990s with share of GDP falling from 5%, in the 1970s to 2.5% in the 1990s and 2% in 2001 (EIU, 2003:30). However, some short growth periods have been experienced such as the one in 1996–1998. The relatively small contribution of construction to the formal economy is also seen in terms of employment. Just over 80'000 (eighty thousand) or 5% of the total formal employment was in the construction sector in 1998. Employment in the construction sector fell from about one hundred thousand workers in 1990, to 90'500 in 1993; 71'500 in 1995; 78'500 in 1997; 53'800 in 2000 and further down to 39'000 by 2003 (CSO, 1998 and 2003). Major construction employers include contractors such as International Holdings, Costain, John Sisk and Sons and Gulliver Consolidated. There is a plethora of informal contractors many operating as sole agents.

Table 5.1: Construction (Building) Cost Increases, 1995-2004 (Z\$/m²)

Year	Standard House	Standard Factory	Standard Office Block	Arithmetic Mean	Index: 1995=100
1995	2,300	1,300	2,500	2,033	100
1996	2,650	1,675	3,000	2,442	120
1997	3,530	2,270	4,720	3,507	172
1998	4,950	3,190	6,620	4,920	242
1999	8,915	5,760	12,040	8,905	438
2000	17,025	10,978	17,275	15,093	742
Mid-2001	29,200	18,000	30,950	26,050	1,281
Mid-2002	56,000	34,000	59,350	49,783	2,448
Mid-2003	800,000	550,000	750,000	700,000	34,426
Feb 2004	1,750,000	1,200,000	1,650,000	1,533,333	75,410

Source: Robertson Economic Information Services, Harare, Zimbabwe

²⁶ See for example "Chinese get ready to cash in on Zimbabwe Building Boom" Financial Gazette, Harare. 20th January, 2005.

The construction sector has been hard hit by the economic problems leading to high constructions costs (Table 5.1). The rapid rise in costs can be appreciated if ones looks at the cost index (last column in Table 5.1) or the detailed price indices for civil engineering and building materials (Table 5.2). Prices escalations were a futile attempt by firms to reverse serious liquidity problems. But the cycle of rises and reduced demand led reduced production closures.

Table 5.2: Civil Engineering and Building Materials price Index (1990 = 100)

	Water Stops	Cement	River Sand	Crushed Stone	Bricks	Diesel	Structural Steel	Plant	Reinforcing Steel	Concrete Pipes	Bitumen
1990	100	100	100	100	100	100	100	100	100	100	100
1991	106.4	218.4	177.0	147.2	128.0	135.8	160.9	158.7	182.5	149.2	100
1992	147.0	303.2	177.8	184.9	157.7	205.0	303.1	227.5	300.0	207.7	100
1993	190.6	366.5	183.2	262.6	178.6	250.8	350.9	266.5	366.4	288.3	100
1994	191.2	420.8	194.7	297.3	197.9	321.8	428.1	374.4	458.0	288.3	100
1995	246.8	427.9	230.4	329.0	246.1	381.8	519.1	417.4	550.0	302.7	100
1996	249.6	590.4	255.8	404.0	341.4	471.7	632.0	486.2	647.4	325.5	101.1
1997	249.6	903.2	295.2	550.5	457.1	609.6	803.7	565.3	772.4	326.7	137.5
1998	249.6	1123.8	337.8	691.4	513.8	875.2	1220.6	1199.5	1143.7	386.4	154.4
1999	245.6	2005.2	626.8	1117.7	837.2	1641.9	1966.3	1894.1	2001.3	610.7	237.2
2000	374.0	2760.7	1461.9	1986.0	1572.3	4065.4	2574.8	2207.2	2396.9	923.4	253.1
2001	801.2	4648.3	2226.9	3559.1	2406.6	8479.4	4376.4	5763.7	4130.3	2152.2	719.9
2002	3718.3	8777.6	3802.4	10185.5	5453.2	10516.4	11806.1	12290.6	17503.3	4792.3	2269.9
2003	21072.5	80641.0	55722.9	85707.8	47092.6	59496.6	116509.4	107120.0	153451.6	22920.2	8330.6
2004	76920.4	536741.4	253414.5	448508.2	224081.4	506020.8	470732.0	347373.5	490032.2	147093.0	26625.4
2005 Jan	95910.3	723520.4	875812.2	1495370.7	356785.7	590053.5	759950.1	429149.5	1014495.4	328415.6	40302.7
2006 Jan	2601941.3	9736518.0	13628709.7	20682921.8	5301340.3	3294795.2	8864052.2	7490543.4	15361100.3	7308986.9	1048353.3

For example cement production; a key component in the construction sector has been paralyzed by closures or reduced capacity to the main cement producing plants²⁷. Problems arise due to fuel shortages or lack of spare parts that have affected production of coal and the capacity of the National Railways of Zimbabwe (NRZ) to transport coal to cement plants. Thus, one after the other in 2003, Sino-Zimbabwe Plant, Portland Cement, Unicem and Circle Cement reduced or closed operations and production of cement for long periods²⁸. The cement shortages soon after 2000 hit the construction sector that had been booming a few years before although some media reports were projecting a recovery from 2005 onward²⁹.

The backward and forward linkages in the economy create a domino effect that has been experienced not only in the construction sector but also throughout other sectors of the economy. The fertilizer production industry for example has been equally affected, with subsequent fertilizer shortages affecting agricultural productivity even in seasons of plentiful rain such as 2005 – 2006. With construction costs rising as displayed in Tables 5.1 and 5.2, both institutional and individual clients have found it more and more difficult to construct new buildings or to put up infrastructure. This is the environment within which local authorities have to initiate local economic development and promote decent work.

5.2.1.4. Local Government in Zimbabwe

Local Authorities in Zimbabwe operate largely to implement powers delegated to them by the central government Ministry of Local Government and Housing³⁰. For the administration of urban areas, this is done in line with The Urban Councils Act [214] and as planning authorities, the local authorities operate in line with the Regional Town and Country Planning Act [Chap. 29: 12] and its all allied statutes. The Urban Councils Act [214] provides for the establishment of urban local authorities whose categories range from the smallest Area Boards, through the Local Boards, Town Councils, and Municipal Councils to the largest category of City Councils. Local authorities can raise revenues and provide services in areas of their jurisdiction.

As with the national economy, government's priority soon after independence was democratization and de-racialization: to create unified or unitary local authorities in both rural and urban areas with public sector investment largely targeted at the formerly neglected rural communal lands - home to 70% of the national population. Rural Local Authorities have fewer resources and autonomy compared to the urban local authorities. In both cases, local authorities are run by an executive made of professional bureaucrats (responsible for health, planning, housing, finance, works and transport etc) on one hand and a political council made up of members elected by residents of the area. The large cities or metropolitan areas also have an Executive Mayor elected by residents in the area.

Mutizwa-Mangiza (1991) concluded that, unlike in large parts of Africa, the status of the administration of urban local authorities in Zimbabwe in general was sound and that of Bulawayo was encouraging and exemplary. Urban local authorities had a relatively large degree of autonomy in financial and organizational terms. Bulawayo in particular has

²⁷ See for example "Construction industry appeals for support: Little activity taking place countrywide. Established companies settling for small jobs" Business Herald, Harare, 27 January 2000; "10 000 likely to lose their jobs in construction" Business Herald, Harare, 11 January 2001.

²⁸ See for example "Closures impact on construction industry" The Daily News, Harare, 14th February 2003.

²⁹ See for example "Chinese get ready to cash in on Zimbabwe Building Boom" Financial Gazette, Harare, 20th

January, 2005.

³⁰ Since independence in 1980, this ministry has taken different titles such as "Local Government, Rural and Urban development" and "Public Construction and Local Government".

earned a reputation as a well managed city nationally and internationally (Hamilton & Ndubiwa, 1994; Zaaier, 1998).

While urban local authorities can raise revenue and provide services in their areas of jurisdiction, there are other institutional entities that operate as local authorities in the same areas; for example parastatals such as The Zimbabwe Republic Police (ZRP), the Zimbabwe National Water Authority (Zinwa) and the power utility the Zimbabwe Electricity Supply Authority (ZESA) which in 1986 took over from City Councils the supply and administration of electricity. Elsewhere institutions like mining companies and other parastatals can operate in some instances as local authorities. Issues of social security within a local authority area like Bulawayo for example are administered by NSSA and Bulawayo city has little input in its management.

Key institutional changes since the mid 1990s have seen central government putting more controls in how the urban local authorities can implement the Urban Councils Act. In particular, the introduction of the Executive Mayor since the late 1990s has meant that decisions that previously would be made by consensus by council on the advice of technical heads of departments can now be overridden by the Executive Mayor in liaison with the Minister³¹. The resultant tensions have led to the phenomenon of “Commissions” appointed by the Minister of local government to run the affairs of council in place of the elected councilors and the mayor. While this has been the case Mutare, Chitungwiza, Norton and especially in Harare, the capital, Bulawayo City has been able to ‘survive’ this unpleasant scourge (see Zaaier, 1998: Sachikonye, 2006)³².

The ruling party ZANU (PF) has consistently lost the urban vote in national and urban local elections since 2000 leading to highly contested political environment. In a bid to exert greater management control over the two metropolitan areas of Harare and Bulawayo, the government introduced the office of a resident Minister in charge of the area. What this means is that the Mayor is no longer the highest local government politician in the area but the resident Minister. In addition while reporting to the Minister of Local Government and Housing, the council and the Mayor have to also report to the Resident Minister.

Thus, above the category of City Council, we now have a “Metropolitan Authority” appointed by the executive and not elected by the people. Basically therefore, the degree of autonomy that existed in the 1980s (Mutizwa-Mangiza, 1991) has now been significantly eroded. Through the Commission appointed by the Minister to run affairs of Harare since the late 1990s (and in Chitungwiza³³ although not in Bulawayo) and the resident Minister, there is generally more of centralization than decentralization of power in urban administration. For Bulawayo, the potential tensions and conflicts arising from this arrangement have been avoided partly because of the city’s long distance away from national political power struggles as well as the culture of administration that prioritizes service to the people over politics (Interview with Mayor of Bulawayo, April 2006). The Bulawayo City Council has had the reputation and general mandate of local units of governance to work broadly within the policies of the government in power.

³¹ At times the Minister has overridden decisions of the Executive Mayor.

³² The instability and uncertainty in Harare’s governance is illustrated by continuous conflicts at the top (see “Chideya defies Makwavarara”, *The Herald*, 27 June, 2006, Harare). Head of departments are continuously hired and fired. Top management is currently - acting Chamber secretary, acting Human Resources Manager, acting Director of Housing and Community Services, acting Director of Waste Management, acting Director of Finance, acting Director of Works and acting Director of Health Services.

³³ Elections are due in 2006 in Chitungwiza to elect a Mayor and Councillors and bring an end to the appointed Commission.

5.2.2. The Local Context

5.2.2.1. Bulawayo, the City of Kings

The city of Bulawayo's modern history is traced to the 1890s when it was transformed from the Ndebele settlement of grass thatched huts to the regional city it is today (Hamilton & Ndubiwa, 1994). It is located in a dry agro-ecological region whose hinterland covers Zimbabwe's Midlands, Matabeleland South and Matabeleland North provinces as well as large parts of Botswana, South Africa and Zambia. Wildlife and mineral wealth are key natural endowments in this hinterland. There have been major finds in methane gas in the Lupane and Hwange areas (Bulawayo City 2000: 7). It was the industrial capital of Zimbabwe in the early years before Harare took over in the 1970s. It remains the headquarters of the Railways of Zimbabwe (the second largest employer after government) with railway links to Botswana, South Africa, Mozambique and Zambia leading to Democratic Republic of Congo and Angola. The Joshua Muzabuko Nkomo International Airport provides links to tourist destinations such as the Victoria Falls and Hwange National Park as well as regional resorts in Namibia, Botswana and South Africa.

At its industrial peak and before the advent of Economic Structural Adjustment Programs of the early 1990s, Bulawayo had a diverse industrial base and comprehensive engineering industry that included textiles³⁴, radio manufacturing (the largest in Africa at its peak) tyre factory, hides and meat processing. It has a range of training facilities and services for the railways, mining industry and is home to the National Free Library, the large Mpilo Central Hospitals, a stadium that can host international games and the premier National University of Science and Technology (partly still under construction since opening in 1991). Bulawayo is home to the Zimbabwe International Trade Fair (laid out on twenty five hectares) through which the country can showcase its industries to the world. Bulawayo is not only a cultural centre in terms of the Ndebele traditions but nationally and regionally in terms of the labour and nationalist movements whose formative years were in Bulawayo. Its hinterland (in places like the Matopo Hills, the Gwaai catchment, the Shangani area and Khami Ruins) is a depository of Zimbabwe's history of violence, struggle and pride.

Administratively, it rose from a Sanitary Board in 1894, a Municipal Council in 1879 and to City status in 1943 (Hamilton & Ndubiwa, 1994). The areas around Bulawayo are administered by five rural local authorities (Bulawayo City, 2000) including Umguza and Umzingwane as well as the Department of National Parks and Wildlife Management that administers the wildlife areas. The provision of water to the city has been a perennial problem from as early as the 1980s and the drought of 1991/1992 was a real threat to the sustainability of the city. The Government and the City have an ongoing programme to construct the Gwaai-Shangani Dam, some 350km to the north of the city from which water will be conveyed by pipelines. A long-term solution to the water problems in the form of a pipeline from the Zambezi river has remained a theoretical proposition not only because of the huge cost, and alleged local politics involved but also the regional geo-political and environmental concerns that need to be resolved. Associated with the water problems is the issue of sewers that are now overloaded; for which new works are planned or underway (Bulawayo City 2000: 9).

Further threats to Bulawayo's sustainability are the national economic conditions described elsewhere in this report as well as the HIV and AIDS epidemic (Bulawayo City, 2000) that has put a strain on household and enterprise economies. Thus the revenue

³⁴ Bulawayo was a citadel of textile industry with 5 of the 8 largest manufacturers such as Merspin, Cotton Printers, Merlin and Security Mills (Zaaijer, 1998:23).

base of the Bulawayo City is under threat. In addition, the harsh economic climate has seen default in payments of rates not only by households and firms but also by central government departments – with council owed up to Z\$450 million at 2000 (Bulawayo City, 2000:12)³⁵. The bulk of council's recurrent expenditure (about 61%) goes to the salary bill.

According to CSO census figures, while the city's population is growing, the rate of growth has declined from 5.9% in the 1970s, to 4.5% between 1982 and 1992; to between 3,1.% and 2.4% over the 1992 – 1997 period and around 2% in the post 2000 period. This is in large part due to reduced economic conditions and lower rural-to urban migration. Instead, those not migrating to seek income opportunities in Harare have looked to Botswana and South Africa especially in the post 1982 period. HIV and AIDS as well as general decline in fertility rates have also contributed to this decline in growth rates. Consequently, Bulawayo City's projection of 1'011'037 (for 2000); 1'184'637 (for 2005) and 1'562'905 (for 2015) have turned out to be higher than the census returns e.g. the census results of 2002 giving a total population of just about 700'000 (CSO, 2002).

The preceding sections have provided a panoramic view of local authorities in Zimbabwe and how Bulawayo operates in a challenging economic climate. The institutional and political challenges facing the city (such as water) were also signposted. Zaaijer (1998:1) captured concerns that while Bulawayo's conservatism and excessive pre-occupation with "rules" is behind the status of a best managed city, such an administrative character may stifle innovations. The sections that follow will demonstrate that contrary to such fears, Bulawayo has achieved strategic innovations in the urban development sector; successes with direct positive impacts on construction activity and employment creation.

Critical to issues of local economic development in Bulawayo is the question of droughts and water crisis as well as the ESAP policy of the 1990s. ESAP introduced institutional reforms and economic restructuring (Bond & Manyanya, 2002) that led to a decline in industrial output from 32% in 1979 to 25% in 1995 (Zaaijer, 1999:23). In particular the opening up of the economy led to inflows of cheaper goods from global markets forcing local companies to either close or lay off workers (Intermarket Research, 2004:14-15 and 28). Key informants are always quick to mention the 1000 workers retrenched at Merlin in 1995 and that over 10000 workers lost their jobs in the 1990s alone. CSO (2004:31) figures confirm this indicating a decline in formal sector jobs from 153.2 thousand in 1989 to 134.5 thousand in 2002 – close to twenty thousand jobs lost in the city over a twelve year period. Most of these workers went to seek work in South Africa or went back to the rural areas. Those who stayed in Bulawayo found themselves in the informal sector. By the mid 1990s up to 40% of the working age population was in the informal sector. Activities in this sector followed the national pattern of shifts from manufacturing to services, retailing and trade (Kanyenze et al., 2003).

5.2.2.2. Local Economic Development in Bulawayo

This section pursues the question of key actors, policies and programs involved in local economic development (LED), employment creation and responses to decent work challenges. In particular it considers the role of Bulawayo City in strategic planning and the development process around which significant construction activity takes place. It shows how partnerships between the city and the private sector are central to the success witnessed in the city. As already noted, Bulawayo has been championed nationally and internationally for its unique physical and social outlook (Mutizwa-Mangiza, 1991; Ndubiwa & Hamilton, 1994; Zaijer, 1998); a well planned and managed city driven by a

³⁵ One US\$ = Z\$55.0660 at 2000.

deep seated City Hall historical culture geared to serve the people irrespective of political or social orientation (Town Clerk and Mayor, 2006). While the attractive and harmonious environment are easy to notice, less noticeable are the strategic decisions made by the city's leaders. A number of these qualify to be deemed best practices.

In 1982, Bulawayo City was Zimbabwe's first post independence city to produce a city master plan in accordance with the Regional Town and Country Planning Act [1976]. This served as a framework for the city's infrastructure development, housing delivery and service provision. It enabled the city to accommodate the huge influx of rural to urban migrants following relaxation and abolition in 1980 of prohibitive colonial structures that had restricted movement and urban citizenship of the African population. In another demonstration of its commitment to planned development, Bulawayo City was the first to initiate (in 1998) revisions to its Master Plan culminating in the 2000 to 2015 Master Plan adopted in 2000 in accordance with section 20 of the Regional Town and Country Planning Act [1996 revised edition]. Unique in the revision process and the outcomes thereof, was a conscious integration of physical and infrastructure strategic thinking on the one hand with organizational strategy, resources mobilization, budgeting, strategic socio-economic planning and stakeholder involvement on the other. Urban agriculture is now an integral part of local economic development planning for the city.

Simply put, with its 2000-2015 Master Plan, Bulawayo City took the lead (in Zimbabwe) in translating city master planning from a purely land use-physical planning endeavour to a broader, responsive and dynamic strategic planning that makes the plan a corporate management tool. As with the 1982 plan, the new plan aims to ensure sufficient land for commercial, industrial, residential and institutional development; to enhance the investment climate and stimulate local economic development, to act as a framework for employment creation, social, recreational and cultural activities. Given this strategic planning, Bulawayo City's management is always ten years ahead of events. For example, at any time, the city has planned and serviced land to accommodate thousands of new dwellings. In the past five years when resources for bulk infrastructure development have been hard to get, the city has adopted infill development strategies.

To summarize, Bulawayo was the first in Zimbabwe to produce a Master Plan, the first to revise its master plan and the first to produce a strategic Plan and a Corporate Strategy. At any one time, in the 1990s, Bulawayo had a stock of up to 30'000 planned and serviced sites for residential development. Currently, even in the tough economic environment, Bulawayo has serviced land for low income residential development, for example: one thousand stands in Pumula South; ten thousand stands in Cowdray Park and seven thousand in Emganwini. According to the City Planner, surveys that used to be two years ahead of time are now close to three years ahead of time³⁶. This has been achieved through use of joint private sector and local authority survey teams. It is expected that new land for up to 43000 residential stands will be available by the end of 2006 in the area between the Joshua Mqabuko Nkomo Airport and Trenance. The main barrier to be overcome, and one dogging Bulawayo over the years, is the provision of off-site infrastructure especially water and sewerage.

The City Master Plan 2000-2015 sets aside land for the establishment of major water treatment works to the north of the city to process and manage water once government investments in the planned Gwaai-Shangani pipeline materialize (Bulawayo City, 2000: 114-115).

³⁶ Interview with City Planner, April 2006.

Box 5.1: Indicators of Bulawayo City Success in Delivery of Low Income Housing

- Between financial year 1989/1990 and financial year 1993/1994, 32'750 low income dwelling units were constructed in the city to accommodate over 200' 000 people at an average occupancy rate of six persons per dwelling (Bulawayo City, 1995)
- For the five years to 2005, a total of 25'000 houses were constructed to house more than 120'000 people (City Planner, Interview April 2006).

5.2.2.3. Partnerships for Local Economic Development

Bulawayo City's success in implementing its strategic plans has been achieved through a combination of delivery models that enable partnerships among stakeholders. In the mid 1990s, Bulawayo signed partnership agreements with construction investors from Malaysia. Promoted by central government, this saw the creation of Zimbabwe–Malaysia Holdings (ZIMAL Holdings) to produce bricks and construct up to 15 000 housing units in Cowdray Park. The progress on this is given in Annex 5.3a. Bulawayo was thus a direct beneficiary of government's look east policy long before the post 2000 economic crisis.

Other partnerships have included employers providing employer assisted accommodation (such as the Zimbabwe National Army in the past or CABS Building Society's ongoing project in Pumula South; international development donors such as USAID and the World Bank (especially in the 1980s and 1990s); Building Brigades, Self-Help; private sector financiers and construction companies (both large and small) and the government.

A recent example to cite is the partnership in housing development that saw private companies, the city and individual households constructing agreed numbers of units with financial support from the Reserve Bank of Zimbabwe (RBZ). Traditionally the RBZ does not participate in such projects. However, in the tough economic environment where local authorities do not have enough resources for development projects combined with the bank's need to promote inflows of Diaspora foreign currency, Bulawayo City was successful in attracting this one off support from the RBZ bank amounted to Z\$8.3billion used to service 119 stands in Parklands east and 245 stands in Mahatshula. These have been allocated to home seekers on the waiting list for development and house construction in progress. The funds also supported servicing of another 101 units at Emganwinini II Millennium Housing Scheme where construction is complete³⁷.

To underline, the strategic planning and management framework provided by Bulawayo City has enhanced an investment climate that has seen consistent development even against national and global economic constraints. The construction of housing and related urban development activities has generated direct and indirect employment. Although no figures of employment generated are available as a result, it is clear that even where the local authority itself is not involved in construction, for example using its housing brigades and cooperatives of the 1980s, the availability of serviced land has enabled many private sector and informal operators to create employment in the city.

³⁷ Based on field observations and key informant interview (city officials), April 2006.

5.2.2.4. Bulawayo City Incentives to Promote Investment and Employment Creation

As part of its long term strategy from the early 1990s, Bulawayo City put in place a package of incentives with objectives to promote investment by indigenous Black Africans and facilitate their greater involvement in commerce and industry where they had been excluded for decades; to attract new sustainable industry and commerce and; to consolidate the operations of existing investors. Incentives covered access to land, tax rebates and holidays, special tariffs for water and service charges, guaranteed project approval times, waiver of plan approval fees, speedy allocation of housing land to workers associated with the investing companies.

It is crucial to emphasize that this package of incentives was not a “*bambazon*”³⁸. There was a clear set of criteria to discriminate in favour of preferred and deserved investors and developers; criteria based on number of people to be employed, size in dollar terms of the investment, new technology to be introduced, participation of local or indigenous persons, export orientation of the industry and pioneers. The way the incentives would work is described in Annex 5.3b. The incentives could be provided in different combinations and the table structure made it feasible for different sections of the local authority to review their set of inputs to the package of incentives.

To capture how the table would work, one has to choose and pick a developer (first column on the left) then move across the row to check existing incentives available to the investor. For example, Local/Indigenous persons (row o) have the lease option available (column 3) as well as professional services and incubation support. In the event that the Local/indigenous investor happens to be an employer of say 200 people, then he/she would be able to purchase land from the Bulawayo city at a price 80% of the original (intersection of row b and column 2). Assuming further that she/he had an investment worth between 5-10 million dollars, then a two year tax holiday would apply as well as guaranteed approval times of 90 days for the project application, 30 days for the plan application and plan fees at 60% of the original price, plus availability of electricity connections to the development site.

The incentives on application and plan approval times are significant to note given that, as revealed in the 1990s, Zimbabwe had some of the highest turn around times for the land use planning, surveys and building plan approval, an overall time of 40 months (forty) compared to a Sub –Sahara average of about 23 months (twenty three) and global average of about 12 (twelve) (GoZ/USAID, 1994). Ordinarily, its processing would take 3.75 months (about four months) for Bulawayo compared to a much higher length of 5.75 months (about six months for Harare. Clearly with such delays, and in the absence of special package and preferential treatment, the cost of doing business and investing in cities of Zimbabwe is very prohibitive. Thus, it is this package of incentives that has led to sustained housing and urban development in Bulawayo even in lean years.

5.2.2.5. The Construction Sector in Bulawayo

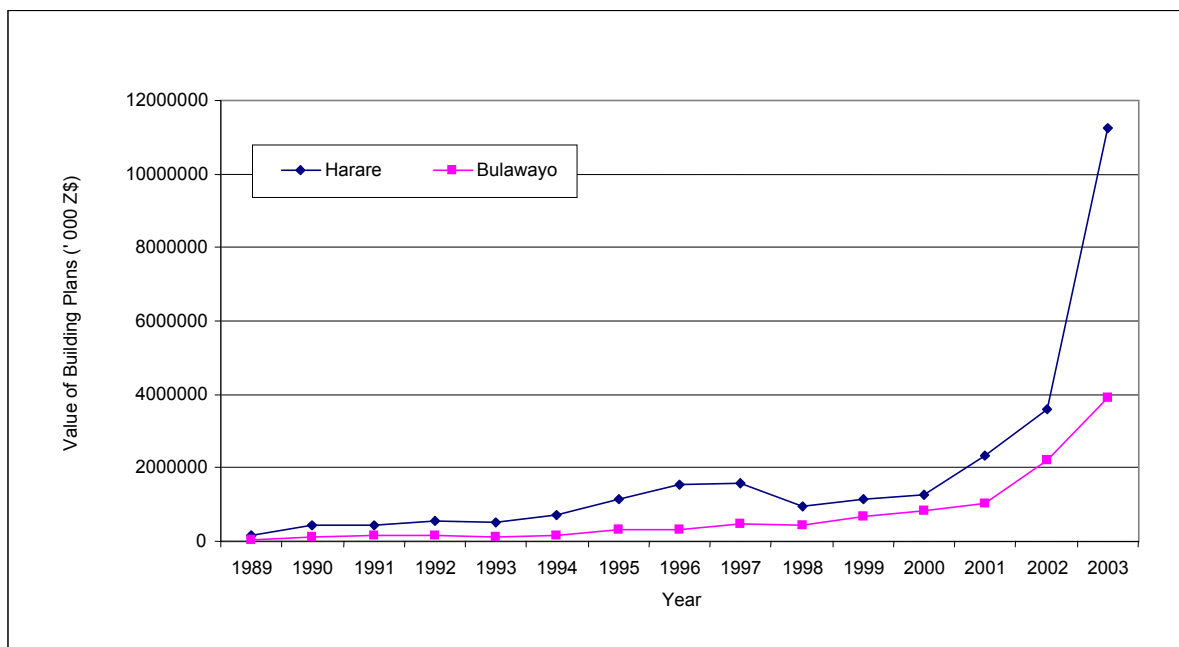
The vibrancy of the construction sector is considered a good indicator of the “health status” of a nation or city’s economy³⁹. Using the values of building plans approved over time, in Harare and Bulawayo, it is clear that since 1989/1990, the construction sector has seen a gradual decline although there have been periodic booms especially in the one in the mid to late 1990s. While nominal values of both plans approved and actual work done

³⁸ A Sindebele term meaning he/she who grabs everything. In this, the package of incentives was designed not to be ‘for everyone and everything’ but strategically targeted.

³⁹ Interview with E. G. Zerf, Managing Director of Belmont Construction, Bulawayo.

have seen a dramatic growth, in real terms (adjusting for inflation) the decline is significant (compare Figure 5.1 and Figure 5.2).

**Figure 5.1: Building Plans Approved - Harare and Bulawayo
Thousands of Zimbabwe Dollars (nominal Values)**



Source: Original Data from CSO.

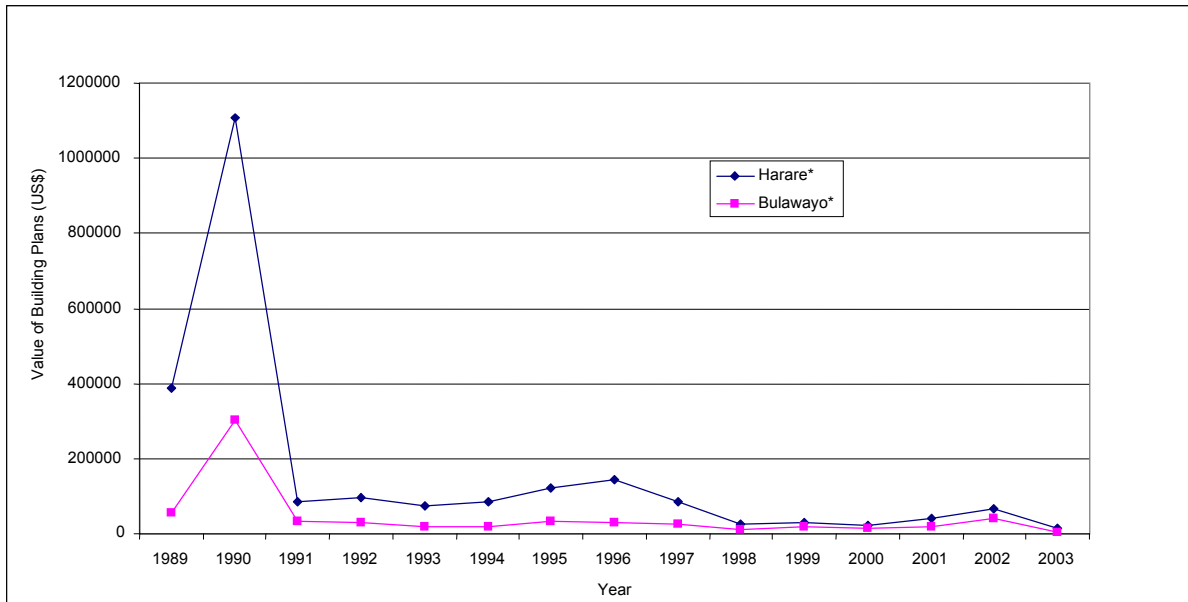
Computations based on construction data (CSO, 2001), show that the values of work done at 1999/2000 (excluding repairs and alterations) was 6% of similar work done at 1989/1990 for Harare and 11% for Bulawayo respectively. The cost of building materials has risen to levels that make building uneconomic as a business and unaffordable for many households. This is associated with reduced supply of materials; both local ones and imported components for example to do with power supply.

There are also a number of further trends and changes in the status of construction in Zimbabwe that can be exemplified by the Bulawayo scenario:

- A switch from new construction projects towards repairs, alterations and maintenance. Construction in Bulawayo CBD dried up end of the 1990s and only small repairs and alterations are visible (Plate 1). Large public sector projects like the National University of Science and Technology are also affected by non availability of materials and high costs and buildings have remained incomplete for years.
- The decline in the economy and shrinking of construction has resulted in the exodus of construction firms and highly qualified bricklayers, artisans, carpenters etc to other countries in the region notably Mozambique, South Africa and Botswana. According to key informants this has led to shortages of such skills, leaving the few around to demand high fees for their work. Individuals have moved out of formal construction sector work into the informal while some companies have closed shop, scaled down or diversify into other activities.
- Figure 5.3 shows the decline in residential construction activity since 1997. This is the sector with capacity to employ many people especially those in the informal category. The 1990s boom in low cost housing has subsided due to the reduction

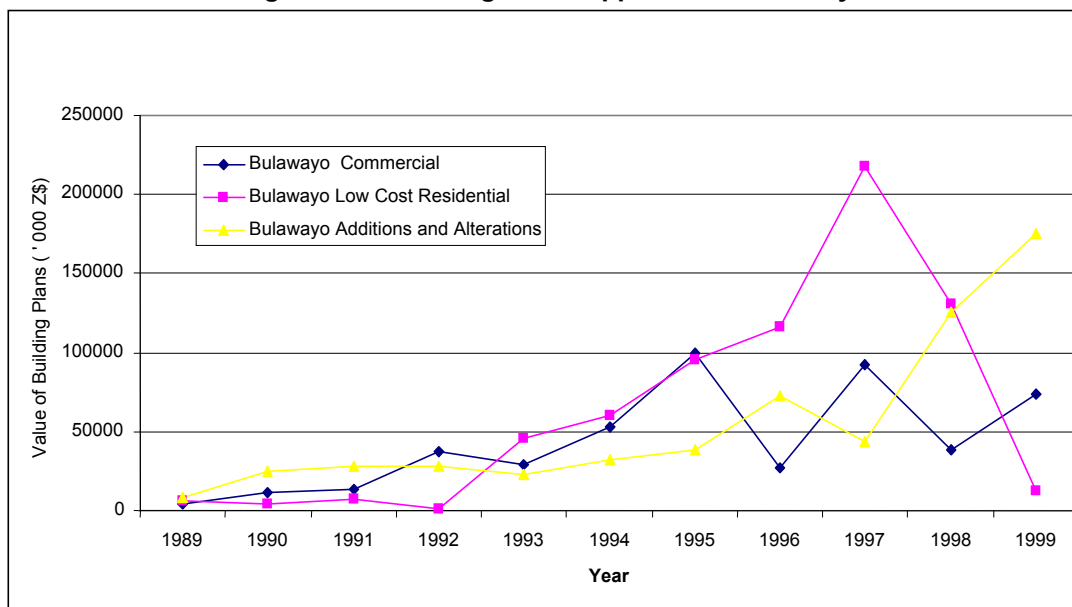
in public sector funding but remains an area of activity in Bulawayo's western suburbs. Combined with repairs and alterations, new development is stimulated by resources from the Diaspora; for Bulawayo, the bulk of these are resident and working in South Africa and popularly referred to as "Injiva".

Figure 5.2: Building Plans Approved in Harare and Bulawayo Values in Thousands of US\$



Source: Adjusted from CSO data

Figure 5.3: Building Plans Approved in Bulawayo



Source: Source: Data from CSO (2001) Construction Bulletin (Nominal Values).

Injiva construction activities are concentrated in the housing sector, largely to accommodate family members, to rent out and as investment for income during retirement. The Reserve Bank of Zimbabwe has initiated a Homelink project designed to help those in the Diaspora to build or buy houses although not every "njiva" uses this

facility. Crucially, injiva house construction (anecdotal evidence gives this at levels of two in every five houses under construction) supports a vibrant informal sector construction economy. Builders and artisans in the informal sector have good skills most of which were acquired in formal industry within and outside the construction sector. A detailed assessment of the nature of the informal construction sector and its broader economic linkages would be a valuable exercise in the future.

The ongoing Government housing programme Hlalani Kuhle has also brought a boost to the construction sector in Bulawayo. This is the housing programme initiated to house those whose shelters were destroyed in 2005 by Government's Operation Murambaswina. In Bulawayo as elsewhere, the Zimbabwe National Army is a lead agent in the construction of Hlalani Kuhle houses although Bulawayo City equipment and workers are also involved. Unfortunately, sensitivities surrounding this programme made it impossible to interview representatives of agencies or workers involved in the construction work; the team was barred from entering the construction sites.

There is some private sector construction activity such as CABS Building Society funded construction of houses in Pumula South. The largest project with private sector involvement however is the Cowdray Park development linked to Bulawayo's long term strategic plans (Bulawayo, 2000) to construct thousand of middle and low income houses.

5.2.2.6. Local Economic Development in Bulawayo

Key features of the city's economy can be described as decline in investment, loss of employment over the 1990s decade. Population continues to grow although the envisages growth has not been realized largely due to HIV and AIDS as well as out-migration to the regions, to Botswana, South Africa as well as Europe and USA. In this context, the role of the informal sector has risen. But the policy in this is contradictory. While the Statutory Instrument (SI) of 1994 gave local authorities a framework to promote informal activities, it appears some individual operators took it a license to operate without permission. Through operation Murambaswina of 2005, central government dealt a severe reversal of informal activities. The local authority is again not in a position to set policies but only to respond.

Zaaijer (1998: 47) correctly observed Local economic development is not a statutory responsibility of local authorities in Zimbabwe in terms of the Urban Councils Act. However, poverty concerns have force politicians and the local authority executives to seek ways of employment creation in the city. Poverty Alleviation Action Plans to mitigate the impacts of ESAP would only be successful if coupled with a rise in local economic investment. Council created in 1995 an Economic Development Office to act as the one stop centre on issues of investment and to be the link with the newly set National Investment Centre. However, the role of this office and that of the non-statutory Development Forum remains marginal to the core business of Bulawayo City. Bulawayo has also engaged in city marketing – using the Zimbabwe International Trade Fair to promote itself in the SADC. The best outcomes of Bulawayo's economic development programs appear to be confined to the strategic policy making in the land use sector and incentives offered to investors generally.

The section of equality and indigenization in the construction sector also shows that as in other areas, Bulawayo City is not centrally involved in most issues to do with decent work. The key players are central government that sets policy, agencies in the private sector and representatives of both employers and employees. The next chapter takes a closer look at specific aspects of decent work and provides statistical indicators that can help compare Bulawayo against other cities.

5.3. Decent work indicators: characteristics, evidence, obstacles and potentials

The main aim of the empirical component of the study was to collect and analyze data and information about employment conditions specifically in relation to decent work at the national and local levels especially in the construction sector and urban development related activities. In the last two chapters, this report presents details of these objectives and outlines key political economy conditions of crisis, economic decline and tension within which the decent work study data were collected and should be understood.

This chapter presents the results of the statistical compilation of key indicators; in particular indicators regarding the four components of decent work: employment, social security, workers' rights and social dialogue. The form is largely on the formal sector although some respondents have argued that formal sector figures equate to the informal since from the mid 1990s, the whole economy has been "informalized". Where possible, the role of key agents in promoting decent work, and notably the contribution of the city of Bulawayo, will be highlighted. However, the main objective of this chapter is to provide comparative indicators. Rather than simply presenting the information and the analysis later, the approach in this chapter and the report generally is to offer some analysis and possible conclusions soon after each set of primary data is presented.

5.3.1. Employment dimension

5.3.1.1. Unemployment rate

The unemployment rate is calculated by measuring the proportion of the working age population that was unable to find work in the given period for the population of age 15 years and above and the trends for the country are summarized in Table 5.3. Both the national, local level and construction sector level unemployment rates are low although the local level shows a significant increase in unemployment conditions from 2000 to 2005. The remainder of this section will explain why these figures are much lower than those reported by the media and Non-Government Organizations (NGOs).

In 1999/2000, of those in the working age group, 230'463 were unemployed nationally and 40'837 were unemployed at the Bulawayo city level. The Census Report (2002) shows regional variations in unemployment rates with Bulawayo recording the highest level of unemployment at 25.29% followed by Harare at 18.12%. These regional variations in unemployment are described in Figure 5.4 and show that the unemployment rate in Bulawayo is clearly the highest in the country. Focusing on Bulawayo as a case study thus addresses a real problem in practice.

The unemployment rates are based on current employment and not usual employment. Current employment refers to what the survey respondents were doing in the 7 days prior to the day of the survey while usual employment relates to the last 12 months prior the day of the survey. The current employment figures may be affected by temporary jobs and seasonal working depending on when in the year the survey is conducted. CSO (2004: 13) notes that 1992 recorded the highest unemployment rate at 22% possibly due to the fact that the 1991/92 drought affected agriculture, forestry and fishing industry. In addition

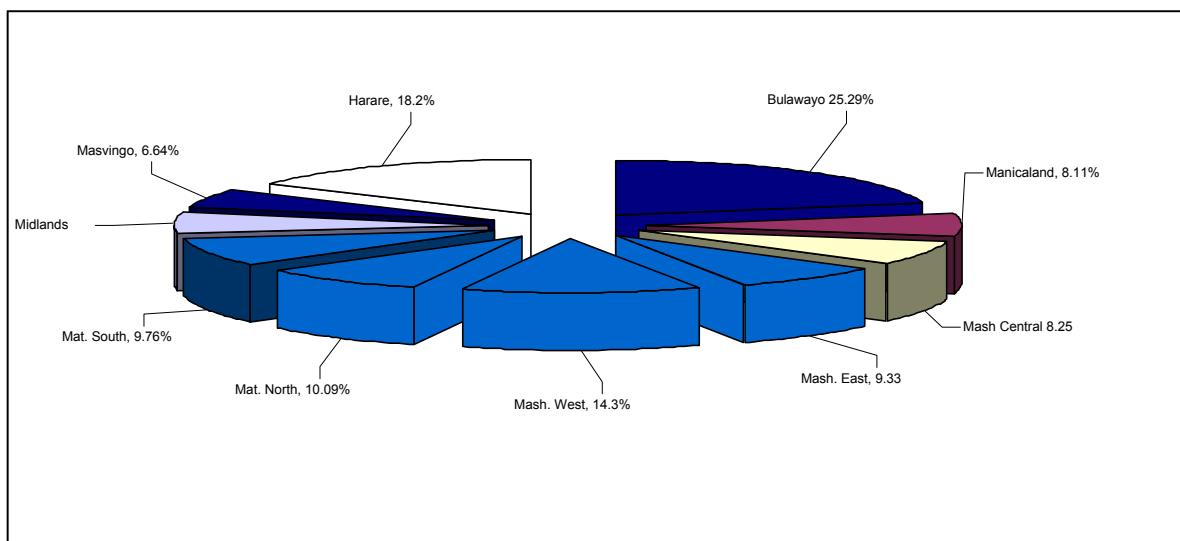
the unemployment definition used was the broad definition, and the long reference period of 12 months as opposed to the restricted 7 days (see Chapter 5.4).

Table 5.3: Unemployment Indicators⁴⁰ (%)

	1990	2000
Unemployment rate in all sectors at national level	11	9
Unemployment rate in all sectors at city level, Bulawayo	16	17

Sources: 2000 figures are taken from the 1999 Indicator Monitoring Labour Force survey; those for 1990 are from the 1994 Indicator Monitoring Labour Force Survey and Labour Statistics (CSO).

Figure 5.4: Unemployment by Province in Zimbabwe, 2002



Source: Census, 2000 National Report pp. 99

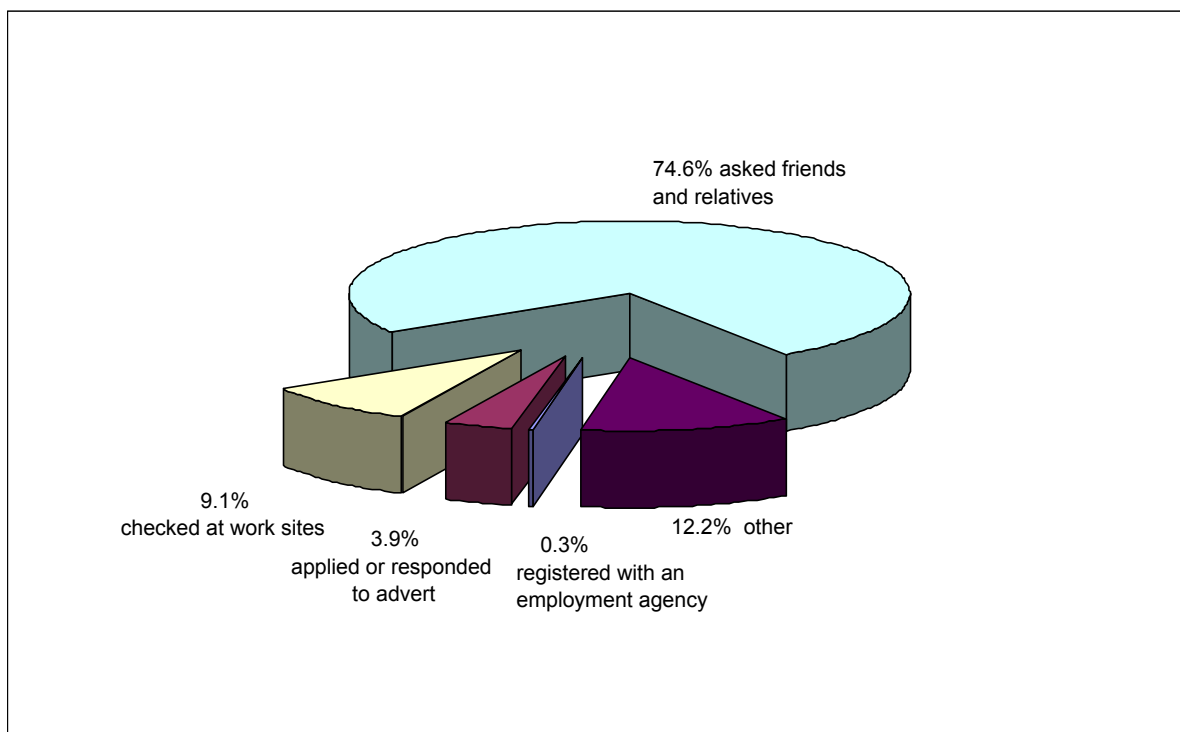
If communal farm workers and own account workers are considered as employed, the level of unemployment is very low (6.9% at the national level). This contrasts sharply with the 80% unemployment figures used particularly in media circles and by NGOs (see for example Rory Carroll, *The Guardian*, 2006: 21; TUC, 2006: 1, Sachikonye, 2006). Figures for the construction sector at both the national and city levels are taken as similar to the urban unemployment rates generally. Strictly speaking, the figures for those seeking work in the construction sector are not available given the lack of a records system for those seeking work. Employment agencies are close to non-existent and people rely on word of mouth (social capital) as well as physical job search in the industrial areas. The lack of formal sector jobs also means that many unemployed are dissuaded from seeking employment. According to both the 1994 and 1999 Indicator

⁴⁰ Figures for the national level assume that communal farm workers and those in the informal sector are all employed. The figure in brackets is the current unemployment rate assuming the communal farm workers are excluded.

Monitoring Labour Force Surveys, at least 75% of those seeking work asked friends and relatives and less than 1% made use of employment agencies. These patterns of job search are summarized in Figure 5.5 in which the use of social networks (ask friends and relatives) is extremely dominant compared to use of institutions (employment agencies). That word of mouth is the main source of employment information was confirmed during field interviews. Tzircalle Brothers referred to how they subcontract some of their bricklaying, roofing, fitting and carpentry work to former employees who are now working either as sole agents or small informal contractors.

When jobs become available, no advertisements are posted. Instead, the message is sent out through a vast network of contacts established since the 1970s. Similarly, informal builders in Cowdray and Pumula South pointed to networks of friends, family and former clients (in Bulawayo, Botswana and South Africa) as sources of information on new jobs (see Chapter 5.2 on “injiva”). The implications of this are that it would be inappropriate and inaccurate to attempt making estimates of statistical indicators of “volumes of work, shift work, bonded work and so on”. What can be said is that the volume of available work has declined since the 1996-1998 period following buoyant years since the 1980s. Construction firms and tradesmen have relocated to neighbouring countries, moved to other businesses, or closed down completely. When jobs become available, those remaining tradesman are able to charge very high prices even in the informal sector.

Figure 5.5: Methods of Job Search for the Unemployed in Zimbabwe



Source: 1999 Indicator Monitoring Labour Force Survey, 82

5.3.1.2. Low Wage Rates and Earnings

The low wage rate is measured by the number of employed persons earning less than half the median wage at the appropriate level for the given year or period. Table 5.4 shows

that in general about one third of the working population earns below half the median income. This method of presenting low wage rates is at variance with standard practice in Zimbabwe where the CSO uses average earnings that appear to be based on the arithmetic mean. In this sense, the presentation in Table 5.5 aims to give the pattern of average earnings at the national level; a pattern that applies to all sectors of the economy and at all spatial levels.

Table 5.4: Low Wage Rate Indicator (%)

	1990	2000
Low wage rate in all sectors at the national level	n/a	25

Sources: 2000 figures are taken from the 1999 Indicator Monitoring Labour Force survey.

Note: n/a = Data not available

Table 5.5 also shows that before the advent of Economic Structural Adjustment Programme (ESAP) in 1991, average earnings were very high in real terms but have never improved since the rapid decline in the early 1990s⁴¹. This decline was associated with liberalization of the economy which included removal of wage controls (see Bond and Manyanya, 2002). Until the early 1990s, the difference between real wages and nominal wages was small but has widened significantly since the mid 1990s. As depicted in Figure 5.6, the real wages have shrunk rapidly especially in the last decade.

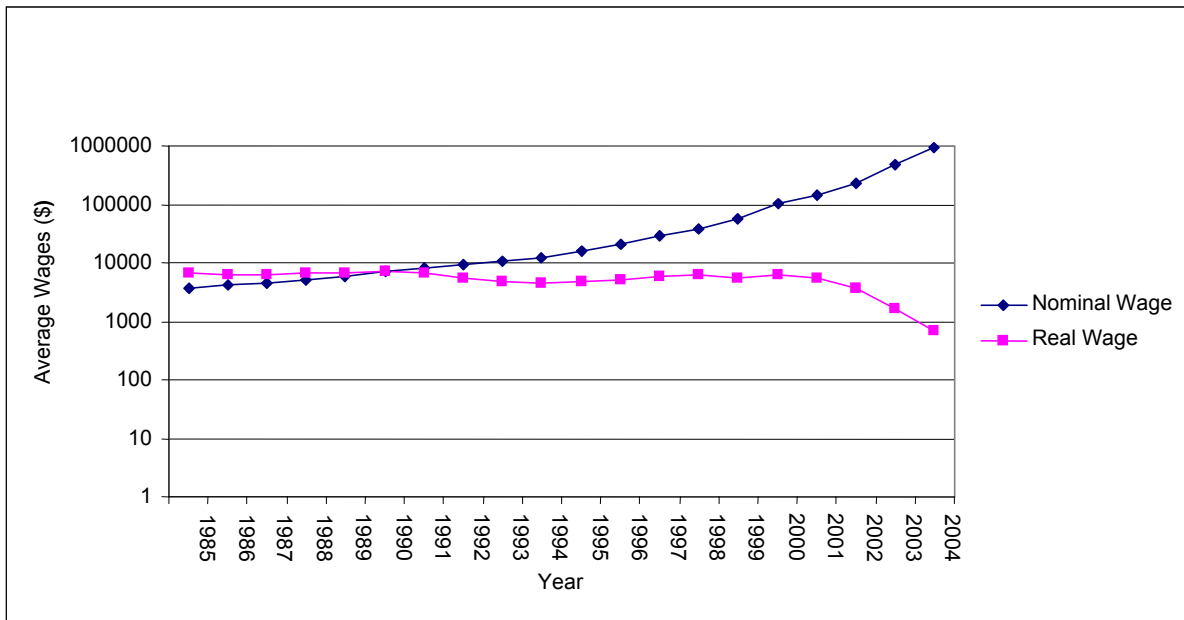
Table 5.5: Average Earnings /Person/Month and Exchange Rate, 1990 – 2001 for the National Economy

Year	Z\$ Per Unit of US\$	Average Earnings/Person/Month	
		Z\$	US\$
1990	.3793	586.64	1546.64
1991	5'0511	683.71	135.36
1992	5'4815	779.90	142.28
1993	6'9350	891.65	128.57
1994	8'3871	1046.98	124.83
1995	9'3109	1266.17	135.99
1996	10'8389	1685.18	155.47
1997	18'6081	2387.73	128.32
1998	37'3692	3224.81	86.30
1999	38'1388	4649.84	121.92
2000	55'0660	8.409.59	152.72

Source: CSO (2004: 74-74) Labour Statistics. Harare Central Statistical Office.

⁴¹ The exchange rate of the Z\$ per US\$ had remained over the 1980s decade; as low as 0.6093 in 1985, to 0.5147 in 1988 before rising sharply after 1991. While the nominal wages have increased, the real wage has declined rapidly especially in the post 2001 period.

Figure 5.6: Nominal & Real Wages (1985-2004)



Source: LEDRIZ, Harare

Wages on their own are no longer enough. As discussed elsewhere, there are other inflation busting packages that have significant positive impact on the welfare of workers – for example provision of transport and meals at the workplace. The negotiation of wages is done through the NEC - a process in which Bulawayo City has no role except when it comes to negotiating with those workers it employs (see Chapter 5.2 for further discussion on process).

5.3.1.3. Hours of work

For this study hours of work are calculated by measuring the proportion of wage earners working more than 45 hours a week at each given period. Forty five hours is the cut off point used by the Central Statistical Office in the labour force surveys. This is in line with section 18 (2) of the S.I. 244 of 1999 (The Collective Bargaining Agreement) of the Construction industry which stipulates that subject to exemptions, ordinary hours of work for all employees shall not exceed 44 hours per week (GoZ, 1999). Table 5.5 is based on adjustments of CSO data to present the proportion of workers working more than 45 hours a week with the assumption that the national figures apply to the construction sector. The most accurate data on this was compiled for the 1999 survey which revealed that 44% of the working age population worked over 45 hours per week while 38% worked more than 48 hours per week⁴². Although hours of work for women in the wage sector were recorded at 35.3% compared to men at 51.7%, women’s hours of work are much higher when domestic work and informal sector work is considered.

⁴² The 38% figure for wage earners working more than 48 hours per week was provided by the CSO during the survey for this study and is not available in the Labour Force Survey Reports that use 45 hours as the cut off point.

Table 5.6: Hours of work

	1990	2000
Hours of work in all sectors at the national level	n/a	44

Sources: CSO (2000) 1999 Indicator Monitoring Labour Force Survey.

Note: n/a = Data not available.

With the collapse of the formal employment sector and the rapid growth of informal or self employment, several changes have taken place regarding hours of work. Employers and employees have agreed to reduce the number of working hours or work longer hours without overtime pay (or with no pay at all) as ways to maintain operations and avoid closing down firms. Thus, in some cases hours of work have gone down while in others these have gone up. The CSO (2000: 80) reports that up to 95% of workers preferred to work an extra two hours without being paid overtime in order to keep their jobs. On the basis of hours worked in the formal sector and extra informal work in the evening and weekends, we could assume that over fifty percent of workers now work more than fifty hours across all industries.

The cost of going to work or of keeping operations going has increased since 2000 forcing many construction companies to stop operating and sending employees into the informal sector or self employment in which they are likely to work longer hours than usual. The figures in Table 5.6 are estimates based on the assumption that since 2000 workers have to work longer hours to maintain or get the minimum wage they used to get in the past.

Box 5.2: More than Hours of Work

At its peak and even as recent as 2002/2003, Belmont Construction (Pvt.) Ltd. would employ between five hundred and six hundred workers at a time. With punitive interest rates and inflation after 2003, like many other firms, Belmont could not afford to continue operating. It has retained only a skeletal staff, stopped construction work and moved into equipment hire. To support its few workers, it provides one meal a day on site as well as transport if not working at sites central to the city of Bulawayo (Interview with Edmund Zerf, Director of Belmont Construction, m11/04/2006).

5.3.1.3. Health and Safety at Work

5.3.1.3.1. Data sources and frameworks for health and safety

The major source of data on health and safety at work is compiled by the National Social Security Authority (NSSA) based largely on submissions from employers, employer organizations, field inspections and new claims reported for workers' compensation made under the Workers' Compensation Scheme in terms of Statutory Instrument 68 of 1990. The NSSA statistics pertain to injuries and fatalities that occur in a particular year (for preventive purposes) although year of occurrence suffers from being hard to define in the case of occupational diseases (NSSA, 2000:5). The Central Statistical Office (CSO) also depends on the NSSA statistics for its own publications. The records give details on reported occupational injuries by sector and region with an emphasis on the type of injury. Neither NSSA nor CSO have an interest to collect data on hours of work lost to the economy due to occupational injuries or death. NSSA only came into existence in 1994 and started collecting comprehensive statistics from 1995; hence for Zimbabwe a

comprehensive picture on safety at work can only be gleaned for the past decade or so. Key indicators from the data collection include total injuries per year, incidence rate and frequency rate calculated per thousand insured labour force. Table 5.7 provides a summary of hours lost to the economy due to occupational injuries providing a conservative estimate and a high estimate. There is need to explain how these figures were calculated at and why the pattern of improving conditions depicted in the table may actually be the opposite of what happens in the economy. The input needed for this are figures on reported injuries, total numbers of insured labour force and the incidence rate as provided in Annex 5.4. The figures on occupational injuries were used together with the number of insured labour force to compute the incidence rate i.e. the number of occupational injuries per thousand workers. The incidence rate was multiplied by 3 (the minimum number of days away from work for which an injury qualifies to be in the records) to give a low estimate of the days lost to the economy.

Table 5.7: Health and Safety at Work

	1996	2000
Days lost due to injury in the workplace per 1000 wage earners in all sectors at the national level	53.3	28.7
Days lost due to injury in the workplace per 1000 wage earners in all sectors in Bulawayo	6.7	47.5
Days lost due to injury in the workplace per 1000 wage earners in the construction sector at national level	57.3	26.0
Days lost due to injury in the workplace per 1000 wage earners in the construction sector in Bulawayo	111.0	66.8

Sources: Compiled from NSSA figures April 2006 and CSO Indicator Monitoring Labour Force Survey and Labour Statistics (1994, 1999).

NSSA figures for the 1995-1998 period show that since the mid 1990s, there has been a worsening record of occupational injuries in the workplace. Occupational injuries in the workplace are records where the injured worker is away from work for at least three days. Any injury that does not result in absence from work or results in less than three days away from work is not recorded for purposes of NSSA monitoring. This means that many other injuries in the workplace never get recorded. NSSA (2000: 6) states that reported occupational injuries underestimate the extent of the problem due to the fact that:

- Occupational injuries to the self-employed are excluded given that most workers in the informal sector are not covered under workers compensation scheme.
- Cases occurring away from the workplace or on a journey to and from work are not included.

NSSA also runs the Bulawayo Rehabilitation Centre for workers injured in the workplace. Workers are on average detained for 45.5 days at the Bulawayo rehabilitation Centre. Clearly such workers are those with serious injuries and are not the majority. According to key informants, there is underreporting of injuries at work and that the true figure could be as much as five times the reported figure. Key informants also alleged that with the foreign currency shortages in the economy since 2000, sourcing spare parts and equipment has become a serious problem forcing companies to recycle old components and taking other risky measures that compromise safety in the work place.

5.3.1.3.2. *Recent legal changes on health and safety at work*

As provided in the Factories and Works Act (1976), employers are legally bound to provide NSSA officers' access to companies and workplaces and to forward to NSSA records of occupational injuries. NSSA officers are empowered to issue prohibition orders on any offending employers or on sites where standards are not met.

In contrast, although worker representatives at the shop-floor level as well as ZCTU health and safety officers can inspect sites and make records of occupational injuries or diseases, they cannot issue prohibition orders and can only make recommendations to both employers and NSSA – these recommendations can be ignored⁴³. Notes are exchanged among stakeholders through the Zimbabwe Occupational Health and Safety Council (ZOHSC) a tripartite forum (workers, employers and government) where statistics and issues are debated.

Box 5.3: Statistics on insured labour force

NSSA advises that, until recently, insured labour force data were obtained from the Workers Compensation Insurance Fund (WCIF). Insured Labour force data from this source have been inconsistent and inaccurate. Since the population covered by the National Pension Scheme (NPS) is ideally the same as that covered by the WCIF, NSSA uses the NPS data on insured labour force which appear to be more consistent than the WCIF data. Due to the use of NPS insured labour force, there has been an increase in the insured labour force by sector and hence the incidence rates calculated based on this denominator tend to be lower compared to those of previous years. Therefore when any comparisons of rates are done, this fact should be borne in mind (NSSA, 2000:4).

5.3.1.3.3. *Occupational injuries in building and construction*

While the basic metal products, mining and quarrying sector, agriculture and forestry have the highest reported occupational injuries, building and construction is one of the top five sectors with high occupational accidents relative to the number of workers. It has to be emphasized that there is no recording of workplace injury and disease statistics in the peasant sector and the informal sector. Only a focused time series study can shed light on incidence rates and hours lost to the economy in these sectors of the economy. The magnitude of occupational injuries in Zimbabwe remains hugely under reported.

5.3.2. Social Security Dimension

5.3.2.1. Public social security coverage

If only the formally employed persons of the working age population are considered, then there is 100% insurance against risks of injury at work, unemployment, sick leave etc. This is the basis of figures in Table 5.8. However, we consider that only 15% of the working age population is in formal employment, and then the social security coverage at the national level will be 15%. There is no quantitative information to incorporate coverage of the informal sector.

⁴³ Interview with Mr Banda, ZCTU Health and Safety Officer.

Table 5.8: Public Social Security Coverage Rate*

	1990	2000
Social security coverage rate in all sectors at the national level	n/a	15

Source: Computed from data provided by National Social Security Authority (NSSA) 2006 and the Census 2002 National Report.

*: Legally, all formal workers must be covered by the Public Social Security System. Thus, if considering formal workers, 100% of them are supposed to be covered.

Note: n/a = Data not available

For a more complete view of social security at the national level, more information is needed. Until 1994, Zimbabwe did not have a comprehensive public social security scheme. Under the Ministry of Public Service and Social Welfare, it operated the Workers' Compensation Scheme (WCIF) whose current format is described in Annex 5.5. In 1994, the government set up The National Social Security Authority (NSSA) to administer the WCIF as well as set up and run other forms of social security. From 1994, these were largely the National Pension Scheme or the Pension and Other Benefits Scheme (NPS) as detailed in Annex 5.5. Both the WCIF and the NPS cover all workers except those in the civil service, security services, domestic workers, informal sector workers and peasant farmers. The economic decline since 2000 has delayed the setting up of new schemes to cover domestic workers, informal sector workers and peasants as well as the planned National Health Scheme.

Since colonial days, there has been an assumption that the majority Black African workers and peasant farmers will have rural communal land rights as their main form of social security hence the notion of labour rights, urban citizenship and land has been highly intertwined. But as argued elsewhere, for many urban workers communal land rights are not about production but other cultural and religious needs (Mbiba, 1999). Productive agricultural lands, or the inputs to make it productive, are in short supply or beyond the reach of most poor workers. In addition a significant urban population now has no desire to access rural land rights whose notion the state maintains as a framework for social sanction and control (Mbiba, 2001).

Notwithstanding the above, we have to recognize the existence of communal land rights and other forms of traditional social security or social safety nets (GoZ, 2005c:21) used by a majority of Black Zimbabweans. These include access to land rights in the rural areas, family networks and community support. The government has tried to re-invigorate some of these through the "Zunde Ramambo" – a food security scheme managed by traditional chiefs. While these may not be directly available to urban poor, we have to underline that African society in Zimbabwe is very mobile with family members switching between urban and rural residence as part of survival and accumulation strategies. The land question (both rural and urban) is integrated into this complex web of relations.

Beyond the NPS and WCIF, there are private and occupational insurance and pensions schemes at industrial and sector level; for example Mining Industry, Railways, Electricity, Local Government. The NSSA National Pensions Scheme (NPS) was designed to be a basic scheme to be complimented with individual savings, personal insurances and company level occupational pension's schemes⁴⁴. From inception in 1994, the insurable earnings under the NPS was set at a ceiling of \$Z4000.000 (four thousand Zimbabwe dollars) and remained at that level until 2001 (NSSA Annual Report, 2001: 7) when it was

⁴⁴ A point emphasised in interview with NSSA General Manager, Harare.

raised to Z\$7000.00 (seven thousand and a 50% increase in all monthly benefits⁴⁵. Clearly with hyperinflation in the country since late 1990s, the value of this benefit has been severely eroded even with the subsequent reviews that raised the monthly payments to Z\$252 000.00 by 2006 (The Herald, Wednesday 3 May 2006). Further reviews are anticipated.

Both the NPS and the WCIF are dependant on the co-operation of employers who must register with NSSA, collect contributions and forward these to NSSA every month. Non-compliance by employers and collection of contributions has remained a problem faced by NSSA since inception in 1994. Problems range from companies that do not register, some that register but default in making contributions, and other worse cases where employers deduct contributions from employees but fail to remit them. Zimbabwe has no single employer data base and this compound monitoring problems for NSSA (NSSA, 2001). In 2001, amendments were made to the NSSA Act to give NSSA inspectors the power to enter and search premises, inspect records and returns of employers and more powers to enforce collections and contributions.

In spatial terms, the NSSA offices are concentrated in the main urban centers and those in remote and rural regions have to travel long distances if they have to submit claims or make inquiries at NSSA offices. This spatial dimension expands the numbers of workers who do not have adequate access to national social security.

The moneys collected by NSSA are not to be disbursed as benefits in the short term but to be invested as well. For years workers and labour unions have demanded that some of this be invested in provision of urban housing for the workers but NSSA has been slow to implement a comprehensive housing programme. However, the bulk of inflows to NSSA are channeled to investments such as equities, prescribed markets, money market and real estate (NSSA, 2001: 27). In turn, return from investments brings in the bulk of inflows to NSSA with employers and employees making almost an equal contribution.

5.3.2.2. Old Age Pensions

Old age pension coverage rate is calculated by measuring the proportion of people age 65 or more without pension coverage at the given dates and sectors respectively. Figures for the population of 65 years and above can be obtained from the national census reports while the pension coverage can be obtained from NSSA. However, the enumeration framework for NSSA does not correspond to the one used by the census office for practical reasons leaving us with no credible data on pension coverage. In the 2002 census for example, the number of those 65 years and above was recorded as 3.55% (215'842) for the nation as a whole and 2.54% (17'196) for Bulawayo region i.e. 2.5% of Bulawayo's population was of 65 years old and above.

However when it comes to the NSSA figures on pensions, for those of 65 years and above, the national total figure was computed at 183,184 and 26,933 for Bulawayo. The figure for those receiving pensions in Bulawayo is greater than the recorded census figure for those in Bulawayo⁴⁶. This does not mean that everyone of 65 years and above in Bulawayo has a pension. The discrepancy arises from the fact that NSSA keeps on its books all those whose pension addresses are in Bulawayo even if they may no longer be resident in Bulawayo. Many of these may have migrated back to the rural areas where the

⁴⁵ At 2001 annual inflation was 112% and 913.6 % in April 2006.

⁴⁶ This is a clear sign that it would be erroneous to attempt computations pension coverage based simply on these census and NSSA figures.

cost of living is lower but are still able to collect their pensions from banks or travel once in a while to Bulawayo to collect their pensions.

If only formal sector workers are considered, at the national level, only about 15% of those 65 years and above are not covered by an old age pension. This is too low, because it underestimates the size of those not covered largely due to the fact that the NSSA figures will include a large proportion of pensioners (often White Zimbabweans) still on its records but are living outside Zimbabwe especially in South Africa, Australia, New Zealand and the United Kingdom. This scenario indicates that with the existing statistics, it may be very misleading to attempt a computation of pension coverage disaggregated by region and by sector. A further point is that NSSA pension statistics do not cover the civil service and state security personnel (army, police, prisons, air force). The Director of State pensions responsible for these statistics would not release any aspect of these statistics "for security reasons". All civil servants are covered by a public sector pension⁴⁷.

5.3.2. Workers' Rights Dimension

5.3.2.1. Workers' rights and the legal framework

Through the pro-worker 1985 Labour Relations Act (No. 16), an improvement to the 1984 Employment Act, rights were conferred on workers in areas of job security and freedom of association for African workers in line with aspirations of the nationalist movement that had contributed significantly to the independence movement.⁴⁸ This pro-worker statute followed hundreds of labour protests and strikes between 1980 and 1985 because of high worker expectations soon after independence. While it provided for improved worker rights in an attempt to meet ILO standards, its main weakness was the failure to harmonize labour relations laws; it left out civil servants generally. It also excluded for example senior local authority workers whose conditions of work would be governed by the Urban Councils Act.

The second phase of challenges came around the late 1980s and early 1990s with the introduction of Economic Structural Adjustment Programme (ESAP). Even before the program was formally pronounced, stagnation had set in as the government grappled with economic problems and sought dialogue with national and global capital. The latter argued that the 1985 Act was too worker friendly, rigid and a dis-incentive to investors (e.g. regarding minimum wages and price controls). The private sector also argued that the law did not allow business/employers to hire and fire workers and that it gave government too much room to interfere in industrial employer-worker relations.

With ESAP in 1991, government basically gave in to private sector demands and came up with the 1992 Labour Relations Amendment Act (No. 17). As the passage of the act became imminent, confrontation between government and workers intensified with historical protests marches in July 1992 in Harare. This marked the divorce between the labour movement and the government in post colonial Zimbabwe. Then Minister of Labour John Nkomo responded to the protests by retorting that the workers and ZCTU were not government or a political party, but if they wanted to be one, they were free to do so.

⁴⁷ Interview with Mr Mkandhla, Director of State pensions.

Author: Information about this interview should also be in Annex 2.

⁴⁸ For the history, activists like the late Benjamin Burombo and Joshua Nkomo (late Deputy President of Zimbabwe) are mentioned as obvious examples of how the labour movement was at the core of independence struggles.

Implicitly, Minister Nkomo was inviting ZCTU to form a political party⁴⁹- an invitation repeated by President Mugabe a few years later. These sets of socio-legal changes set the context for detailed discussions in the remainder of this chapter.

5.3.2.2. Wage inequality between genders

By the late 1980s, Zimbabwe women had made strong progress in many fields especially education and health care (USAID, 1994: i). However, women have not fared well in the economy and remain under-represented in formal employment and access to land. Commercial and industrial opportunities remain beyond the reach of the majority of women. In a detailed study of 18,800 low income households participating in GoZ housing program funded by USAID (USAID, 1994) it was shown that only 6% of the beneficiary households were female headed even though up to 20% of urban households were female headed in the 1980s. While the legal instruments have been changed to enhance women advancement, many gender barriers associated with Zimbabwe's patriarchal society remain. Women face harassment and logistical problems when they seek to assert their rights.

Traditionally, women are responsible for significant aspects of the house construction process. They also make up to 70% of those working in the informal sector generally. However, when it comes to construction in urban areas, the technical nature of the process and the gender barriers make it difficult for women to participate. For example, during house construction, women are faced with delays in obtaining building materials from providers especially during times of shortage when materials are very expensive. Where women have to travel long distances or queue to get materials they have problems with child care and other domestic responsibilities and are subject to sexual harassment under these conditions (USAID, 1994: iv).

In summary, the majority of women remained outside the formal employment sector and their presence in cities was restricted by colonial apartheid laws until independence in 1980. Unfortunately, the perception against women arising from this colonial era remains and hence the limited progress even when the laws are against discrimination on the basis of gender, race, and religion. Table 5.9 is based on the 1999 labour force survey and shows 45.4% of women had not done work compared to 23.1% of men. This refers to paid work and is misleading given that women do a lot of domestic and community work that is neither recorded nor remunerated directly. In rural areas remuneration for their agricultural work is usually recorded under the name of the male spouses. According to CSO (2004), employment rates at 1982 were 71.4 for men compared to 42.9 for women, changing to 60.6 and 36.7 in 1992 and 73.0 and 62.0 for 1999 respectively⁵⁰. Table 5.9 also shows that nationally, more women earn low incomes compared to men with 29% of women in the lowest income category of under \$Z500 compared to 19.1% for men. At the top end, 17.7% of men earned incomes in the highest bracket of Z\$3000 and above compared to 7.7% for women. Published labour statistics for 1990 -1995 are not available to allow presentation of trends. But the 1999 labour force survey does give a picture of the gender inequalities in the construction sector where the work patterns are similar to those at the national level.

⁴⁹ See *Munhumeso vs Minister of Labour*, Zimbabwe Law Reports.

⁵⁰ Employment rate is the number of employed persons aged 15 years and above divided by the total population in that age group multiplied by hundred.

Table 5.9: Earnings Inequalities between Men and Women of Working Age

	Women	Men
Work done (national level)	54.6%	76.9%
Income bracket ≤ Z\$500	29.0%	19.1%
Earning ≥ Z\$3000	7.7%	17.7%
<i>Construction Sector</i>		
No work done	43.3%	11.9%
Work done	56.7%	88.1%
Income bracket ≤ Z\$500	15.6%	18.7%
Earning ≥ Z\$3000	12.1%	17.7%
Median wage Z\$ (national economy)	250 (250)*	620 (1999)*
Median wage Z\$ (construction sector)	250 (874)*	1249 (1249)*
Source: Figures modified from CSO (2000) 1999 Indicator Monitoring Labour Force Survey. Harare: CSO pages 77 – 79.		
* The figure in brackets is the median earnings computed for those who had done work only i.e. excluding the 'no work done' category.		

However, in the construction sector, the income gap between men and women is narrower than is the case at the national level. We assume that the construction sector figures are similar to those for the city level where no published figures are provided in the labour force surveys. Based on the median incomes for 1999/2000, at the national level men earned as much as 8 times more than women. In the construction sector men earned about one and half times more than women. The bulk of low paid workers (mainly women and children) are in the agricultural sector such that if this is factored out of the national figures, the gap between the national median wage for women and men will be closer to that for the construction sector. In summary, although the Labour Relations Act 5(1) protects employees against discrimination on grounds of race, sex, tribe, place of origin, and political opinion, Table 5.9 shows that in practice inequalities persist.

5.3.2.3. Wage inequality between workers' place of birth

Places of birth for workers range from rural areas or other cities within the country as well as places outside the country. CSO (2004) states that economically active immigrants (from outside Zimbabwe) declined from a peak of 1'826 in 1985 to 1'087 in 1990, 647 in 2000 and 394 in 2002. Between 1990 and 2000 the highest numbers of male immigrants were architects and engineers while the highest for females were teachers. These CSO figures do not cover illegal immigrants most of whom would find work in the agriculture and informal sectors. Although the labour forces surveys and the censuses give figures on foreign born residents, there are no published statistics on income differences between worker's places of birth. However, considering that the incomes in agriculture sector are lower than in the rest of the economy, it is tempting to assume that workers in the construction sector in Bulawayo earn more than the incomes in their rural places of birth. This may not be the case however if we were to give a monetary value to all the rural work and associated benefits.

5.3.2.4. Child labour

Prior to the 1999 Indicator Monitoring Labour Force Survey, information on child labour was scant (CSO, 2004: 56). Regarding child labour, children are defined as those less than fifteen years of age (CSO, 2001: 45)⁵¹ although for working children data; the labour statistics CSO (2004) defines children as those of 5-17 years of age. Children do participate in active work especially in the agricultural, forestry and fishing sectors (87% of all working children at 1999), service sectors (10% of all working children for 1999).

The CSO (2004: 56) indicates that at 1992, 3% of the 1 457 000 children aged 10-14 years were employed largely as unpaid family workers and as employees. The proportion working in the construction sector is negligible at about 1.7% of all working children in 1999 (CSO, 2004: 59). For the whole economy at 1999, CSO (2000:51) reported that 8% of the 4 226 693 children aged 5-17 years were employed with the majority as unpaid family workers (5%). These figures on child labour illustrate once again the inconsistency in definitions and frameworks used in official documents, in this case figures for children switch from 10-14 years, to 5-17 years and 5-14 years.

5.3.3. Social Dialogue Dimension

5.3.3.1. Gains and losses on social dialogue

In terms of the Labour Relations Act (1996) all workers have the right to belong to a union, to form and to participate in workers committees. This section gives specific attention to conditions of social dialogue and the legislative changes that have taken place since the 1980s. Crucially, Bulawayo City has played a marginal role in this area largely due to the legal and institutional framework that defines relations in this area of decent work. It is central government, employers, unions and the National Employment Councils (NEC) that are central to deliberations on this issue where contradictions remain. Although the legal framework and conditions on paper have improved significantly since the 1980s, in practice some of these gains in the labour sphere are compromised by recent economic decline and the overriding security laws.

Key informants were unanimous that indeed and on paper, the legal and statutory provisions for workers' rights and social dialogue have improved immensely over the last decade and are better than was the case before. However, in practice, there are gapping inadequacies (and often reversals) in areas relating to civil servants, the informal sector, contract or casual labourers (who make up to 95% of workers in some firms in the construction sector), domestic servants and women. The key constraint is the declining economy since 1997. This has heightened political tensions in the country leading to an atmosphere of a "state of emergency" where, in the "interests of state security" the government has introduced measures that reverse gains regarding social dialogue and workers rights. Key informants cited the implementation of POSA and AIIPA were cited as the most damaging even though on paper these statutes may appear beneficial to the nation.

At independence in 1980, the country had to transform from the inherited dual legal system to a unitary one; doing away with racially inspired labour laws such as The Masters and Servants Act under which African workers were not considered as

⁵¹ The CSO (2004) defines this as 5-17 years.

employees. Key informants reflected with nostalgia on the early days in the 1980s when the ruling ZANU (PF) and its key members such as then Minister of Labour, Kumbirai Kangai, with his philosophy of “One industry one Union”, championed the cause of workers including the harmonization of fragmented unions into a formidable Zimbabwe Congress of Trade Unions (ZCTU).

A Bulawayo based trade unionist considers that the 1992 Amendment Act caused splintering of workers’ activities, increased or created bureaucracy, disempowered trade unions and was a marked return to labour colonialism, “return to Master and Servants” through the back door⁵². Through S.I. of 1992 cited as the Retrenchment Regulations (replacing S.I. 4040 of 1990) and in pursuance of the ESAP policy, firms could now retrench workers more easily (the dreaded *chigumura*)⁵³ compared to the situation soon after 1985. The right to strike was curtailed making it illegal for workers to go on strike without permission; and workers are of the view that permission is impossible to get. Further, to promote exports through the setting up of export promotion zones (EPZ), the EPZ Act (Chap. 56) exclusively and explicitly prohibited the application of the Labour Act in these zones. Bulawayo has one such zone which however remains undeveloped.

The massive deregulation of the economy leading to closures of companies (e.g. Cone Textiles, National Blankets in Bulawayo) and massive layoffs/retrenchments impoverished workers and reduced their bargaining power at the shop-floor level. There was a rise of contract working. At the national economy level, the budget deficit as well as both foreign and domestic debt increased. Both government and the workers found themselves under pressure and while the government relaxed laws for the employers, it toughened laws for the workers who were left with little room for manoeuvre. Strikes and public demonstrations became the order of the day including the landmark countrywide strike by civil servants in August 1996 and City Hall demonstrations in Bulawayo in 1997. Workers staged a series of job stayaways from 1997-2000; activities that paralyzed industry and effectively reasserted the labour movement as a critical player in affairs of the national political economy at a time when civil organizations and other traditional allies of the ruling party (such as the War Veterans and students) were also challenging ZANU (PF) legitimacy and hegemony.

In line with ILO provisions, the Zimbabwe Government introduced Tripartite Negotiating in 1998 to bring together government, labour and employers in a bid to create a harmonious economic environment in the country. Workers are represented by the Zimbabwe Congress of Trade Unions (ZCTU) although the political climate has seen efforts to put up a competitor union. At industry level, and in line with the Labour Relations Act, workers as represented by their Zimbabwe Construction and Allied Trades Workers Union (ZCATWU) and employers, have to set up and register with government, a National Economic Council and agree a Collective Bargaining Agreement that is also lodged with the government. It is through the NEC and the CBA process that employers and employees agree wages and working conditions. Employers are represented by members from the larger firms in the Construction Industry Federation of Zimbabwe and those from Zimbabwe Building and Construction Association (ZBCA). All have regional offices in Bulawayo.

⁵² Key Informant Bulawayo

⁵³ *Chigumura* – literally translated is vicious displacement, was the term used by Africans to describe forced retrenchments in industry in colonial days.

5.3.3.2. Union density

According to figures from the Zimbabwe Congress of Trade Unions (ZCTU) Information Department, total union membership was about 200'000 in 1990, declined to 141'560 in 1995, and then rose to 165'012 in 2000 and 228'430 in 2005⁵⁴. The recent rise in membership is also reflected in the construction sector where national membership rose from 3'000 in 1998 to 3'700 in 2000 and 4'800 in 2005 while that at the Bulawayo city level rose from 500 to 750 and 1200 respectively⁵⁵. Union membership figures and CSO figures on employed workers were used to compute union coverage and density indicators given in Table 5.10. However these should be considered as very conservative. First, the original figures on union membership only cover returns from unions affiliated to the ZCTU and based on paid up membership⁵⁶. This membership tends to be very high in an election year when unionists mobilize potential voters compared to other years when there are no elections. Second, the original figures on total employees by industry sector at national level include civil servants who are not affiliated to the ZCTU. If civil servants could be excluded from the employee totals, then the overall union density would be far much higher.

Table 5.10: Union density rate

	1992	2000
Union density all sectors at the national level	16	13

Source: Union figures were provided by Union representatives

N.B. Union numbers include only those affiliated to the national Zimbabwe Congress of Trade Unions and leaves out many who may not be affiliated at the time of recording.

Schipost (2001: 229) asserts that with the exception of the mining industry, trade unions in Zimbabwe are geographically organized and do not have a structural presence at the shop floor level. The capacity of the unions to organize and for collective job action has been restricted both before and after independence although since 1985, the Labour Relations Act incorporated the right to strike except for those sectors considered "essential services". Union membership appears to have been dented during the mid 1990s when many workers lost jobs due to retrenchments as part of the economic structural adjustment policy⁵⁷.

5.3.3.3. Collective bargaining

While continuous collective bargaining process seems to be going well, agreements are not always easy to achieve and workers go on strike. But there are limits to how much workers can use this collective action to express dissatisfaction. Without permission from government and the Police and where action is deemed to be a political or security threat, the strikes or demonstrations will be prohibited, often forcefully. When agreement failed during 2004 negotiations between council and its workers, council workers resolved to demonstrate at City Hall, Bulawayo. Declared unlawful by the police, the demonstration was forcefully disbanded with reported injuries and deaths as a result (ZUCWU, 2006:3). Labour Unions allege that AIPPA and POSA make it possible to restrict social dialogue activities that would ordinarily be permissible under the Labour Relations Act.

⁵⁴ E -mail dispatch of 8th August 2006 from E:mail: info@zctu.co.zw.

⁵⁵ Figures provided by Zimbabwe Construction and Allied Trades workers Union, Bulawayo.

⁵⁶ ZCTU has 35 affiliates. These were about 33 in 1995.

⁵⁷ Fourteen thousand (14 000) workers lost their jobs in 1993 alone (CSO, 2004: 26).

At the regional level, the construction workers union in Bulawayo is bound by the agreements reached at national level through both the TNF and CBA process. It is worth noting that when government raised fuel prices unilaterally in 2003, labour (ZCTU) felt government was not treating it with respect as a social partner and the national TNF collapsed; the dialogue resumed early 2005. Other areas of national governance where labour would like a greater say include the National AIDS Council (NAC) and NSSA given the contribution that workers make to these organizations. Unhappy with the management of NSSA, labour withdrew its representative on the NSSA board and the situation remains unchanged two years later.

Both the NEC for the Construction Sector as well as the workers union in Bulawayo are poorly equipped and the technical expertise overstretched leaving no room for strategic work. Both offices did not see any need or space for the local authority in promoting conditions of work and argued, as did the local authority, that conditions are set nationally and the only issues at the local level are about implementation. An area of concern for both the NEC and the local authority is to do with employment of unregistered contractors. Contractors may be registered as legitimate companies and with the NEC but not with the contractor/employer organizations ZBCA and CIFOZ that set and monitor professional standards among their members. Ideally, the local authority should give contracts only to those members registered with both NEC and ZBCA or CIFOZ – this appears not to happen all the time.

While the NEC is supposed to police and has authority to charge unregistered builders and contractors, its ability to do so is limited by manpower. Field interviews with brick layers revealed that informal builders previously registered with the NEC have defaulted but can still get construction jobs. The NEC has no resources to inspect sites while contractors have devised ways of avoiding detection.

5.3.3.4. Workers' rights and social dialogue in Zimbabwe

The government's response to worker agitation in the 1990s included passing and use of the 1998 S.I. 368 (Anti Stay-Away Regulations); the Labour Relations Amendment No. 17 of 2002; Amendment 7 of 2003 and Criminal Penalties Amendment Act of 2001. The latter criminalized labour misconducts. For example possibilities for prosecution for those calling for a strike (section 104 and section 107) and enabling employers to array workers before a court of law and to demand (from workers) compensation for loss of production as a result of strike action even for lawful strike action. Other key operational legislation on working conditions includes the S.I. 244 of 1999 as supported by the Labour Act 28: 01, No. 17 of 2002 and No. 7 of 2005. Section 3 of Act No. 7 of 2005 brings together the public and private sectors as well as those working in the Export Processing Zones who were previously excluded from this act. Salaries and other conditions are negotiated through a continuous process as per the Collective Bargaining Agreements in the industry.

However, Mucheche (2005b:3) explains that even with the 2005 amendments, workers in the armed forces, prisons and police remain excluded. He argues that civil servants are deprived of full rights to collective bargaining, the right to strike and access to proper and efficient dispute resolution mechanisms. Civil servants can still be unfairly transferred without notice or consultation leading to separation of spouses; a separation that increases the risks of HIV/AIDS among heterosexual couples in Zimbabwe. Yet, as

confirmed by the Supreme Court, civil servants have a right to be consulted before transfer⁵⁸.

Workers in the construction sector; through the Construction and Allied Trades Workers Union and the ZCTU consider that their continued struggles emerging from the 1990s have led in 2003 to some positive changes in the legal provisions for workers countrywide especially in the context of the Labour Relations Amendment Act No. 17 of 2002. According to ZCATWU and ZCTU, these positive changes include:

- *Protection against unfair dismissal*: every worker has a right not to be unfairly dismissed.
- *Right to strike*: strikes are allowed in non essential services and picketing is now allowed.
- *Trade union superiority over workers' Committees*: where a registered trade union represents the interests of not less than half of the employees at the workplace where a workers' committee is to be established, every member of the workers committee shall be a member of the trade union concerned.
- *Empowerment of Workers Council* - i.e. the managerial prerogative is diluted through employee participation in decision making. A workers' council is entitled to be consulted by the employer about proposals relating, for example to restructuring of the workplace due to technological change and work methods; product development plans, job grading and training and education schemes affecting employees; partial or total plant closures and mergers and transfers of ownership; the implementation of an employment code of conduct; the criteria for merit increases of payment or discretionary bonuses; the retrenchment of employees whether voluntary or compulsory.
- *Casual Work and Contract Work*: there is new employment security for contract workers. A contract of employment that does not specify its duration or date of termination, other than a contract for casual work or seasonal work or the performance of some specific service, shall be deemed to be a contract without limit of time. Provided that a casual worker shall be deemed to have become an employee on a contract of employment without limit of time on the day that his/her period of engagement with a particular employer exceeds a total of six weeks in four consecutive months.
- *Sick leave*: has been extended from one month to 6 months of which 3 months is on full pay and the other 3 months on half pay before the contract of employment can be terminated.
- *Vacation leave*: paid vacation leave has been extended from an average of 18 days to 30 days every year of service. Thus, since the 1990s, leave days have changed from 1.5 days a month to an average of 2.5 days a month.
- *Maternity leave* is granted for 90 days on full pay (up from 45 days). The other conditions remain the same.
- *Notice of termination* of contract of employment to be given by either is now three months in the case of a contract without limit of time (permanent) or a contract for a period exceeding two years; two months in the case of a contract for a period exceeding one year but less than two years; one month in the case of a contract for a period exceeding six months but less than one year; two weeks in the case of a contract for a period of six months or less or in the case of a casual work or seasonal work.
- *Special Leave on full pay* is given to an employee for the following reasons:
 - o On the instructions of a medical practitioner because of contact with an infectious disease
 - o When required to attend court in Zimbabwe as a witness

⁵⁸ See Taylor vs Ministry of Higher Education and Anor, 1996 (2) Zimbabwe Law Reports 772 (S).

- When required to attend a meeting as a delegate or office bearer of a registered trade union representing employees within the undertaking or industry in which the employee is employed
 - When detained for questioning by the police
 - On the death of a spouse, parent, child or legal dependant
 - On any justifiable compassionate ground
 - This special leave is limited to 12 days in a calendar year.
- *Prohibition of discrimination upon gender, sex, HIV/AIDS status and disability is now prohibited.*

However, as noted by several commentators, while positive, the legal provisions in these amendments fall short of the needs of some categories of workers and face several obstacles. The biggest enemy is inflation (ZUCWU, Bulawayo, 2006). Since 2000, legal provisions and employers have made efforts to cushion their workers through extra support for burial or funeral grants, soap for washing uniforms or overalls, travel allowances or transport to construction sites/central collection points in the city, and the provision of meals at work as reported by key informants and respondents in Bulawayo⁵⁹. Workers remain concerned with deterioration in health and safety at work as the economy finds it difficult to mobilize foreign currency and to purchase needed spare parts. Observations of building in both Harare and Bulawayo, show that on average only between one quarter and one fifth of the elevators/lifts will be working on any given day. Some of the lifts in older building require total replacement and it costs the equivalent of between 18 and 21 billion dollars to purchase one lift plus another 21 million per month to service the lift⁶⁰.

Construction sector workers have further and specific social security concerns regarding the 65 years age at which benefits can be realized. Yet, according to key informants, construction workers hardly survive beyond 45 years⁶¹. And under current conditions, by the time any of them get to 65, the pension benefits will be insignificant. According to the ZCATU, while the average week for construction workers is 44 hours, they would need to have it reduced to 42 hours but working this out in relation to guards and casual workers remains problematic. When workers are injured, workers allege that there appears to be unfair practices in the determination of the degree of injury and hence compensation due to workers, job insecurity for injured workers and for casual workers. Respondents suggested that professional assessment by doctors representing the workers should also be taken into account in addition to those made by NSSA appointed doctors. While the rehabilitation centre in Bulawayo is a good facility, it may be useful to have more such facilities - at least another centre - perhaps in the capital city Harare.

The construction sector remains a “no go area” for women both as workers and as employers with only about twelve women currently members of CIFOZ/ZBCA. While maternity conditions have improved with the Labour Relations Amendments (2003), further changes are needed or need to be enforced such as work suits for women instead of overalls; separate toilets (together with all allied facilities) even if there is one women at the construction site. The greatest scourge is sexual harassment in the workplace for women in the construction industry; the definition of harassment needs definition in the context of construction in order to protect women⁶². In this area, women would welcome support from others and the sharing of global experiences regarding ways of improving both regulations and management practice. Discrimination on the basis of pregnancy

⁵⁹ During a visit to Belmont Construction, workers were having late tea with bread provided by the employer.

⁶⁰ Estimates in Z\$ as at April 2006 provided by Mrs A. N. Kwangwama, Head of Department, Rural and Urban Planning, University of Zimbabwe.

⁶¹ Views from both employers and workers in Bulawayo.

⁶² F. Mugabe.

remains in the sector and despite the general legislative improvements on maternity and sick leave, Zimbabwe remains behind its neighbour South Africa in this area (Mucheche, 2005a).

5.3.5. Synthesis: Decent work indicators in Bulawayo case

Table 5.11 presents, in a synthetic format, the decent work indicators for Zimbabwe and Bulawayo, according to the four key components. The right hand column of this table shows trends towards (+ve) or away from (-ve) decent work for each of the indicators in all sectors and in the construction sector at the national, or local levels.

Table 5.11: Bulawayo decent work indicators

EMPLOYMENT DIMENSION				
Unemployment rate				
		1990	2000	Trend towards DW
National level	All sectors	11.00%	9.00%	+
Local level	All sectors	16%	17.00%	-
Low wage rate				
		1990	2000	Trend towards DW
National level	All sectors	n/a	25.00%	
	Construction	n/a	33.00%	
Hours of work				
		1990	2000	Trend towards DW
National	All sectors	n/a	44.00%	

SOCIAL SECURITY DIMENSION				
Public social security coverage				
		1990	2000	Trend towards DW
National level	All sectors	n/a	46.00%	
Old age pension				
		1990	2002	Trend towards DW
National level	All sectors	n/a	3.55%	
Local	All sectors	n/a	2.54%	

WORKERS RIGHTS DIMENSION				
Wage inequality between genders				
				Trend towards DW
National level	All sectors			
	Construction			
Child labour				
		1992 (10-14)	1999 (5-17)	Trend towards DW
National level	All sectors	3.00%	8.00%	-
	Construction	n/a	1.70%	

SOCIAL DIALOGUE DIMENSION				
Union density rate				
		1992	2000	Trend towards DW
National level	All sectors	16.00%	13.00%	-

5.4. Decent work in Bulawayo: synthesis and recommendations

5.4.1. Decent work and development in Zimbabwe

As described in Chapters 5.2 and 5.3, the prevailing socio-economic context of Zimbabwe poses serious challenges for the promotion of decent work. The economy declined by 32% during the 1999-2005 period (ZCTU, 2005b:1) and business confidence has declined continuously as well (Intermarket Research 2004:36-40). Over the past six years, Zimbabwe is the only SADC country where investment has fallen to extremely low levels and both growth and employment creation have been negative (Intermarket Research 2004; ILO, 2005: 6; CB Richard Ellis, 2006). In this context, the goal of economic recovery and employment creation becomes the highest priority relative to other decent work goals; whether the jobs created are decent or not becomes a secondary issue. This is why workers offer to work extra hours without pay – simply to keep their jobs.

The previous chapters demonstrated that while an empirical outline of the decent work indicators in Zimbabwe can be compiled, the bulk of the statistics will be estimate that only provides trends of changes in conditions of workers. Chapter 5.3 revealed potential tensions in the data depending on purpose, on how it is collected and by what institutions. Whether data is collected from national institutions, employer organizations, trade unions or enterprises and individual workers has a strong bearing on the “accuracy” and validity of the information. Although the decent work concept has a recent history, demands for improvement in the conditions of work are not new and resonate well with struggles of workers in Zimbabwe from colonial days to the present. However, few in Zimbabwe, expressed familiarity with the term “decent work” and even worker representative in the construction sector expressed ignorance about it. Thus the challenge of decent work is not only conceptual but is also methodological. The key question is how can it be measured? As indicated above in regard to Zimbabwe, it includes the question of how to find the right institutions that can facilitate dissemination and implementation of the agenda at the local level while locating this agenda in national context/priorities.

The ongoing ILO/SAMAT program to promote decent work has crystallized around the recently launched Zimbabwe Decent Work Country Program 2006-2007 (ZDWCP) that has been largely a national affair in which local authorities like Bulawayo have had little or no involvement; decent work is not a pertinent operational concept and ILO is not visible at the local level. The broad consultations for the ZDWCP involved tripartite partners - government, Employers Federation of Zimbabwe (EMCOZ) and ZCTU. In this national program the objective was to integrate decent work into the country’s development plans with Zimbabwe selecting to prioritize Millennium Development Goal 1 on poverty reduction, Millennium Development Goal 3 on social protection and reduction of the impact of HIV and AIDS at the workplace and Millennium Development Goal 6, on upholding and strengthening social dialogue and tripartite consultation.

For the decent work concept to succeed and be more pertinent at the local level, it is imperative that the ILO (in Zimbabwe) broadens its work beyond “traditional stakeholders” and expand to work with more micro-level partners as well. It is important to note the macro-nature of the ZDWP and hence the need to translate it to local level actions. HIV and AIDS at the workplace appears to be a key activity area of labour unions for a long time now and can be linked with job creation around the informal sector to provide a package that responds to the country and Bulawayo needs.

Recommendation 1: We recommend that work to reduce HIV and AIDS at the workplace not only be strengthened but also broadened and used as a launch pad to consider other

aspects of decent work especially gender, occupational accidents and post accident care⁶³. To be more visible, the ILO should take a multi-pronged approach at the local level; working with NECs, with local authority unions and the local authority strategic teams, as well as collectively with all of them. Secondly, the priority to promote dialogue can be used to continue debates on broader issues of employment creation and poverty alleviation where Bulawayo City is already well positioned to be receptive considering its work in the urban agriculture sector and the best practice in industrial incubators.

The purpose of the study was to collect information and compile it to provide a picture of conditions on decent work in Zimbabwe broadly and in particular to Bulawayo City and the construction sector. Taken narrowly, the construction sector's contribution to employment and to national income is very low, 5% and below. Respondents often queried why the study focused on this sector. However, if taken broadly to consider backward and forward linkages with related activities, then the contribution of construction is extensive.

The study also had to identify current and potential roles played by Bulawayo City in promoting decent work. This chapter revisits these key questions and picks on some of the key conclusions noted in the preceding chapters regarding conditions of decent work, best practices and then cite a few recommendations that could be taken up by local authorities (and ILO) to promote decent work.

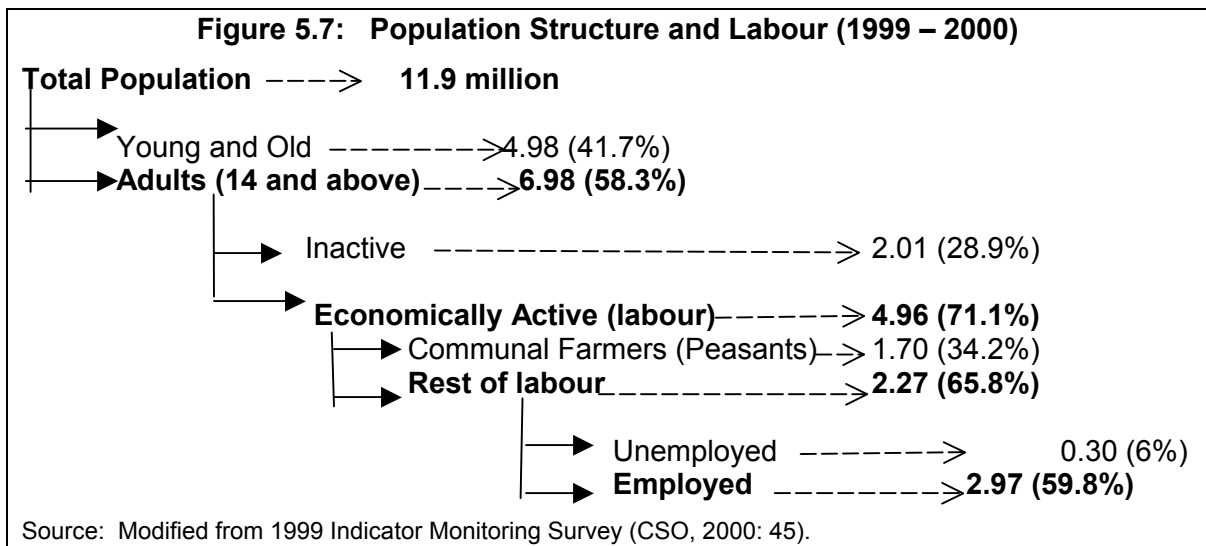
5.4.2. Methodological and Conceptual Considerations

The research objectives and methodology made assumptions about data and information availability. In Zimbabwe, while information may be available, it is not always compatible with the format for compiling decent work stipulated for this research. Attempts to use some of the information would lead to misleading conclusions. The measurement of employment and unemployment rates may be a good theme to illustrate this point and help clarify some of the prevailing differences in the unemployment figures reported on Zimbabwe. Common to all the censuses and labour surveys is an attempt to capture the population structure of the country as depicted in Figure 5.7 for 1999/2000.

This disaggregates the population to expose the different categories and highlight the labour dimensions. However, unlike the 1999 Indicator Monitoring Labour Force Surveys (CSO, 2000:45), the 2002 census (CSO 2002:83) does not display dis-aggregation to show communal farmers component (peasants) within the economically active population. Ideally, the economically active population should be split to reveal the unemployed, the communal area farmers (peasant) commercial farm workers, the rest of formal employment, informal sector employment and the unemployed.

The inclusion or exclusion of peasants and the informal sector has also varied, with most international organizations and NGOs putting these in the unemployed category. As we saw in Chapter 5.3, there is no consistency in the methods used for data collection over time and across institutions. Even within the CSO, there are variations. The 1997 Inter-Census Demographic Survey (ICDS) analyzed activities for the 10-14 year age group while the national census of 1992 did not. We also noted that the CSO definition of children switches from 10-14 years, 5-17 years and also to 5-14 years old.

⁶³ Interviews with Moyo, ZUCWU and ZCATWU.



In the national census for 1992, the broad definition of unemployment was used yet all other census and surveys before and after have used the strict definition. In the strict definition, unemployed persons are those of age 15 years and above whom, during the period of reference, were without work and actively seeking employment. The indicators of actively “seeking employment” used in surveys do not capture the social capital based methods utilized by most unemployed people. In the broad definition, the difference is that the criterion of “actively looking for work” is excluded. Using the strict definition, as in the majority of cases by the Zimbabwe government, leads to statistically low levels of unemployment. The reference period has also been used selectively between 7 days and 12 days with the 1982 census and all the IM-LFS using 7 days while the 1992 and 2002 census as well as the 1987 and 1997 ICDS have used 12 months. Thus figures for employment and unemployment rates vary depending on whether the strict or broad definition has been used, whether long or short reference point is used, and how the peasants and the informal sector are treated in the definition of the employed.

Importantly as well is the fact that the environment of political tensions and economic crisis has made data sharing and research a very sensitive issue. Individuals and institutions feel so insecure that they are not prepared to release even what should be routine administrative and public information (e.g. NSSA office in Bulawayo). These prevailing perceptions make data collection more difficult and research less plausible. A major methodological feature of the work is that statistics collected for different purposes and at different institutional levels either do not add up or tell only part of the story. It would be more fruitful if data collection for this decent work framework could be repeated in subsequent years and mainstreamed into the work of key institutions such as CSO, NSSA, NECs and ZCTU.

Recommendation 2: We recommend that the ILO should strengthen its dialogue with CSO and NSSA regarding data collection, and format of analysis. This dialogue should target the periodic surveys done especially by the CSO with a view to incorporate decent work data frameworks into the design of the data collection and analysis.

There has to be an obvious benefit to all these organizations before they can adopt some of the given frameworks or indicators. NSSA for example is best placed and has shown willingness to improve its data compilation exercises and, in particular, to add the element of hours lost to the economy due to workplace accidents and injuries. Secondly, there has

to be some pressure from constituencies like the labour movements and NECs for such mainstreaming to gain ground. As part of the national decent work program, strengthening of NECs as the partnership platforms for all stakeholders in promoting decent work would be needed in the short or medium term.

Statistically, the empirical level or unit of data collection is important; whether the research uses data from individual workers and their unions at shop floor level; whether data comes from regional and national representative organizations, or whether it comes from national authorities and departments such as CSO and NSSA. This study attempted to get data from all sources although it is clear that a comprehensive shop floor level study for the construction sector is needed.

5.4.3. Best Practices and the Role of Local Authorities

5.4.3.1. Equality and the indigenization policy in the construction sector

At independence in 1980, the construction industry was dominated and controlled by members of the Construction Industry Federation of Zimbabwe (CIFOZ) whose purpose was to serve and preserve the interests of large White dominated construction firms. The indigenous Blacks were excluded from this club not only through racial structures but also as a result of skewed access to technology, financial resources and expertise. The new majority government was keen to reverse this disadvantage, but it took time to bring change to the construction sector. Around 1985, a group of indigenous contractors came together to form the Zimbabwe Building Contractors Association (ZBCA) an association that grew to be the largest single representative of indigenous small and medium size contractors whose 2006 membership was estimated at about 500 (interview with Sibanda, former ZBCA President, 2006)⁶⁴. It lobbied the government to implement affirmative actions in support of marginalized Blacks in the construction sector.

Although many groups campaigned for deeper and clearer policy on indigenization and an affirmative economy wide, in the construction sector the breakthrough only came in the early 1990s, at the instigation of the World Bank. In its work in Zimbabwe, the World Bank realized the unsustainable nature of inequalities in the construction sector and urged the government to address the marginalization of indigenous agents. The explicit outcome of this was Government of Zimbabwe Treasury Circular Number 2 in 1993. That the policy instrument on construction came from The Ministry of Finance and not that of Construction further illustrates the hand of the World Bank in the change (Sibanda, 2004). The incentives offered by Bulawayo City as described in the section on urban development should be considered also in light of this indigenization question.

Treasury Circular Number 2 in 1993 made it mandatory for all members of CIFOZ to subcontract between 7.5% and 15% of the contract value of projects to indigenous members of the ZBCA; that all government and parastatal projects award at least 10% of the project work to ZBCA members and that all tenders not more than three million Zimbabwe dollars be awarded to ZBCA members only (GoZ, 1993). It was envisaged that the policy would be reviewed with the involvement of both CIFOZ and ZBCA and mindful of the capacity within ZBCA to absorb all such work. Towards the end of the 1990s, further indigenization policies were initiated in the economy as outlined, for example, a

⁶⁴ Five years earlier, The Business Herald put the figure at 120 (one hundred and twenty) only. See "Building Materials Up 56pc, says CSO" The Business Herald, Harare. 26th April 2001.

policy framework for indigenization in the Zimbabwe economy⁶⁵. For purposes of the 1993 and subsequent affirmative action policies in the construction sector, an Indigenous Building Contractor was considered as one properly registered with and approved as such by both ZBCA and the Ministry of Public Construction and National Housing.

It is within this context that local authorities have implemented programmes to support local indigenous contractors. Without affirmative action, indigenous contractors were left to bid for the hard to do and remote contracts that CIFOZ members would not be interested in⁶⁶. While not all ZBCA members have made progress, a review of G.G. Hardware and Construction (Pvt) Ltd. clearly showed a slow diversification from small and public sector projects in the 1980s and early 1990s to larger as well as private sector jobs in the late 1990s and after 2000. With greater experience and resources bases G. G. Hardware moved from small projects of between 15 to 30 housing units in Bulawayo's high density suburbs around 1991 -1993 to bigger and private sector projects of up to 200 housing units each such as the Mimosa Mining Company Phases 1 and Two projects in 2002 (G.G. Hardware and Construction, 2006).

Over the years CIFOZ and ZBCA have operated in competition including in debates on the definition of "indigenous Zimbabwean contractor". Within the changing political and economic environment, there seems now to be agreement that the two bodies should merge into one and that within this single organization there will be greater ability to withstand pressures from globalization. The experience of the past two decades will be used to maintain regulations that allow smaller and formerly marginalized groups to get reasonable construction projects. While all key informants were of the view that the merger is imminent, there was no clarity as to how mechanisms to achieve inclusion would be enforced. This is an issue worth monitoring.

5.4.3.2. Managing centre local relations

We concur with Mutizwa-Mangiza (1991) that the fortunes of a local authority (and that of Bulawayo City in particular) depend precariously on the fate of the economy (local and national) and the political economy relations the authority has with central government. The relationship with local residents and business can also be added to this. The study has shown that, comparatively, Bulawayo City retains its high degree of political and administrative autonomy. It has earned high respect from central government and works well in partnership with business, workers and residents⁶⁷. Bulawayo City leaders expressed confidence that despite the prevailing economic challenges and acrimonious party politics, Bulawayo's autonomy vis a vis central government would endure although Sachikonye (2006:16) considers otherwise. However, the economy has become one of the most difficult challenges facing Bulawayo. Dimensions of this problem often beyond the control of the city authorities. It is this context that has shaped Bulawayo's best practices of the past and calls for new approaches in the future.

⁶⁵ The fast track land reform of 2000 and beyond is often referred to as a broader form of indigenisation of the economy.

⁶⁶ Interview with ZBCA member, Bulawayo, April 2006.

⁶⁷ Confirmed by both officials and representatives of Municipal workers

In Chapter 5.3, the study presented a series of indicators and conditions regarding the four components of decent work followed by detailed discussions of legal changes and the frameworks for social dialogue. Among the conclusions, while there have been improvements in legal provisions for decent work compared to previous decades, the practical experiences are not as positive for workers in government, for casual workers and for women. The role of Bulawayo City in most areas of decent work is marginal largely due to the institutional division of labour as prescribed by law. However, a range of best practices have been noted especially in areas of strategic planning and urban development that all directly and indirectly create a climate conducive to improvements in decent work. We revisit some of the best practices.

5.4.3.3. Realistic strategic planning and citizen participation

Bulawayo City has used the existing planning legislation to implement planning processes that involve and respond to community and business needs. The strategic plans have provided certainty for investors and residents alike. The Master Planning process and outcomes in the early 1980s as well as the recent ones at the turn of the millennium have shown Bulawayo City to be a leader among other local authorities in the country. Not only has it followed laid regulations, it has been innovative enough to accommodate a range of informal sector activities such as tuckshops, phone shops, and urban agriculture. Bulawayo has a dry climate compared to other areas to the north east of the country. While other local authorities have continued with prohibitive measures against urban agriculture, Bulawayo has recognized the activity, and has since 2000, put in place a promotion programme that tackles poverty as well as environment challenges in a way that is compatible with long term strategic needs of the city. The Netherlands based RUAF Foundation and SNV are key international partners in this endeavour.

The Master Planning process has utilized local experts in contrast to cities elsewhere in Africa that still depend on international consultants. Public consultation was central to the strategic planning and continues in the local planning process making use of the 'Citizens Charter' with organizations such as Bulawayo United Residents Association, Bulawayo Public Transport Association, Bulawayo Affirmative Action group, Churches, NGOs, Zimbabwe National Chamber of Commerce, and the Government of Zimbabwe. Similar consultations also take place annually at various stages of the budget cycle. While the process does not equate to full citizen empowerment, it does indicate that Bulawayo values contributions of those stakeholders in its administrative area and seeks to work in partnership with all of them.

Recommendation 3: We recommend that the dialogue between Bulawayo City and the tripartite partners should continue to seek solutions to the water problems and to encourage business investments that exploit Bulawayo's hinterland and proximity to markets in South Africa.

5.4.3.4. The role of Bulawayo in promoting employment creation

Chapter 5.3 showed that since the 1980s, Bulawayo City forged partnerships with the private sector, government and donors (e.g. World Bank, USAID) to implement infrastructure and urban development programs. Key to this partnership has been transparency in that Bulawayo City has put up clear indicators and incentives that enable all stakeholders to take part. These incentives as described in Chapter 5.3 were utilized to promote the indigenization program although the gender dimension appears missing and would need to be promoted more explicitly in years ahead.

As part of the indigenization program and to create employment, Bulawayo City has promoted explicit training programs and incubator schemes. Bulawayo's Kelvin North incubator project is probably the most innovative and still vibrant enterprise promotion exercise. The council built factory shells that are allocated to beneficiaries on five year leases. It was hoped that beneficiaries would start small industrial production activities and at the end of the five year period should have grown bigger and able to move to new "open market" premises. The shells would be advertised and new tenants brought in at the end of the five year period. At the time of survey in March – April 2006, almost all of the shells at Kelvin North were occupied and although carpentry enterprises were the most dominant, metal work (producing door and window frames, for example), battery recycling and textiles were also some of the vibrant enterprises.

While key informants viewed Kelvin North as a successful project, Bulawayo City Officials conceded that there is need for a thorough review of the program to identify the origins and destinations of the beneficiaries. Without a detailed survey and analysis of the administrative records, it was not possible to tell whether and what proportion of the Kelvin beneficiaries were from the school leavers training program compared to those retrenched from formal industry. At the same time, the policy objective that beneficiaries "grow" out of the incubators appears not to be met. Monitoring and enforcing of the five year leases has been minimal with allegations of misuse made by key informants at the site.

Of the 46 incubator shells at Kelvin North 1, about 46% were operating under sub-letting arrangements where the operator had no lease with the local authority while 85% of the registered leases had expired in 2004. In the case of Kelvin North Phase 2 leases to 15 of the 16 incubators had expired in 2005 and seven of the operators were running under sub-letting arrangements. Certainly there is significant activity taking place at these project sites but whether these remain within the expectations of council needs to be reviewed in detail as part of council policy evaluation exercises.

Recommendation 4: As noted, with the current economic climate and the fact that the incubators shells have operated for a long time, there is need for a comprehensive evaluation to see if the original policy objectives need to be revisited; a point that senior administrators conceded and promised to look into if resources to do so can be made available in the short term. The ILO could contribute financially to this detailed evaluation

5.4.3.5. Bulawayo and the promotion of cooperatives

The formation and operation of cooperatives is currently guided by the Cooperatives Societies act [1990 as revised] under a Register of Co-operatives in the Ministry of National Affairs, Employment Creation and Cooperatives. It is within this framework that the Kelvin North Training Centre was initiated around 1992-1993. At their peak, there were up to twelve building cooperatives with a total membership of 120 and many more labourers employed on a casual basis. With the ongoing economic hardships, only one cooperative remains in 2006. They build houses running into hundreds but officials are not able to provide an exact figure for this. There were also three cooperatives dealing in metal work (whose peak membership was 60) but only two remain in 2006. Other co-operatives initiated for crafts, agriculture, arts and drama have also found it difficult to remain in business since the economic difficulties of the post 2000 era.

5.4.3.6. Obstacles and potentials for decent work promotion in Bulawayo

Decent work promotion has never been a direct policy arena for the Bulawayo City Council largely due to the way its responsibilities are defined in the statutes. However, all its activities in service delivery and translation of government policy into local programs can be deemed to be indirectly relevant to decent work as well as in its relations with its own employees.

A key area of potential is in employment creation or setting the conditions that enable investment. While the city has done a lot to provide infrastructure, land and incentives to invest, its city marketing strategy does not seem to have taken a vigorous regional approach in order to capture the potentials offered by existing transport infrastructure, population flows and the potentials arising from proximity to Botswana and South Africa. It also has to begin to make the best use of the National University of Science and Technology.

Obstacles to decent work in the area of employment creation include the negative image of Bulawayo as water scarce and laid back city as witnessed especially during the drought and water crisis of in 1991/1992. There is a global awareness regarding the need to deal with climate change and the future of “desert cities”. Bulawayo needs to be put in this bracket of cities and support mobilized to deal with its water problems. It suffers from the negative impacts of the ESAP that led to de-investment in manufacturing.

Centre local relations are also essential. While direct interference by government is not at levels similar to cities like Harare and Mutare, Bulawayo suffers from contradictions of being perceived as a perennial home of the ruling party’s political opponents; first as home to ZAPU until 1987 and to MDC since 1999. The “neglect” of central government in making timely investments in the water capacity for the city is often cast in these political contradictions (Zaaijer, 1998).

The potential to play a role in areas such as social dialogue, health and safety at work, equality and so on all depend on the room for manoeuvre provided in the legislation and centre local relations. In the future, the role of Bulawayo in these areas can only take a policy and regulatory role in partnership with employee and employer organizations.

5.4.4. Opportunities for Future Local Authority Activities

5.4.4.1. Women’s rights at work and health and safety in the construction sector

Current health and safety work of the labour movement and workers has rightly focused on HIV/AIDS with a view to use the workplace as a source of information on the epidemic to disseminate best practice among workers regarding protection and to deal with those affected. The theme is also very central to the recently unveiled Decent Work Country Programme. The program has scope for further improvements at the local level.

Recommendation 5: First, the ZDWP priority could be the most appropriate framework to mainstream the sexual and labour rights of women in the work place. Using the same platforms, specific gender issues affecting women in the construction sector can be given a more central role with a view to change behaviours of men as well as management practices. In particular, clarity on definitions of harassment, based on women’s experiences in the construction sector, would need to be more explicit together with the

penalties against violations. This is not an issue for the construction sector alone but for the entire Zimbabwe labour force although those in the construction sector could benefit from experiences of counterparts in other parts of the world.

Key informants in Bulawayo and the literature show that there have been improvements in the legal provisions that benefit women in areas such as maternity leave etc. However, in practice both workers and officials at the local level are not well conversant with how this applies and often have to refer to the Ministry for clarifications. A key aspect of gender equality is to evaluate the extent to which the new legal provisions are understood and implemented. Then, achievements can be used as a process to build confidence in the use of the new legal provisions among all those involved.

A second point is that occupational health and accidents at work remain a key issue that needs to be addressed particularly the underreporting phenomenon both in the formal and informal sector. The existing systems are overstretched but could be effective with more local level inter-institutional dialogue and harmonization of systems. The proposed decent work audit would provide a construction project based framework to revisit issues of health at work and give the local authority an entry point to promote conditions of workers even if these are not its employees.

5.4.4.2. The Informal Sector: Opportunities in Bulawayo

The need to promote the informal sector as a generator of employment was recognized as far back as the Growth with Equity policy document and the First National Transitional Development Plan (1982-85). Through S.I. 216 of 1994 enacted in terms of the Regional Town and Country Planning Act, government relaxed controls giving local authorities room to permit employment creation activities in residential areas. Activities such as tailoring, bookmaking, wood and stone carving, car repairs, carpentry, shoe repair and tin smithing are some of the activities that blossomed. In Bulawayo, this report has given best practice details in the provision of industrial incubators (e.g. Kelvin North). These complimented a broader “Home Industries” policy promoted throughout the country in the late 1980s and 1990s in which city councils provided serviced land for commercial SME activities close to low income residential areas. The policy environment also led to informal activities even in the CBD areas especially following the ESAP years in the 1990s.

Chapter 5.2 pointed to the rapid growth of the informal sector since 1990 and noted the shifts from manufacturing to trading and services in both the formal and informal sectors. Kanyenze et al. (2003) further noted that in the informal sector over the same period, women have been squeezed out of the manufacturing sectors to services and trading and, secondly, from larger operational units to smaller and smaller ones. However, in general, despite this growth in informal sector jobs and these internal changes, no detailed studies on decent work are available. TARSC (2003) flagged occupational health issues but these remain a key concern especially in the context of HIV and AIDS⁶⁸. Thus any future decent work initiatives in the informal sector have to grapple with gender and occupational health just as was noted with the economy in general.

In May to July 2005, the government launched Operation *Murambatsvina* (OM) that destroyed a significant stock of these informal enterprises and settlements throughout the country as a way to deal with perceived economic and environmental problems in urban areas (GoZ, 2005c). NGOs and the “international community” condemned the policy and

⁶⁸ See “Informal Sector Exposed”, The Herald, Harare, Friday, 30th June 2006

have continued to harp at the negative impacts on people's livelihoods⁶⁹ while debates on why the government launched such action remain (Sachikonye, 2006; Potts, 2006). Unfortunately the few detailed studies done on the impact of this policy have not included Bulawayo (Sachikonye, 2006). But it appears as if the OM was a reversal of the government's S.I. of 1994. Rulings of the courts in Bulawayo regarding this policy have directed all the parties to move forward through dialogue and Bulawayo City is pursuing this vigorously.

However, following OM, there is an ongoing vigorous and visible countrywide re-organization and re-location of small enterprises and informal sector activities. This offers new opportunities to support employment creation and decent work dialogue. There is need to create jobs through the informal sector as a good opportunity not only to evaluate the impacts of Operation Murabatsvina but also as a window through which the ILO can make itself visible at the local level in ways that address urgent economic national needs.

Recommendation 6: We recommend that in Bulawayo, the ILO encourage stakeholders to revisit the role of the informal sector making use of experiences from the home industries and industrial incubator programs. The dialogue on job creation would seek to move beyond Murambatsvina in ways that meet needs of the poor while upholding the standards expected by government into which the decent work standards can be mainstreamed.

We recommend that the ILO should support detailed research and documentation into the dynamics, employment and economic impacts of informal sector construction in Bulawayo including the role of Diaspora "injiva". This is a feasible short term project that would act as a focal point for a broader policy and program formulation of the informal sector in Bulawayo post Murambatsvina. The project can have direct impact into the Reserve Bank of Zimbabwe's Homelink project.

In sharing of knowledge and experiences on decent work and the informal sector should cascade to cities in Zimbabwe in the short term (1-2 years) and to cities in the SADC in the medium term (2-5 years) and others in Africa such as Nairobi (Kenya) and Accra (Ghana) where programs to reposition the role of the informal sector are also ongoing.

It was not possible during the course of the survey, to discuss contents of this report with all key informants and other stakeholders. Some of these requested that they be given copies of the report for use in their organizations. Consequently, in the short term, resources should be found not only to distribute the report but to also debate its contents with key stakeholders in Harare and Bulawayo as part of broadening the pertinence of decent work in the construction sector and beyond.

5.4.4.3. Future activities: Bulawayo's procurement dividend and the decent work audit

As a local authority, Bulawayo has expertise and experience in using environmental and financial audit schemes (Bulawayo, 2000). It also has demonstrated commitment to partnership with the private sector, government, workers and its residents. Donors have also worked with Bulawayo City in the past, and even in the current climate of economic decline, some international organizations have invested their resources to help with the

⁶⁹ See Zimbabwe Report at <http://unhabitat.org>. See also A Study on the impact of "OPERATION MURAMBATSVINA/RESTORE ORDER" in Zimbabwe, ActionAid International – Southern Africa Partnership Programme (SAPP-ZIMBABWE) in collaboration with Combined Harare Residents Association (CHRA) and Zimbabwe Peace Project (ZPP), August 2005; see also Zimbabwe Report at <http://unhabitat.org>.

city's urban poverty programme. Crucially, Bulawayo City is not only a large employer in the city; it is a consumer of resources and services, a purchaser and commissioner of extensive building and construction related work. With its resources and all these attributes, Bulawayo City has the most potential impact to change people's welfare, to build stronger local economies and sustainable communities. Most crucially, it can and should use the above assets to respond to the challenge of decent work and in particular to help change attitudes and patterns of both worker and corporate behaviour among all those operating within its area of jurisdiction.

Recommendation 7: We recommend that using its procurement services and also the commissioning of construction works, Bulawayo City can put in place a decent work audit scheme that will act as a policy instrument to encourage and reward those organizations and institutions that strive to promote decent work. The indicators to the audit would be used in line with priorities of workers and the ZDWCP - progress on health and safety at the workplace, progress on reducing HIV and AIDS impacts at the workplace, gender and social dialogue - progress as assessed largely by the workers themselves.

There is synergy between what the local authority does, and the patterns of behaviour and welfare of people in the city. Within the climate of partnership that prevails between Bulawayo City and other actors, the decent work audit scheme would operate in tandem with the environmental management audits and EIAs. The key is that it is not Bulawayo City alone that will do the monitoring but all the stakeholders within the local partnership. The NECs, NSSA, employer and employee unions would be encouraged to incorporate these audits in their negotiating forums. As part of the tendering process, Bulawayo City would reward and award contracts to those making progress towards meeting decent work conditions for their workforce.

There are obstacles that would work against this recommendation in the current context. There is weak institutional capacity at the level of construction industry NEC and worker's organization in Bulawayo. It is these and the constituents they represent that would benefit most from the scheme. Consequently, capacity building and investment in manpower in these institutions is needed as part of the broader programme of decent work and to ensure that the decent work audits make a difference in practice.

Employers are likely to view such a decent work audit as just another unnecessary burden considering the challenges of operating in a hyperinflationary environment such as that of Zimbabwe. It may be useful therefore to promote the scheme more forcefully only when the economy starts to recover. A further challenge is that of informal sector workers and employers who are outside the existing administrative regimes and would thus be difficult to incorporate the audit scheme.

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List of Terms and Abbreviations

AIIPA	Access to Information and Protection of Privacy Act [CAP 10: 27] No. 5/2002. Harare: Government Printer
CABS	Central Africa Building Society
CBA	Collective Bargaining Agreement
CIFOZ	Construction Industry Federation of Zimbabwe
<i>Chimurenga</i>	Revolution or national uprising. Term used to describe uprising of Africans against colonial intrusion in the 1890s (<i>First Chimurenga</i>) and armed struggle for national independence in the 1970s (<i>Second Chimurenga</i>) the ongoing land reform, struggle for economic independence and sovereignty (<i>Third Chimurenga</i>)
CSO	Central Statistical Office
EIAs	Environmental Impact Assessments
EPZ	Export processing Zone
GDP	Gross Domestic Product
GoZ	Government of Zimbabwe
<i>Hlalani Khule</i>	Also called ' <i>Garika</i> ' the ongoing housing program following Operation Restore Order.
HDI	Human Development Index
ICDS	Inter Census Demographic Survey (s)
ILO	International Labour Organization
IM-LFS	Indicator Monitoring Labour Force Survey (s)
Incidence Rate:	Is the number of injuries per 1000 insured labour force
<i>Injiva</i>	A status term used to describe those Zimbabweans working abroad especially in South Africa - supposedly 'rich'
Insured Labour Force:	Is the populations at risk of being injured or contracting an occupational disease. Ideally it should include all working persons. For Zimbabwe, the insured populations is taken as that insured under the National pension Scheme.
LED	Local Economic Development
MDC	Movement for Democratic Change – Opposition Political Party.
NAC	National Aids Council
NEC	National Employment Council
NEPAD	New Partnership for Africa
NPS	National Pension Scheme
NSSA	National Social Security Authority
Occupational injury:	is defined as an injury resulting from an accident during the course of employment
<i>Operation Murambatsvina</i>	"Tsvina or 'Swina" is dirt and Murambatsvina/Murambasvina means he or she who is tidy and does not want dirt. Operation Murambatsvina or Restore Order was government's label for the 2005 program to relocate and reorganize urban informal sector activities.
POSA	Public Order and Security Act [CAP 11:17] No. 1/2002. Harare: Government Printer.
SADC	Southern Africa Development Community
S.I.	Statutory Instrument
Stand	A term used in Zimbabwe to refer to any undeveloped piece of land or plot reserved for development (industrial, commercial,

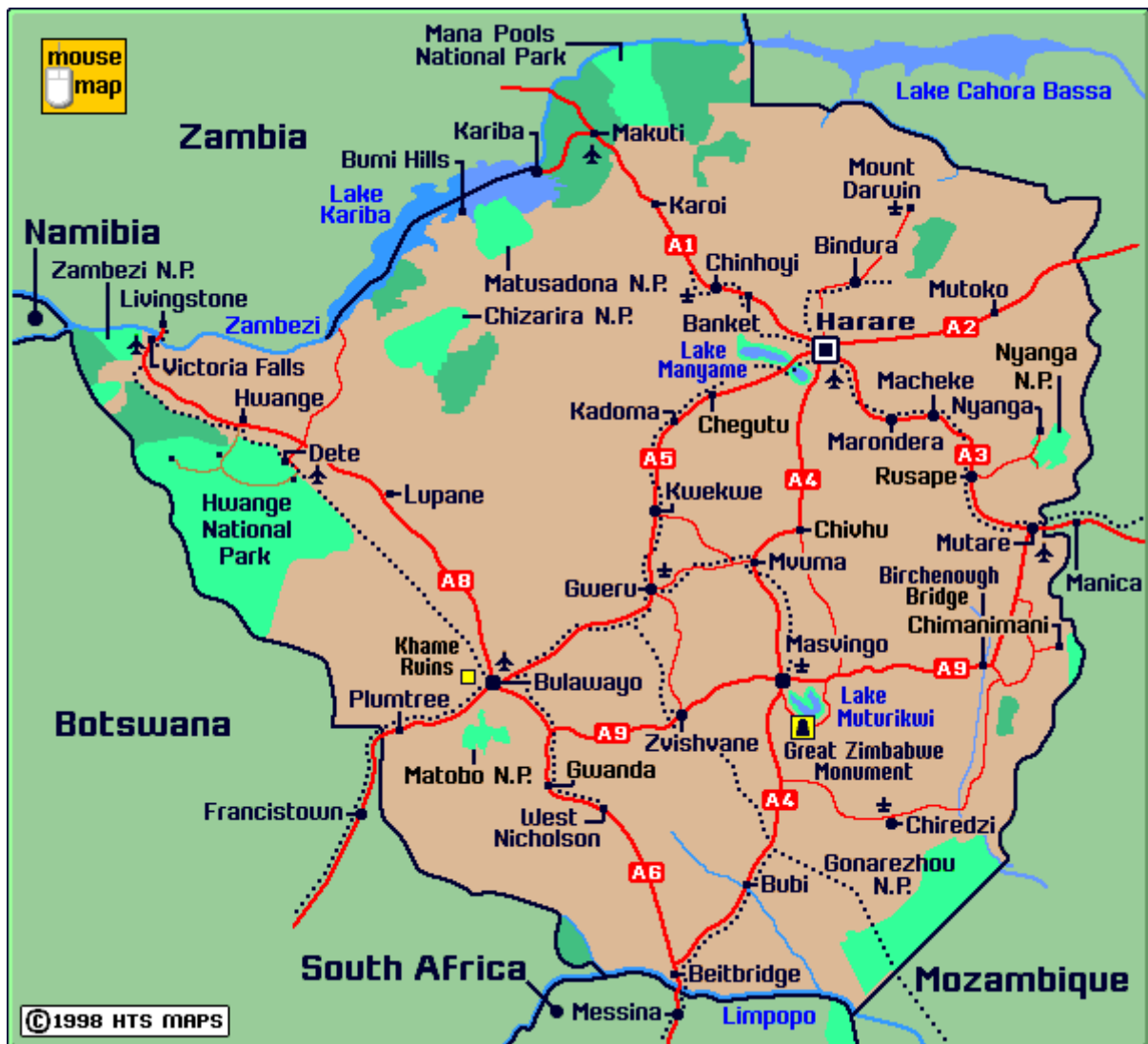
housing, services etc) irrespective of whether it is serviced, surveyed or not.

TNF	Tripartite Negotiating Forum
WCIF	Workers' Compensation Scheme operated by Ministry of Public Service and Social Welfare.
ZANU (PF)	Zimbabwe African National Union (Patriotic Front).
ZAPU	Zimbabwe African People's Union
ZBCA	Zimbabwe Building and Construction Association
ZCATWU	Zimbabwe Construction and Allied Trades Workers Union
ZCTU	Zimbabwe Congress of Trade Unions
ZOHSC	Zimbabwe Occupational Health and Safety Council
ZUCWU	Zimbabwe Urban Councils Workers' Union

Ministry of Public Service and Social Welfare, it operated the Workers' Compensation Scheme (WCIF).

Annex 5.1

Map of Zimbabwe: Regional Location of Bulawayo City



Annex 5.2

List of respondents

Institution	Dates
General Manager National Social Security Authority Selous Avenue/Sam Mujoma Street Harare	5 th April 2006
Assistant General Manager, Chief, Research and Development Officer, Occupational health and Safety National Social Security Authority Selous Avenue/Sam Mujoma Street Harare	3 rd – 5 th April 2006
Assistant General Manager, Benefits and Records National Social Security Authority Selous Avenue/Sam Mujoma Street Harare	3 rd – 5 th April 2006
National Social Security Authority Bulawayo Office	10 th April
The Director of State Pensions Mukwati Building, Harare	5 th April
Director of Social Services Ministry of Public Service, Labour and Social Welfare Compensation House, Harare	19 th April
Health and Safety Officer Zimbabwe Congress of Trade Unions, HQ, Chester House, 3rd/Speke Avenue, Harare	31 st March
Zimbabwe Congress of Trade Unions, HQ, Chester House, 3rd/Speke Avenue, Harare	March and July 2006
National Professional and Programming Officer, Decent Work ILO, Sub Regional Office for Southern Africa, Harare	31 st March
General Secretary, Zimbabwe Construction and allied Trades Workers' Union St. Barbara House, Harare	20 th April
Deputy General Secretary Zimbabwe Construction and Allied Trades Workers' Union St Barbara House, Harare	20 th April
Administrative Secretary Zimbabwe Construction and Allied Trades Workers' Union, St. Barbara House, Harare	20 th April
Zimbabwe Construction and Allied Trades Workers' Union, Bulawayo	10 th April
Secretary National Employment Council for Engineering and Iron and steel Industry, Matabeleland and Midlands regions, Bulawayo	10 th April
Designated Agent National Employment Council for the Construction Industry of Zimbabwe Bulawayo Office Mimosa House, Bulawayo.	10 th April

Vice Chairman of Zimbabwe Congress and Trade Unions, Western Region and Secretary General Zimbabwe Railways Artisans' Union Bulawayo.	10 th April
Reliance Construction Pvt. Ltd. Beverley Building Bulawayo Former President Zimbabwe Building Contractors Association (ZBCA) also Vice President Zimbabwe National Chamber of Commerce	10 th April
Managing Director G.G. Hardware and Construction Pvt. Ltd Bulawayo	11 th April 2006
Managing Director Belmont Construction Pvt. Ltd 19 Falcon Street Belmont, Bulawayo	11 th April 2006
Director Tzircalle Brothers Pvt. Ltd Has been on Four Occasions Chairman of Construction Industry Federation of Zimbabwe	11 th April 2006
Director of Housing and Community Services City of Bulawayo	12 th April 2006
Director of Planning City of Bulawayo	12 th April 2006
The Town Clerk City of Bulawayo P.O. Box 591 Bulawayo	12 th April 2006
The Mayor City of Bulawayo	12 th April 2006
Chairman Zimbabwe Urban Councils Workers Union, Bulawayo Branch	13 th April 2006
Builder, Pumula South	12 th April 2006
Training and Research Support Centre P.O. Box CY 2720 Harare	28 March 2006
Labour and Economic Development Research Institute of Zimbabwe (LEDRIZ) (New offices, had no telephone at the time of survey)	19 th April 2006
Institute of Development Studies University of Zimbabwe P.O. Box MP167 Mt. Pleasant	19 th April to July 2006

Head of Department Department of Rural and Urban Planning University of Zimbabwe P.O. Box MP167 Mt. Pleasant, Harare	21 st April 2006
Counter for statistical documents	March to May 2006
Lawyer	15 th – 22 nd May
Economist	18 th March – 26 th March
Trade Union Congress London	February and July 2006.
<ul style="list-style-type: none"> • Pumula South Extension • Kelvin North Industrial Incubator shells • City Centre Markets • Cowdray Park • Nkulumane South 	9 th – 15 th April

Annex 5.3a: Inventory of Public Land Under Private Hands (Developers) in Bulawayo City in the 1990s – to 2006.

	Developer	Status	Stands Allocated and Area of the city	Year Allocated	Purchase/ Transactions	Development Status 1999	Development Status 2006
1	ZIGEU	Ind.	500 Cowdray Park 3	1995	¼ payment made in 1993	No development yet. To commence development (1999) - signed agreement	Stands paid for in full. House construction about 90% complete. Roads, sewer, water about 60% complete
2	Ministry of Local Government and National Housing	GoZ	500 Cowdray Park 3	1996	No payment to date (1999)	MLGNH requested for a quotation of stand prices and servicing costs (Dec. 1998) No feed back to date	Stands fully paid up and building plans approved. 419 stands serviced and houses built. Working with Council to complete balance.
3	Project Management and Turnkey Project (PMTTP)		5000 Cowdray Park 1 and portion of Cowdray Park Phase 2. 2000 Cowdray Park 3. Total 7079 stands	1996	Partial payment for Phase 2. No payment made for Phase 3.	Completed Phase 1. Currently working on portion of Phase 2. No Progress on Phase 3.	Phase one fully paid up and building plans approved. 6079 stands fully developed and occupied. Balance of stands swapped with stands in Pumula South currently under development.
4	Zimbabwe Building Society (ZBS)	Ind.	2000 Stands - Cowdray Park 2.	1996	No payment made so far	Negotiating with contractors and finalising funding	Withdrew due to capacity problems and Council is reallocating the stands
5	Alpha Construction	Ind.	500 Phase 2 Cowdray Park.	1996		Presently constructing roads. However, development has started.	242 stands fully paid for, developed and occupied. 90 stands at various stages of development. 16 fully developed but not occupied. 152 stands not serviced nor developed. Taken to court for double allocation of stands and building across stand boundaries.
6	ZIMAL		10 000 Phase 3 to 4 Cowdray Park	1996	Paid ¼ (deposit) of the purchase price and signed agreement.	Have submitted development programme and commenced development.	390 stands fully serviced but not developed. 223 stands fully developed allocated and occupied; 207 stands being developed; balance of stands now being developed by Council and Government under the 'Hlalani Kuhle' Housing development scheme.

	Developer	Status	Stands Allocated and Area of the city	Year Allocated	Purchase/ Transactions	Development Status 1999	Development Status 2006
7	ZIRUS	Ind.	2494 Pumula South	1997/8	No payment made so far	Developer still sourcing for funds and resources to develop.	Council has reposed all stands for lack of development. To be re-allocated
8	Glenkara Belmont		1000 stands and 699 stands Pelandaba South	1997	No Payment Made	No progress. Land partially serviced with outfall sewer. Slow progress on land purchase negotiation for part of the land to be occupied by the scheme	Only 25% of purchase price paid. No agreement with council and no building plans have been approved
9	NSSA	GoZ	Selborne Park Town Houses Sites A1	1998	No payment made	Unserviced land – no development to date	Council offer has been withdrawn due to lack of progress
10	Hound Investments		Selborne Park Town Houses Sites A2	1993	No payment made	Unserviced no development to date	Council offer has been withdrawn due to lack of progress.
11	Black Consult	Ind	Selborne Park Town Houses Site B	1997	No payment made	No development. No response to reminders	Council offer has been withdrawn due to lack of progress
12	A.G. Georgiades		Selborne Park Town Houses Site C	1997	No payment made	No development. Asked for indefinite extension for payment and turned down.	Council offer has been withdrawn due to lack of progress
13	Siyakha (Pvt) Ltd.	Ind	Selborne Park Town Houses Site C	1997	No payment made	No development. Have asked for six months extension to start project.	Council offer has been withdrawn due to lack of progress
14	Siyakha (Pvt) Ltd.	Ind	Selborne Park Town Houses Site D	1997	No payment made	No development. Developer has requested six months extension to start project	Council offer has been withdrawn due to lack of progress
15	Siyakha (Pvt) Ltd.	Ind	Selborne Park Town Houses Site E	1997	No payment made	No development. Developer has requested six months extension to start work	Council offer has been withdrawn due to lack of progress
16	Project Management and Turnkey Projects		Selborne Park Town Houses Site F	1997	No payment made	No development. Working on building plans.	Council offer has been withdrawn due to lack of progress
<p>Source: Data for up to 1999 was from the Bulawayo City (1999) Outstanding Development of Virgin Land Offered to Private Contractors for residential Development. Town Lands and Planning report dated 15 February 1999 to council on 3rd March 1999. Data for 2000 – 2006 was obtained from key informant interviews and field observations in April 2006. Key: Ind = Indigenous contractor or developer ; Non Ind = Non indigenous developer.</p>							

Annex 5.3b: City Of Bulawayo: Incentive Table (1990s)

	1	2	3	4	5	6	7	8	9	10	11	12	13	
	Land Incentives							Guaranteed Project Approval Time						
	Allocation	Price	Lease Option	Water	Free Land	Property Tax Holiday	Prof. Services	Application	Plan	Plan Fees	Incubation	Accommodation	Electricity	Telecom
a	Employs ≤ 100 people													
b	101-300 people													
c	301-500 people													
d	501-700 people													
e	701-900 people													
f	≥ 901 people													
	G	50%												
Size of Investment (Z\$ million)														
g	≤\$5													
h	5-10 million													
i	11 -30 million													
j	31-50 million													
k	51-70 million													
l	71-100 million													
m	≥ 100 million													
	G					5 Years		30 days	15 days			A	A	A

Key: G = Guaranteed A = Available
 Source: Bulawayo City (1994) Incentives for Development, Projects Committee Team report 22nd March.

Annex 5.4

Occupational Injuries in Building and Construction

	1996	2000	2005
Occupational Injuries in all sectors at the national level	20330	14507	8290
Occupational Injuries in all sectors at city level, Bulawayo	447	3949	2391
Occupational Injuries in the construction sector at national level	1578	926	366
Occupational injuries in the construction sector at the city level, Bulawayo	414	353	135
Source: National Social Security Authority (NSSA), April 2006.			

The figures in Table 5.8 can be used together with the number of insured labour force to compute the incidence rate i.e. the number of occupational injuries per thousand workers. Insured labour force is the number of workers registered with NSSA for purposes of social security. This is compulsory for all workers except peasant agricultural workers, domestic servants and those in the informal sector. So theoretically, all workers in the formal sector are insured workers. The NSSA figures do not include civil servants.

	1996	2000	2005
Insured workers in all sectors at the national level	1143324	1517657	1744267
Insured workers in all sectors at city level, Bulawayo	199335	249287	285545
Insured workers in the construction sector at national level	82662	106954	114900
Insured workers in the construction sector at the city level, Bulawayo	11194	15845	17526
Source: National Social Security Authority (NSSA) Data April, 2006. (See also Annual Report, 2001: 109).			

	1996	2000	2005
Incidence rate in all sectors at the national level	17.8	9.2	4.8
Incidence rate in all sectors at city level, Bulawayo	2.2	15.8	8.4
Incidence rate in the construction sector at national level	19.1	8.7	3.2
Incidence rate in the construction sector at the city level, Bulawayo	37.0	22.3	7.7
Source: Computed from National Social Security Authority (NSSA) data and Labour Survey Statistics, 2006.			

Annex 5.5

National Social Security Authority (NSSA) Benefits: The Accident Prevention and Worker' Compensation Scheme [STATUTORY INSTRUMENT 68 OF 1990]

The accident Prevention and Workers' Compensation scheme formerly known as the Department of Occupational Health, Safety and Workers' Compensation is a worker insurance scheme under the National Social Security Authority. The scheme's main objectives are:

- a) Providing financial relief to workers and their families, when a worker is injured or killed in a work related accident or disease.
- b) Creating an awareness and promoting health and safety at all places of work.
- c) Encouraging adoption of the health and safety legislation through factory and machinery inspection.
- d) Providing rehabilitation services to disabled workers so as to reduce their disablement and return them to their former employment or otherwise prepare them for a useful and meaningful place in society.

Who contributes to the scheme? All employers except government and those employing domestic workers are required by law to contribute to the scheme. Employees do not contribute to the scheme. The employer is required to register at the nearest NSSA office and the minimum insurance premium is calculated using a risk factor depending on the type of industry the enterprise is deemed to fall in.

The scheme offers a number of varied long and short term benefits to employers and employees.

Once an accident has taken place, the employer must initially provide first aid to the worker when he/she is injured and then immediately transfer the worker to the nearest medical centre be it clinic or hospital the employer is then required to report the accident to the nearest NSSA Office after filling in the relevant details on the form WCIF 14 which he/she (employer) should always have at the work place. In cases of serious or fatal accidents, the employer should contact the nearest NSSA office and the Police within 24 hours. All accidents must be reported within 14 days irrespective of whether the worker had completed treatment or not.

Scheme Short Term Benefits include the following:

- A. *Periodic payments to the employee* in respect of loss of earnings. This is a provision of compensatory income where this has been lost or stopped by work related accidents. Guarantee of continual payment of normal monthly wages for the first 30 days following accident. The Authority will only pay a maximum claim of Z\$7,000.0 which is the current ceiling of maximum insurable earnings and a percentage thereof after the initial 30 days. The amount is refunded to the employer or employee.
- B. *Medical Costs*. The payment of all medical fees including transport, drugs, hospital and provision of artificial appliances is catered for by NSSA.
- C. *Funeral Grant*. In the event that an insured worker loses his/her life as a result of work related accidents, this benefit currently pays out a maximum of Z\$3 000.00 towards funeral expenses.
- D. *Lump Sum*. Where a worker's injury results in permanent disablement, compensation will be paid to the worker as a lump sum if the disability is less than 30% or the worker's pension is less than Z\$245 per month. A children's allowance is included and paid according to the number of children; 12 ½ % of the worker's

pension for the first child and up to 32 ½ % of the pension for five children. For the 6th or more children, payment will be at a rate of 1% of the worker's pension or that determined by the General Manager.

Scheme Long Term Benefits include the following:

A. *Worker's Pension.* In instances where the worker's injury results in permanent disablement, compensation will be paid to the worker as a pension. If the disability is more than 30% the worker's pension is more than Z\$245 per month. For injured workers resident outside Zimbabwe, it is possible for them to receive payments of their pension in whatever country they will have relocated to. Children's allowance is paid from 12 ½% of worker's pension for the first child up to 32 ½ % for five children. For the 6th or more children, payment will be at a rate of 1% of the worker's pension or that determined by the General Manager.

B. *Widow/Widower Pension.* If a maimed worker dies as a result of a work accident, the surviving spouse receives 2/3 of the deceased's pension. In the case of two wives, the proceeds will be shared equally between the two. The children will also receive their allowances according to a formula similar to A and B above. If the surviving spouse remarries, they get a lump sum equivalent to 24 months pension.

Other Benefits of the Scheme: *The Rehabilitation Benefit.* NSSA offers full rehabilitation facilities for injured workers at the fully equipped Worker's Compensation Rehabilitation Centre in Bulawayo. The injured workers go through comprehensive treatment and various forms of training to enable their speedy recovery and economic reintegration into society. There is a possibility of an advance against a pension up to a maximum of Z\$10 000.00, but that is only paid if the disabled worker has gone through rehabilitation and needs to purchase equipment for self employment.

Vocational training is a key and integral part of the rehabilitation process. The rehabilitees are offered vocational training in the following areas: carpentry, leatherwork, horticulture, poultry, steelwork and tailoring, to allow them to rejoin society as employable or self supporting members.

Constant Attendance Allowances

These are paid to nurse aides for the services of caring for paraplegic, quadriplegics and blind workers for the life of the pensioner.

Advantages of the Scheme to the Employer

- No added costs in the event of an insured worker getting injured, disabled or deceased. The Authority provides the income and allowances.
- Facilitation of prompt return to work of disabled workers through effective rehabilitation or where possible sustenance of employee.
- Reimbursement of any expenses incurred where employer provides facilities to assist a disabled worker's return to work.
- Advisory service on safe and healthy working conditions for employees and provides safety films and posters for free or at a nominal fee through safety promotion.
- A conducive working environment for the employees.
- All costs e.g. lost time accidents medical aid, medical appliances are catered for by the Authority.
- Authority provides adequate services for the treatment of injuries and diseases arising from and in the course of one's employment.
- Authority conducts independent investigations of accidents at the workplace and gives free advice or corrective measures and adoption of measures to improve the health and safety of employees.
- Authority disseminates information on health and safety issues on a quarterly basis in the On Guard Magazine including national occupational accident statistics.

Annex 5.6

National Social Security Authority (NSSA) Benefits: Pension and Other Benefits Scheme [Statutory Instrument 68 of 1990]

The Pensions and Other Benefits Scheme is based on a 50/50 contribution from the employers and employees resulting in the workers being entitled to a number of benefits after contribution for a minimum set period and having met the qualifying conditions of each of the benefits. It provides an important cushion for Zimbabwean citizens during invalidity, retirement or death of a breadwinner who was a member of the scheme. It is the noble duty of the employees and employers to ensure that contributions are paid to NSSA.

Who is the scheme for?

The scheme is for every working Zimbabwean above the age of 16 years and under the age of 65 who is in permanent employment, seasonal, contract or and temporary employment. This does not include civil servants, domestic workers and the informal sector who are expected to join at a latter stage. And because it is a national scheme, it is a compulsory requirement by law for all Zimbabwean workers who meet this criteria to become members and contribute towards it. Upon joining, every registered employer is issued with as social security registration number and every registered employee is issued with a social security number for life.

The Funding Arrangements

The Pensions and Other Benefits Scheme is financed from equal monthly contributions from the employee and the employer. It is and employer's obligation to ensure that these monies are deducted and paid to NSSA. Contributions should be made for each employee up to the current maximum insurable earnings of \$4000.00 (four thousand). The contribution rate for the Scheme is currently as follows:

- 3% by employee
- 3% by employer

The total 6% is to be paid to the nearest regional office on or before the 10th of each month.

Benefits Offered by the Scheme

There are four main types of benefits offered by this scheme, viz:

- Retirement benefit
- Invalidity Benefit
- Survivor's Benefit
- Funeral Grant

All these benefits are paid either as a one off grant or a pension paid on a monthly basis in arrears.

VI – DAR ES SALAAM CASE- STUDY



Dr. Jill Wells

6.1. Introduction

This case study of the city of Dar es Salaam (Tanzania) set out to examine attempts local authorities to promote employment in the construction industry and related services. But the study is even more ambitious. It aims to assess whether the local authorities in Dar es Salaam are able to create job opportunities with favourable terms of employment and conditions of work, what the International Labour Office has called “Decent Work”. According to the ILO, Decent Work is work that is *“productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men”*⁷⁰.

However the ILO recognizes that in each aspect of “Decent Work”, people around the world face deficits, gaps and exclusions. Nowhere is this more so than in sub-Saharan Africa. In Tanzania only a tiny minority of the economically active population (less than 7%) are engaged in paid employment. And most of those who obtain jobs in the construction sector are likely to be employed as “casuals” for one day at a time on a very low wage, obliged to work for long hours in unhealthy and dangerous environment and with no economic or social security. While in principle they have the right to organize and engage in collective bargaining, in practice there are many factors which prevent them from exercising these rights. The challenge facing the government and local government should not therefore be underestimated. Still the study will show that some things have been achieved against the odds.

The report follows closely the outline provided by the study team. Section 6.2, following this short introduction, sets the scene for the study by providing a brief outline of the political economy of Tanzania, highlighting some key aspects of national development over the past few decades. The structure of the economy is explained through an examination of employment. Section 6.3 outlines the specific characteristics of local economic development, beginning with a synopsis of the evolution of local government in Tanzania before focusing in on Dar es Salaam. The structure of employment and unemployment in the city is described and two key characteristics identified: the growth of the informal sector and of unplanned settlements. Section 6.4 examines the quality of work in the country and the city through the “Decent Work” indicators suggested by the study team. Section 6.5 presents some examples of efforts by the city authorities to promote employment and the obstacles encountered in this task. The final section summarizes the key findings of the case study, highlights specific examples of good practice and recommends actions needed to promote decent work.

⁷⁰ <http://www.ilo.org/public/english/decent.htm>.

6.1.1. Background on Tanzania

The United Republic of Tanzania lies just south of the equator, between Kenya to the north and Mozambique to the south and is bounded on the east by the Indian Ocean. Tanganyika gained independence from Britain in 1961 and Tanzania was formed in 1964 by a loose federation between the mainland and the islands of Zanzibar, Pemba and Mafia. The port city of Dar es Salaam, with a magnificent natural harbour on the Indian Ocean, is the major commercial and trade centre, as well as the de facto capital.

Tanzania has more than 130 different tribes and almost as many languages. But the decision to use Swahili as the national language was a significant factor in unifying the nation. On the mainland 1% of the population consists of minorities (Asians, Arabs and Europeans) although in Zanzibar the population is much more mixed. There is substantial refugee population in the west of the country, 444,000 from Burundi and 154,000 for DRC.

The country has significant natural resources (diamonds, gold, natural gas, iron ore, coal and other minerals). Agriculture is the main economic activity for 80% of the population. It accounts for 43% of GDP and a substantial proportion of exports comprising coffee, cashews and cotton. However, cultivated crops cover only 4% of the land area. With the prevalence of droughts and floods, it is questionable whether the environment is really suited to agricultural production. The problem is that there are few alternatives. Industry is underdeveloped, comprising only 17% of GDP. Mining has picked up in recent years with an increase in the production of gold and other minerals but employs very few people. After a period of stagnation in the 1980s GDP started to grow in real terms from the middle of the 1990s and in recent year growth has been quite impressive. Still GDP per capita is estimated at less than \$300 and unevenly distributed. In 1993 the lowest 10% received 2.8% of the national income and the top 10% had 30%. 50% of the population lives below the poverty line.

Eleven percent of the population is estimated to be infected with HIV/AIDS. Life expectancy at birth fell from 50 in 1990 to 43 in 2002 but rose again to 51 in 2005⁷¹. The population is young with 44% under 15. This implies a high dependency ratio (made worse by the loss of the most productive workers due to AIDS) and a large number of new entrants to the labour force each year.

6.1.2. Methodology

The methodology of the study combined quantitative and qualitative data. The first part of the study involved the collection and analysis of statistical data and other information about employment conditions, specifically in relation to criteria about decent work in the construction sector (formal and informal), at both the national and local levels. Labour Force Surveys were undertaken in 1990/91 and 2000/01 and it was generally possible to make meaningful comparisons between the situation at these two dates and to highlight trends. The Labour Force Surveys are national surveys carried out by the central government. There are no independent local sources of data, but some of the data in the 2000/01 survey was reported separately for Dar es Salaam, although not in 1990/91 so trends in employment in the city are not always detectable. Additional sources of hard

⁷¹ World Bank Country Brief, May 2006.

data were the Employment and Earnings Survey of 2001, the Tanzania Informal Sector Survey of 1990 and the Dar es Salaam Informal Sector Survey of 1995.

Data is available for most (although not all) of the “Decent Work” indicators suggested by the study team. Where statistical data is not available, other sources have been consulted, in particular two studies commissioned by the International Labour Office (ILO) investigating the terms and conditions of employment on 11 large construction sites and in the informal construction sector respectively. Other qualitative data that was collected and analyzed falls into three categories:

- Background material covering aspects of Tanzania’s political, economic and social development in the 45 years of independence;
- Materials describing the legal framework for decent work, including a number of Acts of Parliament and;
- Documents describing and evaluating some of the donor funded initiatives, past and on-going, in Dar es Salaam, including a detailed report of working conditions on one of the projects.

In order to fill gaps in information and to ascertain the views of local officials on the responsibility of local authorities for employment generation, interviews were conducted with key personnel. Dar es Salaam has four councils: three municipal councils and the Dar es Salaam City Council which is responsible for coordination. A total of 8 interviews were conducted with officials of the Dar es Salaam City Council, but only 2 with the municipal councils, who proved to be extremely difficult to pin down. Interviews were also conducted with 2 representatives of the Employers and 2 representatives of the Workers organizations and with the following:

- The Chairman of the Hannah Nassif Community Development Association;
- The project manager of the World Bank Local Government Support Project;
- The manager of the informal construction workers project;
- The Chief Technical Advisor of the ILO project ‘employment creation in municipal service delivery in East Africa: improving living conditions and providing jobs for the poor.

A full list of those interviewed with their position and the date of the interview can be found in Annex 1. All interviews were semi-structured with a short list of key questions, allowing the respondents to talk freely around the subject and express their views in their own words. The author conducted all interviews, with the assistance of Ms. Eva Mbuya from the University of Dar es Salaam, except for those at municipal level which were conducted by Eva Mbuya alone (and mostly in Swahili).

6.2. National development

6.2.1. Historical Perspective

From the end of the nineteenth century until the First World War, Tanganyika was a German colony. In 1918 German East Africa was divided and Tanganyika became a British protectorate under a mandate from the League of Nations. Zanzibar was already administered by the British. Tanganyika obtained its independence from the UK in 1961, Zanzibar not until 1963. In 1964 the two countries merged to form the United Republic of Tanzania.

Tanzania has an elected President who is the head of state and of government. Zanzibar also has a President who is the head of government for internal matters. There are two elected national assemblies, one on the mainland and another in Zanzibar. Until 1995 Tanzania was a one party state. From 1995 it has had multi-party elections but the main party, Chama Cha Mapinduzi (CCM) (Revolutionary Party) still dominates. At the last election in December 2005, the CCM Presidential candidate, Jakaya Kikwete, was elected with 80% of the votes. However, in Zanzibar the population is much more divided and the opposition to CCM much stronger. The last two elections were hotly contested and accompanied by violence, but CCM managed to maintain its hold on power by the narrowest of margins.

Political and economic development in Tanzania in the 45 years since Independence can be divided into three periods, corresponding to the three phases of Government, each phase under a different President and with its own unique characteristics.

6.2.1.1. First phase government (1961-1985)

The first and longest phase under President Julius Nyerere, affectionately known as “*Mwalimu*” (teacher) stretched from Independence in 1961 until 1985 when Nyerere resigned from the Presidency. This was the period of consolidation of the nation and the building of Tanzania’s unique brand of socialism under its single party (TANU, later CCM). In the early years of independence, Tanzania tried to attract foreign investment and build a market economy. But this policy met with little success, as most of the foreign investment in the region was attracted to the more developed neighboring country, Kenya. In this context the ruling party TANU began to rethink its development strategy. The eventual outcome was the Arusha Declaration of 1967 which established the egalitarian and self reliant principles of Tanzanian development and set the country firmly on a socialist path.

Over the next few years the government embarked on a broad programme of nationalization of plantations, industries and financial services. This was followed in 1972 by government takeover of second homes and buildings. Most of those affected were from the Asian business community, many of whom decided to leave the country. The exodus of much of the business community together with a ban on all forms of capitalist activity by members of the ruling party effectively closed the door on the possibility of capitalist development.

The state subsequently embraced the task of developing Tanzania’s fragile economy. In addition to controlling the enterprises it had nationalized, it embarked on an ambitious programme of industrialization. Many of the new industries were producing substitutes for

goods previously imported. The enterprises were large scale and capital intensive and even at the time did not seem very appropriate in the Tanzanian context. While some failed to get off the ground, others were able to survive because they were protected from competition by external tariffs and by their monopoly position in the domestic economy. Although the state owned at least 51% of the shares in these “*parastatal*” they operated with some autonomy and many of them were managed by foreign companies. State owned enterprises also took over the marketing of agricultural products and the state had a monopoly of international trade. According to Coulson (1982) the years after the Arusha Declaration saw a proliferation of public institutions, with parastatals, or government corporations, set up in almost every sector. In 1967 there were 64 parastatals but by 1974 there were 139 and the number was still increasing (Coulson, 1982). By the 1980s there were 450 (Tripp, 1997).

The construction sector did not escape from state control with a state contracting company, Mwananchi Engineering and Construction Company (MECCO) established in 1966 and a state consultancy a few years later. Construction units were also established in many of the ministries, local authorities and parastatals and much of the construction programme was undertaken by direct labour, known locally as “force account”. It was not until the 1990s that Tanzania set out seriously to develop a private construction industry.

Another important plank of Tanzania’s socialist policy was the idea of villagisation and collective farming. Development of the rural areas, where the majority of Tanzania’s population lived and worked, assumed the highest priority in the Arusha Declaration. The policy for the rural areas and the agricultural sector combined the idea of *Ujamaa* (which Nyerere defined as “familyhood”) with that of the earlier village settlement policy, into a policy for the development of ujamaa villages. The movement of the population into villages was seen as a pre-requisite for the development of agricultural productivity and the provision of services to the rural population. A further motivation was the idea that communal working would reverse the trend towards class differentiation in the rural areas. Although movement was supposed to be voluntary and was so initially, after 1970 force began to be applied by over-zealous government and/or party officials. In 1973 the TANU Biannual Conference resolved that within three years the whole of the rural population should be living in villages and by the end of 1975 almost everyone had moved (Coulson, 1982).

By the mid 1970s the state dominated every aspect of economic activity and the party dominated the state. In 1975 the government controlled 65% of wage employment, increasing to 73% in 1984 (Coulson, 1982). It regulated prices, wages, interest rates, internal and external trade and investment. But when the economy was hit by a series of external shocks in the latter part of the 1970s the state could not sustain this kind of economic expansion and became increasingly dependent on foreign aid and loans. The external shocks included the rise in oil prices in 1973 and 1979, declining terms of trade for agricultural products, the break up of the East African community in 1977 and the war with Uganda in 1979. These external factors exacerbated the internal causes of the crisis; most important was a drop in agricultural production, particularly of export crops, as a result of poor prices paid to farmers and inefficiencies in state marketing. Agricultural production was also adversely affected by the nationalization of large estates and the villagisation programme, as well as recurring drought (URT, 1993). Industrial production also fell despite massive capital inflows. The overall effect of the decline in both agricultural and industrial production was a rapidly increasing balance of payment deficit and severe and chronic foreign exchange shortage.

These developments are reflected in the national account statistics. The data in Table 6.1 shows that Gross Domestic Product (GDP) actually declined in 1979, 1981, 1982 and 1983. Even when it was growing, growth was barely sufficient to offset the increase in

population. GDP per capita fell in five of the six years between 1979 and 1984. In 1992 it was still below the 1977 level. There is good cause to label the 1980s as the 'lost decade for development'.

Table 6.1: Average annual percentage growth rates of GDP at constant (1976) prices

	80	81	82	83	84	85	86	87	88	89	90	91	92
GDP	3.0	- 0.5	- 0.6	- 2.4	3.4	2.6	3.3	5.1	4.2	4.0	4.8	3.4	3.6
GDP per capita	- 0.8	- 3.5	- 2.5	- 5.3	0.2	1.6	0.8	0.7	1.2	1.7	0.9	0.8	2.9

Source: National Accounts of Tanzania, 1976-1992.

The early 1980s was a time of acute shortages of every basic commodity, characterized by rationing and long queues to acquire provisions and meet other basic needs (Tripp, 1997). The shortages and permits fuelled corruption in the country. They also fuelled inflation and led to further falls in production as spare parts and fuel became unobtainable and crops could not be collected and were left rotting at the farm gates. By 1984, shortages of foreign exchange, rapid inflation, and fiscal as well as external imbalances brought the economy almost to a halt. Tanzania had reached a point where the economic inefficiencies and distortions resulting from the state intervention in markets outweighed the political gains (Tripp, 1997:61). A change in direction was inevitable.

Before the end of the first phase government some steps were taken to chart a new direction. A National Economic Stabilization Policy was introduced in 1980 and Tanzania's own Structural Adjustment Programme in 1982. But the steps were modest and differences between the Tanzanian government and the IMF prevented an agreement until 1986, after Nyerere had resigned as President.

6.2.1.2. Second phase government (1986-1995)

The second phase government under President Mwinyi was associated with structural adjustment, the opening up of the economy and privatization of state institutions. The period witnessed two major changes, from a planned to a capitalist economy and from a single to a multi party state.

In 1986 the new government launched a three year Economic Recovery Programme (ERP). This programme included adjustment to the exchange rates, an increase in foreign exchange allocation, higher producer prices and the lifting of price controls. But it could not resolve the balance of payments problem. Under pressure from bilateral donors who threatened to withdraw aid, agreement was reached with the IMF in 1986 for a Structural Adjustment Facility (1987-1990). This was followed by a second three year adjustment programme (Social and Economic Action Programme, 1989-1991) and the extension of the IMF Facility to 1994.

The conditions for IMF support included rapid currency devaluation, constraints on wage increases and cuts in public services. Not surprisingly, this brought out deep divisions within the party and between the party and the government. The divisions crystallized over the causes of Tanzania's crisis – whether it was the result of external forces alone or whether internal policies had something to do with it. There were related disagreements over the course of future policy, over trade liberalization and over the role of the private

sector. But the government, under President Mwinyi prevailed in following a liberalizing course.

The results of the Structural Adjustment Policies were mixed. Agricultural output rose by 4.9% (average) a year between 1986 and 1993. Manufacturing output also rose but continued to be constrained by erratic power supply and poor infrastructure. GDP began to grow, but growth was insufficient to balance the increasing population and GDP per capita hardly improved. In 1993 it actually declined, as shown in 6.2. On the social front, cost sharing in education and health services placed additional burdens on the poor and the primary school enrolment rate fell from 92% in 1977 to only 40% in 1994. External balances remained a problem: the current account deficit widened, external debt soared and dependence on donors increased dramatically. Donors were increasingly worried about corruption and suspended aid in 1994 in protest. Thus although the economy showed signs of improvement it was still very vulnerable.

Table 6.2: Average annual percentage growth rates of GDP at constant (1992) prices

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
GDP	0.4	1.4	3.6	4.2	3.3	4.0	4.7	4.9	5.7	6.2
GDP per capita	-3.9	0	0	0	4.0	0	0	2.0	2.0	3.8

Sources: National Accounts, 2002, National Bureau of Statistics.

6.2.1.3. Third phase government (1995-2005)

The third phase government under President Benjamin Mkapa consolidated the economic gains of the early 1990s. GDP grew steadily from the mid 1990s and began to outpace population growth leading to an increase in GDP per capita (Table 6.2). The Mkapa years also saw a further opening of the economy to private sector participation. The period witnessed a dramatic decline in the power of the state in the economic sphere and a transformation of its role, from direct intervention in the economy to that of facilitator of private enterprise.

Mkapa was elected in 1995 in Tanzania's first multi-party election. Although CCM is still the dominant party, its role is greatly diminished, and civil society organizations are now encouraged. The Mkapa government afforded high priority to fighting corruption which had escalated in the Mwinyi years, as well as to the promotion of good governance and, above all, the maintenance of sound economic policies. The fact that Tanzania is today a favourite of the World Bank and lauded as one of Africa's success stories is a measure of success of the Mkapa years.

6.2.1.4. Fourth phase government (2005-)

Tanzania entered its fourth phase of Government with the election of the CCM candidate, Jakaya Kikwete to the presidency in December 2005 with 80% of the vote. Kikwete has vowed to continue with the sound economic policies of the previous government and to fight corruption on all fronts. At the time of writing the mood in Tanzania is optimistic. However the country remains desperately poor. Per capita GDP is still estimated to be less than US\$300.

6.2.2. Economy, employment and the construction sector

6.2.2.1. Profile of the employed population

The structure of any economy can be described by analysis of the contribution to GDP of the various economic sectors, as well as by the structure of imports and exports. Alternatively, the focus of attention can be on the economic activities engaged in by the “economically active” population. This will be the approach adopted here.

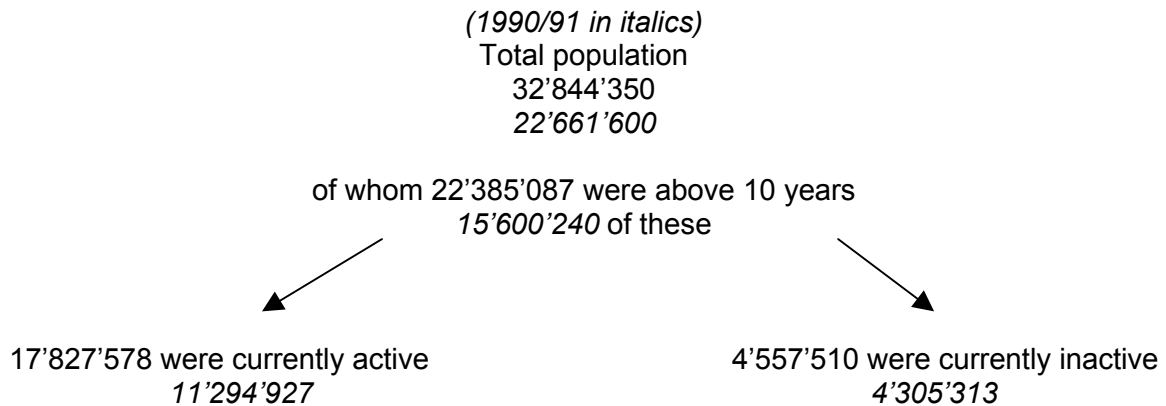
The Integrated Labour Force Survey (ILFS) which was carried out in 2000/01 was the second survey of its kind (URT, 2002). The first was carried out in 1990/91. The results are not always comparable between the two surveys but some comparisons can be made. Both were household surveys covering mainland Tanzania only. The sample comprised 3’660 households in the urban areas and 8’000 in the rural areas, drawn from the National Master Sample. All above 10 years in the chosen households were included⁷².

The total population and the numbers who were “economically active” in 1990/91 and 2000/01 are shown in Figure 1. It can be seen that almost 18 million people were included in the “Economically Active Population” (EAP) in 2000/01 compared with just over 11 million in 1990/91. This represents a 58% increase in the EAP between the two censuses. The increase in the total population during this period was only 43%, so a part of the increase in the EAP was due to a change in definition. The 2000/01 survey took the widest possible definition of the EAP to cover all those who were employed, or were available for work, for at least one hour during the week prior to the survey. Economic activities included in the definition of employment included production for own use, unpaid family labour, as well as housing services by owner occupiers and fetching water and firewood which were included for the first time in 2000/01.

Data on the distribution of the employed population (excluding those unemployed) in 1990/91 and 2000/01 is shown in Tables 6.3 and 6.4 respectively. It can be seen that the vast majority of the population in both years (84% in 1990 and 81% in 2000) were working in traditional agriculture. Next in importance is the informal sector. It can be seen that 9% of the working population in the country as a whole was employed in the informal sector in 2000/01. In the urban areas the figure was much higher at 33%. Although agriculture was still the main activity, accounting for 37% of the urban employed population, the informal sector came a close second. This is double the number working in “other private” activities.

⁷² 10 years was taken as the cut off point so as to make the survey comparable with that of 1990/91.

Figure 6.1: Total and Economically Active Population, 2000/01 and 1990/91



Source: Integrated Labour Force Survey, 2000/01.

Comparison between the two tables shows a small increase in the proportion of the workforce in the informal sector and small decrease in the proportion in traditional agriculture. But these apparent changes may be due to changes in definition, as well as the inclusion of household work in the definition of employment in 2000/01⁷³. More significant is the fall in the proportion of the population employed by government from 2.9% to 2%, and particularly by the parastatals (from 1.7% to 0.4%) and the increase in the proportion working in “other private” (from 2.9% to 4%) over the 10 year period. These changes are even more apparent in the urban areas, where the proportion working for government and parastatals combined fell from 20% to 8.4%, while those in “other private” increased from 11.7% to 16%.

Table 6.3: Distribution of Employed Population by Main Sector, 1990/91

	Government	Parastatal	Trad.Agri.	Informal	Other Private	Total
National	319'455	180'767	9'115'932	955'647	317'404	10'889'205
National (%)	2.9%	1.7%	83.7%	8.7%	2.9%	99.9%
Urban	178'757	161'553	624'156	530'704	198'418	1'693'588
Urban (%)	10.5%	9.5%	36.8%	31.3%	11.7%	99.8%

Source: Labour Force Survey 1990/91.

Table 6.4: Distribution of employed population (standard definition) by main sector, 2000/01

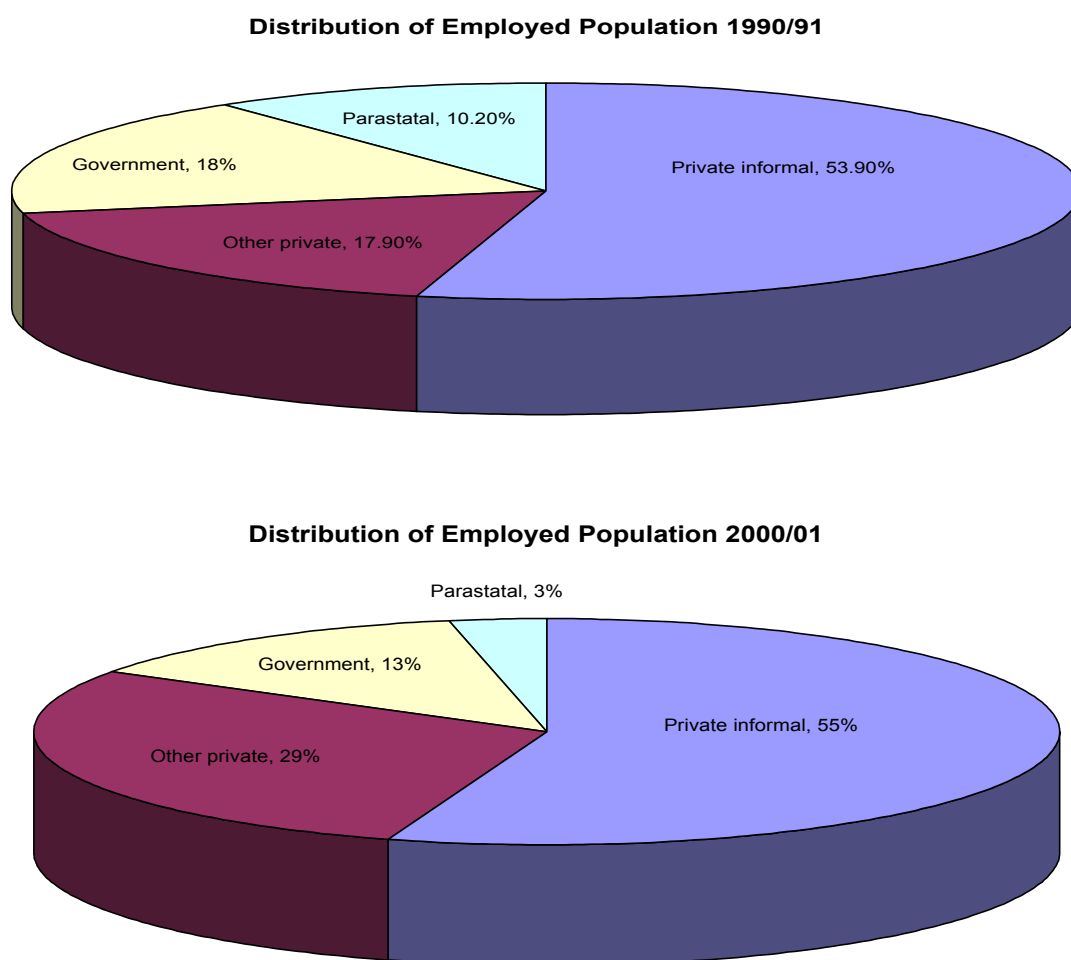
	Government	Parastatal	Trad.Agri.	Informal	Other Private	Household
National	344'839	78'270	13'694'935	1'439'848	756'046	600'867
National (%)	2%	0.4%	81%	9%	4%	3.6%
Urban	174'993	68'196	1'077'285	963'888	471'325	162'643
Urban (%)	6%	2.4%	37%	33%	16%	5.6%

Source: Integrated Labour Force Survey 2000/01.

⁷³ In 1990/91 fewer than 5 employees was the cut off point for inclusion in the informal sector and in 2000/01 it was raised to 10. Also in 2000/01 professionals who fulfilled other criteria were included in informal sector activities.

The decline in public sector employment between 1990 and 2000, as well as the importance of the informal sector in both years, are seen more clearly when employment in the agricultural and the household sectors (2000 only) are excluded. The results are shown in figure 6.2. Whereas in 1990, 28.2% of the employed population outside agriculture was working in the public sector, by 2000 the proportion had fallen to 16%. This was a result both of cutbacks in the civil service and privatization of the parastatals. During the same period, the proportion employed in “other private” increased from 17.9% to 29%. However it cannot be assumed that those retrenched from the government or parastatals instantly found employment in the formal private sector, as “other private” embraces employment in Non-Governmental Organizations (NGOs), Community Based Organizations (CBOs) and Cooperatives. Also the terms of conditions of employment in the private sector may be very different from those previously enjoyed by the public sector employees, an issue which will be returned to later in the report.

Figure 6.2: Distribution of employed population outside of agriculture, 1990/91 & 2000/01



Source: Labour Force Surveys, 1990/91 and 2000/01.

2.2.2. Construction Employment

Employment status is also recorded in the labour force survey by industry. The distribution of construction workers in Tanzanian mainland by employment status in 1990/91 and 2000/01 is shown in Table 6.5. When assigning respondents to a particular industry, enumerators attempted to identify informal sector activities. The breakdown of those employment according to employment status and main sector (formal versus informal) is also shown in the table for 2000/01. The detailed breakdown was not published in 1990/91 so only the formal/informal breakdown of the total is given.

We can see from Table 6.5 that the estimated total number of construction workers in the country as a whole rose from 91,649 in 1990/91 to 151,690 in 2000/01. There was an apparent increase in the proportion working in the informal sector from 52% to 60% but a part of the increase will be due to the change in definition. The most significant development in the 10 year period undoubtedly lies in the change in employment status. In 1990/91, 77% of the construction workforce was in paid employment and 22% were self employed. But by 2000/01 the situation was reversed with 60% self employed and only 37% in paid employment.

Table 6.5: Distribution of Employed Construction Workers (standard definition) by Employment Status and Main Sector, 1990/91 and 2000/01

	Paid employees		Self employed with employees		Self employed without employees		Unpaid family labour		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%
1990/91										
Total	70'195	77%	7'184	8%	13'026	14%	1'244	1.3%	91'649	100%
Informal	-	-	-	-	-	-	-	-	-	52%
2000/01										
Total	55'413	37%	24'792	16%	66'943	44%	4'543	3%	151'690	100%
Formal	50'848	-	4'230	-	3'986	-	1'441	-	60'504	-
Informal	4'565	-	20'562	-	62'957	-	3'102	-	91'186	60%

Sources: Labour Force Survey, 1990/91: Integrated Labour Force Survey, 2000/01.

Additional data on employees in the formal part of the industry is available from a survey of employment and earnings in the formal sector which was conducted in 2000/01 (NBS 2004). The survey included all establishments in the public sector, all registered private establishments with more than 50 employees (profit and non profit making) and a sample of those with 5 to 50 employees. The survey found a total of 818'860 paid employees in formal employment. 51% were employed in the private sector (compared with 27% in the previous survey of this kind conducted in 1984). Construction accounted for 7% of those formally employed in the private sector and 1% of those in the public sector. Altogether 36'000 employees were found working in the formal construction sector, almost half of them (15'743) in Dar es Salaam.

The survey distinguished between regular employees and casual employees. The former includes all permanent and temporary employees who have worked on a weekly or monthly basis for more than one month, Casuals includes all those receiving daily wages and employees who have not worked for the full month (June 2001). It was found that 85% of workers in all sectors were regulars and 15% casuals. But in the construction sector, casuals accounted for 15'051 out of a total of 36'935 or 41%. If the 4'720

construction workers in the public sector are deducted from the total, casuals made up almost half (47%) of the “formal” construction workforce.

A study undertaken in 2003 for the ILO of employment conditions on 11 large construction sites found an even higher proportion of casual employees, generally over 70% and sometimes reaching 95% (ILO, 2005)⁷⁴. This suggests that the proportion of casuals may actually be much higher than is captured in the employment and earnings survey. Seven of the 11 sites included in the survey were civil works in the rural areas and the other 4 were building projects in Dar es Salaam. The proportion of casuals on one of the building projects was lower than average, only around 50%, but this figure is misleading as it refers only to the staff of the main contractor and chief subcontractor, who were not the main employers of labour. Most of the labour on the site was actually engaged for a specific task (rather than for a day or a month) through labour subcontractors. This is in fact the usual pattern for building work in the urban areas. Research in four towns in 1999/2000 (including Dar es Salaam) found that formal construction employs most of its workforce by out-sourcing to small enterprises working as labour contractors (Mlinga & Wells, 2002). 93% of the 55 medium and large contractors interviewed in this research confirmed that they outsourced work to small registered contractors and 82% said they subcontract to un-registered (“informal”) labour contractors. Almost all major building works are sublet on a labour only basis (Mlinga and Wells, 2002). Opportunities for employment for informal construction workers in these small “enterprises” (many of which are simply loose associations of workers, or labour cooperatives) are limited and in this sense they may be more insecure than those directly employed as casuals (Jason, 2005).

6.2.2.3. Construction output

Output from the construction industry broadly follows that of the economy as a whole, but with wide fluctuations from year to year. When the economy is declining construction output tends to decline at a faster rate (sometimes with a time-lag) with construction output constituting a falling proportion of GDP (and vice versa). This pattern is detectable in official data, as shown in Tables 6.6 and 6.7. From Table 6.6, it can be seen that construction output stagnated at around 4% of GDP between 1976 and 1982 before falling to around 2.5% between 1983 and 1986. This was a few years behind the dramatic drop in GDP between 1980 and 1984. In 1983 construction output was just 2.4% of GDP which is extremely low by international standards.

⁷⁴ Seven civil engineering projects were included in the research: Makuyuni – Ngorongoro Road (Japanese contractor, Tanzanian subcontractors) Chalinze – Melela Road (Danish contractor, Tanzanian subcontractors) Songwe – Tunduma Road (Chinese contractor, Tanzanian subcontractor) Nangurukuru – Mbwemkuru Road (Chinese contractor) Mbwemkuru – Mingoyo Road (Kuwaiti contractor, South African subcontractors) Somanga – Matandu Road (Chinese contractor) Songo Songo Gas Development (Indian contractor, Tanzanian & foreign subcontractors). Four building engineering projects, all of them in Dar es Salaam, were also included in the study: National Housing Office complex (Chinese contractor) Boko Housing Complex (National Housing Corporation & local labour) Bank of Tanzania Extension (South African contractor and subcontractors) Primary School Facilities (Japanese contractor & Tanzanian subcontractor). All but two of the projects are large by Tanzanian standards, ranging from US\$ 10 million to US\$ 97 million.

Table 6.6: Average annual percentage growth of GDP and construction output as a percentage of GDP, 1977-1992 at 1976 prices

	80	81	82	83	84	85	86	87	88	89	90	91	92
GDP	3.0	-	-	-	3.4	2.6	3.3	5.1	4.2	4.0	4.8	3.4	3.6
Constr. (%GDP)	4.0	3.8	4.0	2.4	2.8	2.5	2.8	4.0	4.3	3.3	5.4	4.5	4.5

Source: National Accounts of Tanzania, 1976-1992

The opposite process can be observed from the data in Table 6.7. GDP was growing steadily year on year from 1997. Construction output was also growing steadily but at a faster rate, hence occupying a steadily increasing percentage of GDP. Official data on construction output could not be obtained beyond 2002, but it is believed to be still increasing at a faster rate than GDP. The World Bank reports that construction output rose by 11% in 2004 and GDP by only 6.7%. At the time of writing, Tanzania is experiencing a “mini boom” in the construction sector.

Table 6.7: Average annual percentage growth of GDP and construction output at 1992 prices

	93	94	95	96	97	98	99	2000	'01	'02
GDP	0.4	1.4	3.6	4.2	3.3	4.0	4.7	4.9	5.7	6.2
Constr. (% GDP)	4.6	4.6	3.78	3.91	4.09	4.32	4.49	4.64	4.77	4.99

Source: National Accounts, 2002, National Bureau of Statistics.

6.3. Specific characteristics of local economic development

6.3.1. The evolution of local government

Under Nyerere's leadership the government saw the participation of people as vital to the success of the nation's development plans. Since the beginning of the 1960s the concept of "development from below" has had considerable appeal (Kulaba, 1989). However, according to Tripp (1997) it soon became apparent that the main vehicle for participation was to be the party. Participation was not seen as local, autonomous grass roots organization outside of the party sphere. The party had a broad membership (2.5 million in 1988) but its structure was hierarchical. Every ten houses had a party cell so that directives from the party could filter down. Although it had been the intention in creating the ten cell system that the views of the people should also filter back up to the leadership, this rarely happened in practice (Tripp, 1997).

The chance of popular participation in decision making was further eroded when in 1972 the government abolished local government. Urban councils were effectively abolished from January 1974 with the management of urban areas integrated into the rural administrative system as parts of districts and regions. Dar es Salaam became a city region, divided into three districts (Ilala, Kinondoni and Temeke) and administered by regional and district secretariats appointed by, and responsible to, the central government. The policy was called "decentralization" but, according to Coulson (1982) it could equally well have been called "centralization" as it replaced elected councils at the local level with salaried officials of central government. The "decentralization" was of staff but not of power.

There was also a quite deliberate bias in the allocation of resources during the period in favour of the rural areas, with urban areas starved of funds (Coulson, 1982). In addition, the officials who were appointed to manage urban districts were agricultural experts knowing nothing of city planning. In the face of rapid urban growth, this bias led to a rapid deterioration in the standard of urban service and infrastructure (Kulaba, 1989). After only four years of the abolition of the urban councils there was a public outcry over the deterioration of services. The absence of authority to enforce development controls had also led to widespread flouting of urban by-laws and building regulations and the further growth of squatter settlements (Kulaba, 1989). The author concludes that a significant legacy from the period (in addition to deterioration in services) was the "*stigma of lawlessness implanted into peoples' minds*" by the abolition of urban councils which proved difficult to erase even 10 years after their reinstatement (Kulaba, 1989:227).

The Local Government Act of 1982 provided the legal framework for the reinstatement of urban councils. Under the Act, every local authority was to be governed by a council comprised of councilors elected from each ward within the town, members of parliament representing the town and five or six other members nominated by the Minister responsible for local government. The chief difference from before 1974 was that the Mayor had now to be elected. Dar es Salaam city council was re-constituted with 62 councilors, 52 of them elected from each of the 52 wards in the city. The four members of parliament for the city became co-opted members and the rest were nominated under special seats. The council was presided over by an elected mayor assisted by a deputy mayor (Sheuya, 1996). However the central government retained a firm hold. The director responsible for administration of the council business and personally accountable for the funds was appointed by the President. In addition, the central government had to approve all by-laws made by the councils including proposals to change taxes. As the main source

of finance for recurrent expenditure and the only source for the development budget, the central government retained a tight control over spending.

Funds were generally inadequate, particularly the development budget. For example, the development budget for Dar es Salaam fell in real terms by 9% between 1978/79 and 1986/87 (Kulaba, 1989). The city council was not able to raise sufficient funds to provide the services so desperately needed to meet current needs and the serious backlog. Writing in 1989, Kulaba warned that urban local authorities would have to find new ways of raising revenue locally or they would face a financial crisis with urban services deteriorating even further to very low levels indeed.

The abolition of local councils was one of two mistakes publicly admitted by Nyerere in 1985 (Ngware, 1999). The other was the disbanding of cooperatives. Both were highlighted as useful instruments for popular participation. The return to the system of local government in 1982 had aimed to increase participation in development and local resource mobilization. However, neither goal was achieved (Therkildsen, 1998). The situation in Dar es Salaam was particularly bad. In 1996 the Dar es Salaam City Council was dissolved by the government because it failed to discharge its duties. An appointed commission was put in its place. According to Nnyka (1999) this introduced a sense of purpose into the management of City Hall and within three year the Commission had made a difference in the collection of revenue, prompt payment of staff and improvement of services in the city (Nnyka, 1999). But the Dar es Salaam City Commission had a limited life. One of its key tasks was to put in place institutional arrangements for the decentralization of the city into three municipalities. By 2000 the four municipalities were established: The Dar es Salaam City Council (DCC) and the three municipal district councils of Ilala, Kinondoni and Temeke. The Dar es Salaam city council is now composed of 20 councilors who are drawn from the other municipal councils. DCC is a landless authority. Its role is coordination and operation of activities with a city wide scope⁷⁵.

These changes in Dar es Salaam were part of a broader movement to improve local government. In 1996 the Government set out its agenda for reform, followed by an action plan in 1997. The overall objective of the policy of “*decentralization by devolution*” was to improve the quality of (and access to) public services delivered through or facilitated by local authorities. Government services that are expected to be delivered by local governments include: building and maintaining primary schools, hospitals, health centers, clinics and dispensaries, roads and water supplies. Urban authorities are also responsible for the establishment of fire brigades, public markets, slaughter houses, community centers, public parks, refuse collection and other local amenities⁷⁶. The challenge was, and remains today, to develop a local government system to deliver better services in a sustainable manner under conditions of extreme resource scarcity (Therkildsen, 1998). In parallel with these changes, government continued to implement policies aimed at transforming the previously centrally planned economy into a market oriented economy. This entailed, in addition to privatization of public enterprises, a shift in the perception of the role of government and local government, from provider to facilitator of the private and popular sectors in the development process (Nnyka, 1999).

⁷⁵ Interview with Mr. Mponzi, officer in charge of buildings, DCC.

⁷⁶ “Taking stock of the state of local government finances and the policy debate on local government finances in Tanzania” anonymous report probably authored by the World Bank (May 2006).

www.tanzaniagateway.org

6.3.2. Demographic and economic development in Dar es Salaam

Tanzanian has experienced high rates of urban growth in recent decades. At the time of the 1988 census 18% of the population on the Tanzanian mainland was living in the urban areas and this had grown to 24% (almost one in four) by the time of the latest census in 2002. The labour force surveys show that between 1990/91 and 2000/01 the Economically Active Population (EAP) in the urban areas rose by 14.3% while the rural areas saw a decrease of 3%.

Much of the urban growth in the past 3-4 decades has taken place in Dar es Salaam. In 1967 only 0.03% of the mainland population was living in the city but by 1988 the figure had risen to 6% and by 2002 to 7.5%. At the time of the 2000/01 survey more than a million of the EAP were in Dar es Salaam. The growth of the total mainland population and the population of Dar es Salaam over the past 35 years is shown in Table 6.7. It can be seen that the population of Dar es Salaam Region (94% of which is urban) was almost 2.5 million in 2002. If the average growth rate of 4.3% p.a. over the previous 12 years was maintained, the projected population in 2006 would be almost 3 million.

Table 6.8: Population of Tanzania Mainland, Zanzibar and Dar es Salaam

	1967	1978	1988	2002	78-88 *	88-02 **
Mainland	11'958'654	17'036'499	22'455'193	33'584'607	+2.8%	+2.9%
Zanzibar				981,754		
Dar es Salaam	356'86	843'090	1'360'850	2'497'940	+4.8%	+4.3%
Dar (% mainland pop.)	2.9%	4.9%	6%	7.4%		

Source: Census various years, www.tanzania.co.tz/census.

* average annual growth rate 1978-1988

** average annual growth rate, 1999-2002

High rates of urban growth in Tanzania are associated with three phenomena:

- the growth of the informal sector;
- severe and chronic unemployment and;
- the proliferation of informal settlements.

These phenomena and the responses to them by central and local government will be examined in the rest of this section.

6.3.3. The growth of the informal sector

Rapid growth of Dar es Salaam cannot be divorced from the growth of the informal sector. The distribution of the employed population by "employment status" for Dar es Salaam and for the country as a whole is shown in Table 6.8. It can be seen that agriculture has lost its predominant position in the city with only 9% of the employed population working on their own farm. The largest proportion of the working population in Dar es Salaam is self-employed, with and without employees. They constitute almost half (48%) of the workforce. It may be assumed that the bulk of the self employed are working in the informal sector. Paid employees are the next biggest group (39%) and some of these will also be working for informal operators. Thus it appears that at least half of the working population of Dar es Salaam is employed in the informal sector, a minimum of 370'000 people.

Table 6.9: Distribution of Employed Population (standard definition) by Employment Status, 2000/01

	Paid Employees	Self employed + employees	Self employed no employees	Unpaid family Helper	Work on own farm	Total
Dar	291'547	40'989	306'788	33'130	66'266	738'731
Dar %	39%	6%	42%	4%	9%	100%
Country	1'150'055	159'685	1'241'151	644'763	13'639'376	16'835'031

Source: Integrated Labour Force Survey, 2000/01.

This figure is remarkably close to the estimate of 345'869 that was produced by the Dar es Salaam Informal Sector Survey in 1995 (URT, 1998). The survey found that 222'915 (approximately two thirds) of informal sector workers were operators and 122'954 employees. Females were less than half of the operators and a quarter of the employees. Retail, eating and lodging was the most important sector by a long margin, both in terms of operators and employees. Manufacturing was second and construction third.

The Dar es Salaam Informal Sector Survey (URT, 1998) estimated the total number of construction workers in the informal sector in Dar es Salaam as 31'296⁷⁷. This figure is roughly twice the number of construction workers in formal sector employment in the city in 2000/01 (NBS, 2004). Roughly half of the informal workers were operators and half employees. There were 580 women estimated to be working in the sector, all of them as operators. 1'200 of the operators had income from other activities, mostly wage employment in the private sector but also a few from wage employment in the public sector.

A number of factors have fuelled the growth of micro-enterprises and self employment. Writing on the basis of her extensive research in Dar es Salaam, Tripp (1997) traces the development of informal income earning activities to the dramatic decline in real wages that began in the mid 1970s. Government was responsible for 65% of wages in the 1970s. Although wage increases were introduced periodically, high inflation meant that the effect of pay increases was quickly eroded. Real wages fell by 75% between 1974 and 1984 (URT, 1993) and continued to fall with the introduction of structural adjustment policies. In the late 1980s it was estimated that the average worker's salary was sufficient to pay for three days of his/her household's monthly food budget (Tripp, 1997).

In this context, urban households had no option but to supplement their wages by engaging in other income earning activities, either in agriculture or in informal services. As wages fell, private earnings from work in the informal sector began to rise. The Household Budget Survey in 1977 found that wages accounted for 77% of total household income in households where the head was a wage earner and private earnings only 8%. But by 1988, when Tripp (1997) undertook her survey, informal incomes were approximately 90% of the household's cash income with wage earnings only 10%.

Some households started to divide their time between wage and self employment, often with women and children brought into the labour force to help out. Others decided to leave their jobs to concentrate full time on their private projects. According to the 1978 population census 72% of workers in the city were in paid employment, but by 2000 the

⁷⁷ It should be noted that there was also an informal sector survey in 1991, which covered the country as a whole, but the data is not strictly comparable with that of 1995, as the cut off point for inclusion of enterprises in the informal sector was taken as 5 employees in 1991 and 10 in 1995.

figure had fallen to 39%. While the retrenchment of public sector workers (associated with structural adjustment policies) is generally held responsible for the loss of paid employment, Tripp (1997) shows that many in Dar es Salaam actually left their jobs voluntarily in the 1970s and 1980s in order to concentrate on their informal income earning activities. 45% of the people in Tripp's survey left their jobs because of low pay and only 17% because of redundancy.

In sum., the phenomenal growth of the "informal sector" in Tanzania (as in many other countries in sub-Saharan Africa) was largely a response of workers and their household members to falling real wages as a result of general economic decline (Tripp, 1997). The vast masses of people working in the informal sector are individuals finding a way to make a few shillings in order to survive. Some of those working in the construction sector may have been retrenched from public service – or laid off by private construction companies following the current trend to outsourcing of labour. Some may still be in paid employment but wages are so low that they need to engage in other activities to supplement their incomes.

6.3.4. Government response to the growth of the informal sector

There is some evidence that the difficulty of surviving in the urban areas led to a slowdown in rural to urban migration the late 1980s. But life was also difficult in the rural areas and many continued to find their way to the city. The 2004 Economic Survey estimates there are 650'000 to 750'000 new entrants to the labour force each year (URT, 2005). Even without migration, more than 150'000 of these would be in the urban areas and 45'000 in Dar es Salaam. With migration the annual increase is even higher. In this context the informal sector, as well as open unemployment, have continued to grow. The reaction of the government to growing urban unemployment and "informal" activities was to bring in quite draconian measures to remove "unproductive elements" from the towns and repatriate them to the rural areas – a practice inherited from the colonial regime.

The Human Resources Deployment Act, otherwise known as "*Nguvu ka*", was passed in 1983. This was a time when the economy was in serious trouble, resources of all kinds were hard to come by and destitution was widespread in the urban areas. The ostensible aim of the Act was to ensure that every able bodied adult was engaged in productive work (Kulaba, 1989). The Act required all Tanzanians in the urban areas to be registered and issued with labour identification cards. Those who could not produce proper identification were to be resettled in the countryside (Tripp, 1997). The police, army and people's militia in Dar es Salaam immediately started rounding up all those suspected of "loitering" which included petty traders and all who did not have a job or a license. Those declared unemployed were sent to their home villages or to government sisal estates.

However, it was clear from the start that the campaign could not possibly succeed, not least because it antagonized the majority of the population who had no choice but to try to make a living through their own informal projects. By 1984 the city council changed its position and began to register people engaged in informal activities through its ten house cell system. It also approved and issued licenses to some of the income generating activities conducted on locations approved by the council. The government also began to recognize the importance of small-scale enterprises to the national economy. By 1994 it had developed a national policy to assist informal activities in both urban and rural areas and this began to attract donor support. The Human Resources Deployment Act came to

be seen as a turning point in public policy in that the issue of income generating activities outside of the formal economy was faced for the first time.

Once the right of small business to exist was accepted, the debate shifted to the issue of how municipal authorities dealt with problems of licensing and the location of businesses. The 1982 Urban Authorities Act gave local authorities the power to determine how operators should function. After 1985, 56 different kinds of small business activities required licenses to operate in Dar es Salaam (Tripp, 1997). Although micro enterprises considered legalization of their activities and improvement over the previous policy of banning them, regulation through licensing brought new problems. Some were charged and many more detained for violating the licensing regulations. They were rounded up by militia hired by the City Council. Up to the mid 1990s the Dar es Salaam city council militias continued to harass and round up street vendors in order to move them to different locations. The vendors maintained that the City Council employees were seizing their goods for personal gain and extracting bribes from those without licenses. The sympathy of the public was with the vendors, who also received support from the central government and from the lower levels of the party hierarchy (Tripp, 1997). These actions of the City Council may have been one factor in the government decision to disband the Council in 1996 and appoint a Commission in its place.

From the mid 1990s government produced a number of policies which clearly recognized the role of the informal sector. However it was still looking for people to move back to the countryside in order to lessen the problems of urban growth. The first aim of the National Employment Policy, approved by the cabinet in 1997, is: "to prepare a conducive environment for the unemployed to employ themselves by directing more resources to the self employment sectors" (URT, 1997:4). However, additional aims are: "to develop the self-employment sector in the rural areas so as to reduce the rate of migration to urban areas" as well as "to direct most of the labour force into the currently unattractive sectors...such sectors are agriculture, livestock and cooperatives" (URT, 1997:4-6). This objective was to be achieved by the decentralization of industrial investment to the regions and advising young men in the urban area to go to the rural areas where they can use their skills and employ themselves. Local authorities were to be at the forefront in implementing the employment policy. They should create departments of employment and youth development and appoint labour and youth officers to "sensitize people to initiate self employment" (URT, 1997:417). The way in which the city of Dar es Salaam is implementing this policy will be described in the Section 6.5.

6.3.5. Growth of informal settlements and government response

A second major manifestation of rapid urban growth, combined with limited resources, has been greatly increased pressure on urban infrastructure and services. Urban growth has not been matched by an equivalent growth in the availability of houses or plots in planned areas and unplanned settlements have grown steadily over the past 30-40 years in Dar es Salaam and the other major towns in Tanzania.

A survey of 660 houses in Dar es Salaam in the late 1980s revealed that 89% relied on simple pit latrines for sanitation and 60% of the survey had to share with other families. Pit latrines present a serious problem during the rainy season when the water table rises, particularly in low lying areas and river valleys commonly occupied by squatters. 21% of households surveyed by Kulaba (1989) reported overflowing latrines. Refuse collection was another major problem identified by Kulaba (1989). Government data from 1986 estimated that only about a fifth of refuse generated in Dar es Salaam was collected. Urban roads were also in an appalling state due more to shortages of equipment than

manpower. The budget for road maintenance and rehabilitation in 1986/87 was estimated at 0.4% of the sum required.

The situation has hardly improved. Today an estimated 70% of the residents of the city live in unplanned settlements which lack basic infrastructure (roads, surface water drainage, water supply, sanitation and waste disposal). According to the 2000 household budget survey 82% of the population of Dar es Salaam were using a pit latrine and a further 6% had no toilet at all (URT, 2003). Even the planned residential areas are not all fully serviced.

As elsewhere in the developing world, unplanned settlements in Dar es Salaam tend to be regarded as slums and the initial government response was to demolish them. The first slum clearance programme in Tanzania was carried out in Buguruni (Sheuya, 1996). But by 1970 it was realized that the approach was too costly and it was replaced by a policy of upgrading of unplanned settlements and providing new serviced plots. Upgrading projects were implemented between 1974 and 1981 in Dar es Salaam and six other towns with funds from the World Bank. The projects were implemented by the Sites and Services Project Unit under the Ministry of Lands, Housing and Urban Development in the central government. The approach was incorporated into Tanzania's housing policy in 1981, which recognized that the government could do little to help in the housing field and people simply had to make their own provision (otherwise known as an enabling approach). However the policy said little about the provision of services, which remained the responsibility of the Ministry of Lands⁷⁸.

It was not until 1992 that Tanzania adopted a national strategy for human settlements development with the twin objectives of improving living conditions in informal settlements and alleviating poverty through the stimulation of economic growth and employment. A national programme to implement the strategy was subsequently put in place, with assistance from the international donors. In line with current thinking, the strategy focused on strengthening the capacities of the local authorities, NGOs and the private sector. Upgrading plans were to be prepared and implemented by local authorities with the participation of residents and the local communities. Local resources were to be mobilized to finance the plans through appropriate cost recovery⁷⁹. The second phase of the Sustainable Dar es Salaam Project and its extension to other urban centers was part of the programme, as will be explained in Section 5.

⁷⁸ The involvement of this Ministry in the provision of serviced plots in the city is on-going (interview with city engineer).

⁷⁹ Policy statement on urban planning, cited in Sheuya 1996.

6.4. Decent work indicators

Decent work indicators are presented under four headings: Employment, Social Security, Workers' Rights and Social Dialogue. Under each heading the key indicators will be highlighted by presentation in a text box. The main requirements under national legislation will then be summarized, followed by an analysis of available data to indicate the extent to which the regulations are actually complied with. This should facilitate comparison between the requirements under the law and the reality on the ground.

It should be noted that there is no local legislation relating to the terms of employment or conditions of work. According to the City Solicitor, the councils are not authorized to pass byelaws on labour and employment conditions. That is the task of the central government⁸⁰.

Much of the data has been extracted from the Labour Force Survey, 1990/91 and the Integrated Labour Force Survey (ILFS) of 2000/01. The results of the two surveys are not always strictly comparable; for example the cut off point for the inclusion of enterprises in the informal sector rose from 5 employees in 1990/91 to 10 in 2000/01. It should also be noted that data is only available from the labour force surveys for five of the Decent Work Indicators suggested by the study team (unemployment, low wage rate, hours of work, wage inequality between genders and child labour) and only at the national level for all activities combined⁸¹. There is no regular source of data on the following indicators: working days lost, social security coverage, proportion of the population over 65 not covered by pension schemes, wage inequality according to place of birth, trade union density and collective bargaining. Data from the labour force surveys is therefore supplemented by evidence gleaned from studies undertaken in recent years, as well as from a few "ad hoc" surveys, notably the Informal Sector Survey of Dar es Salaam (1995). In this way it is hoped to present a true picture of the reality of work in the construction sector in Tanzania.

6.4.1. Indicators of employment

6.4.1.1. Unemployment

According to the internationally accepted standard definition, a person is classed as unemployed if s/he is (a) without work (b) available for work and (c) looking for work. This is called category A unemployment. However the standard definition allows relaxation of condition (c) in countries where a large proportion of the population is in subsistence agriculture or informal activities with little knowledge of labour market developments in the rest of the country. Hence according to the *Relaxed Standard Definition* (called the *Standard Definition* in the survey) a person is unemployed if s/he fulfils criteria (a) and (b); that is if s/he is without work and available for work. This is known as Category B unemployment.

⁸⁰ Contacted during interview with Stephen Kongwa, Acting Director of Planning, Dar es Salaam City Council.

⁸¹ The exception is data on unemployment which is shown separately for Dar es Salaam in 200/01.

According to the standard definition of unemployment:

- 3.6% of the economically active population in Tanzania mainland were unemployed in 1990/91, increasing to 5.1% in 2000/01.
- In the urban areas unemployment was 10.6% in 1990/91 increasing to 14.8% in 2000/01.
- Unemployment in Dar es Salaam was 26.4% in 2000/01 by the standard definition but 46.5% by the Tanzanian definition: there is no data for unemployment in Dar es Salaam for 1990.
- There is no data for unemployment in construction but it is estimated that 50% of those who are self employed in the construction industry are unemployed for most of the time.

The Tanzanian *National Definition* (which is country specific) includes a third group of unemployed, those without sustainable employment or with only a marginal attachment to work. In the Tanzanian situation it is often the case that work has been done during the reference period but it is not work that is accessible to the person from day to day. When this is the case “*it is not reasonable to consider it as employment as there is a possibility that the person is actually unemployed for most of the time*” (NBS, 2002:72). This category of unemployment, known as Category C, is applied only to those who are self-employed and family helpers in non-agricultural activities and inclusion in this category is at the discretion of the enumerators.

The breakdown of the unemployed in mainland Tanzania by category and geographical area is shown in Table 6.9. Unemployment rates based on the National Definition, which includes all categories, are shown in Table 6.10.

Table 6.10: Number of Unemployed Persons by Category of Unemployment and Location, 2000/01

Category	Dar es Salaam	Other urban	Rural	Total mainland
A. Looking for work	207'158	107'954	97'491	412'603
B. Available not looking for work	57'651	134'043	308'475	500'169
C. Marginally attached to work	202'290	384'344	806'942	1'393'576
All categories	467'099	626'341	1'212'908	2'306'348

Source: Integrated Labour Force Survey, 2000/01.

It can be seen from Table 6.10 that the overall rate of unemployment, even according to the national definition is quite moderate at 12.9%. But there are very wide variations between locations. Rural areas have the lowest rate of 8.4 percent. In urban areas excluding Dar es Salaam the rate is three times higher at 25.9 percent. The unemployment rate is highest in Dar es Salaam at a staggering 46.5 percent.

Table 6.11: Unemployment Rate (%) by Category of unemployment and Location, 2000/01

Category	Dar es Salaam	Other urban	All urban	Rural	Total mainland
A. Looking for work	20.6%	4.4		0.7	2.3%
B. Available not looking for work	5.7%	5.5		2.1	2.8%
A + B: By standard definition	26.4%	9.9	14.8%	2.8	5.1%
<i>Comparison for 1990/91 A+B</i>			10.6%		3.6%
C. Marginally attached to work	20.1%	15.9		5.6	7.8%
A + B + C: By Tanzanian definition	46.5%	25.9		8.4	12.9%

Sources: Labour Force Survey, 1990/91; Integrated Labour Force Survey, 2000/01.

The standard definition of unemployment is included in the 2000/01 survey so as to enable comparison with 1990/91. By this definition there was an increase in unemployment in the 10 year period. In 1990/91, 3.6% of the economically active population were unemployed by the standard definition (A+B) compared with 5.1% in 2000/01. In the urban areas, unemployment rose from 10.6% in 1990/91 to 14.8% in 2000/01. In the 10 year period the absolute number of the unemployed in the urban areas increased by 152% and in the rural areas by 98%.

There is no data on unemployment in the construction sector. However, it is interesting to note that Table 6.5 (above) shows the number of self-employed construction workers in the employed population as 66, 943 according to the *standard definition* of employment. But according to the *national definition* the number of self employed in the employed construction workforce was only 34'182. This suggests that around half of those who are self employed in the construction industry are only marginally attached to their employment and have been classed as unemployed (category C) according to the Tanzanian definition.

6.4.1.2. Wages

6.4.1.2.1. Legislation:

Minimum wages are set by a Minimum Wage Board comprising representatives of the social partners (employers and workers) under the auspices of the Ministry of Labour. The machinery is provided under the provisions of the Regulation of Wages and Terms of Employment Ordinance of 1953. Once the applicable minimum wage is proclaimed, by way of Minimum Wage Orders, it becomes binding. Any worker and even Labour Officers can in principle prosecute defaulting employers in the courts. Subject to contracts of service, wages are supposed to be paid in full and on time.

The current minimum wages as from 28 June, 2002 are as follows:

Hourly	Tsh. 250
Daily	Tsh. 1,846
Monthly	Tsh. 48,000 ⁸²

⁸² In 2002 Tsh 1,000 was worth approximately one US dollar. Sheuya (1996) gives the rate in 1996 as Tsh 600 equal to one US dollar.

In mainland Tanzania in 2000/01:

- 26% of paid employees received less than half the median wage, compared with 8% in 1990/91.
- 57% of the self employed are estimated to have received less than half the median wage, compared with an estimate of 56% in 1990/91.
- There is no data for construction but 65% of those in “elementary occupations” (which includes construction workers) in 2000/01 earned less than half the median wage.

In addition:

- Many of the 75% of construction workers employed as “casuals” in the private sector in 2000/01 received less than the minimum wage.
- The average wage of regular construction workers was more than double that of casuals in 2000/01.

The minimum wage is not updated very often and information on the level set in earlier years and the dates at which it changed was extremely hard to find. But Sheuya (1996) gives the minimum wage in 1996 as Tsh 30'500 and before that it was Tsh 17'500. The minimum wage orders proclaimed under the above mentioned machinery apply to the private sector and to the employment of casual workers by the national or local government. They do not apply to rates payable by the government to its civil servants which are customarily proclaimed by government circulars and not meant for public consumption. Thus, it is common to observe a difference (albeit not wide) in the minimum wages payable to workers in the construction industry who are civil servants as compared to those working in the private sector. However there are currently very few of the former (ILO, 2005).

The minimum wage rates currently apply to all sectors, including construction and are uniform throughout the country. However under new labour legislation (the Labour Institutions Act of 2004, which is not yet in force) the Minister may appoint sectoral wages boards to investigate wages and terms of employment and make recommendations on minimum wages for a particular sector of area.

6.4.1.2.2. *Low wage indicators:*

According to the ILFS 2000/01 the median monthly income for paid employees in all industries was Tsh 30'000 per month. It was not possible to ascertain from the survey data what proportion of the employed population was earning less than half the median wage, which would be less than Tsh 15'000. But we can calculate from the available data that 23% of paid employees were receiving less than Tsh 10'000 and 29% were receiving less than Tsh 20'000. On this basis it may be assumed that roughly 26% were receiving less than Tsh 15'000. The comparable figure for 1990/91 was 8%.

The median income of the self employed population in 2000/01 was Tsh 17'143. The distribution around the median incomes is not shown, but distribution around the mean shows 57% of self employed workers with a monthly income of less than Tsh 10'000. The figure is similar (56%) for 1990/91.

The median income of those in paid employment in construction in both 2000/01 and 1990/91 was somewhat higher than the median for all industries, while the median income of the self employed in construction was double the median for all industries. We do not know what proportion of paid employees was earning less than half of the median income. But we can calculate from available data that 65% of workers in the category “elementary

occupations” in 2000/01 were earning less than half the median. Many of these workers may be working in the construction industry. There is no information on the distribution of income from self employment in construction.

6.4.1.2.3. Comparisons of earnings between private and public sectors:

The median income by main sector, according to the 2000/01 ILFS is shown in Table 6.11. It can be seen that government employees, particularly parastatal employees, earn more than those working in the private sector and much more than those working in the informal sector. The Employment and Earnings Survey, 2001(NBS, 2004) had a similar finding. The overall average monthly wage of those in regular employment in the public sector was Tsh 123’779, while in the private sector it was Tsh 108’266. Employees of central and local government accounted for slightly over one third of total employment but earned 49% of total earnings (NBS, 2004:32).

Table 6.12: Median income of paid employees among the employed population by main sector, 2000/01

Government	Parastatal	Trad.Agri.	Private informal	Other Private
65,000	95,000	7,500	10,000	30,000

Source: ILFS, 2000/01.

According to the same source, the median wage of those employed in formal establishments in construction was almost the same in the public and private sectors at Tsh 55’352 and Tsh 50’853 respectively. The construction industry paid the lowest wage in the public sector, but in the private sector, wages of formal sector workers in agriculture and commerce were lower than in construction. However, these averages mask a big discrepancy between the wages of regular and casual workers. The average wage of regular construction workers at Tsh 92’342 was more than double the average wage of casual construction workers at Tsh 39’173 (NBS, 2004). In 2001 average casual earnings ranged from Tsh 18’694 in non-profit private firms to Tsh 35’148 in government and Tsh 39’509 in profit making parastatals.

6.4.1.2.4. ILO baseline study:

All of the contractors interviewed in the baseline study of labour conditions on 11 large construction sites that was commissioned by the ILO in 2003 (ILO, 2005) claimed to adhere to government regulations on pay. However, the two contracts for which information on wages was provided by both employers and workers showed a large gap between what the employers claimed to pay and what the workers said they actually received. In one instance workers said they received only 50% of what the contractors claimed to be paying. On the basis of the workers’ evidence casual workers on three road projects (1, 4, and 6 in Table 6.12) were receiving only Tsh 36’000 per month, which is clearly below the minimum wage of Tsh. 45’000. These three projects also had the longest working hours and on two of the three no overtime was paid.

On the 8 other projects it was not possible to confirm that the minimum wage of Tsh 45’000 was actually paid. However, even if it was, the minimum monthly wage is calculated on the basis of the hourly rate and assumes a normal working week of 45 hours (9 hours per day for 5 days) and a normal month of 180 hours, whereas on most of the projects, the normal working week was far in excess of 45 hours. In these cases the minimum legal wage requirement was not being met. Taking into account the number of hours worked in a “normal” week, it would appear that on only three projects were casual labourers being paid the legal minimum wage or above. On the majority of projects

contractors were failing, on their own evidence, to comply with the law on minimum wages and workers were being seriously underpaid. The information on which this conclusion is based is shown in Table 6.12.

The situation is very different for casual workers employed directly by the Dar es Salaam City Council. They are paid at the official minimum rate of Tsh 1850 per day and work for only 8 hours⁸³. However there are very few such workers. At the time of the interview there were 16 employed by the council on regular maintenance work at Karimjee Hall, about 12 at the city council dump site and a few at the parking lot. The number of directly employed manual workers has declined by about 30-40% in the city as a whole.

Table 6.13: Hours worked and payment received on 11 large construction projects

Project number	Normal working hours/week	Normal working hours per month	Required salary for 4 weeks work	Actual salary	Under payment
1	60	240	60'000	40'000	20'000
	72	288	72'000	36'000	36'000
2	48	192	48'000	45'000	3'000
	65	260	65'000		20'000
3	60	240	60'000	45'000	15'000
4	60	240	60'000	40'000 +	20'00
	84	336	84'000	36'000	48'000
5	51	204	51'000	50'000 +	Nil
6	56	224	56'000	36'000	20'000
	84	336	84,000		48'000
7	54	216	54'000	60'000 +	Nil
8	74	296	74'000	54'000	20'000
9	48	192	48'000	n/a	
10	42.5	170	42'500	45'000	Nil
				60'000	Nil
11	48	192	48'000	48'000	
	72	288	72'000	36'000	36'000

Source: Baseline study of labour practice on large construction sites in Tanzania, ILO 2005⁸⁴.

⁸³ Interview with Mrs Mwakalyeye, Director of Manpower, Dar es Salaam City Council.

⁸⁴ The figures in italics represent the workers' estimates: The higher salaries claimed by workers on project number 10 are attributed to overtime payment which the workers agree is paid on this project.

6.4.1.3. Health and safety

- There is no data on working days lost due to accidents in the workplace in Tanzania.
 - A special survey in 2001 revealed 150 accidents in the previous 12 months on 63 large building sites in mainland Tanzania.
 - An ILO study of major projects in mainland Tanzania in 2003 revealed non-compliance with H&S legislation on 64%.
- In Dar es Salaam the 1995 informal sector survey revealed:
- 5 accidents per 100 workers in all sectors,
 - 13 accidents per 100 workers in construction.

6.4.1.3.1. Legislation:

The law is quite explicit on occupational health and safety (H&S). The Employment Ordinance Act No. 9 of 1999 dedicates the whole of Part VIII to set out provisions on health and safety. More specifically Section 99 requires an adequate supply of water for all employees and members of their families living with them on the employer's property, while section 100 requires that they be provided with medical care (ILO, 2005).

The Construction Industry has particular rules on health and safety. They are contained in the Factories (Building Operations and Works of Engineering Construction) Rules, Government Notice No. 18 of 1986. The rules set out health and safety standards that are mandatory in the construction industry. They require that contractors cooperate to ensure safe working conditions, prepare a written health and safety policy statement including arrangements for carrying it out and for bringing it to the notice of employees, appoint a safety officer on sites with more than 20 workers and notify the Chief Inspector of the name of the safety officer. The contractor is also required to provide fresh drinking water, suitable accommodation for taking meals and drying clothes, appropriate facilities for washing and sanitation and first aid. There are technical requirements for scaffolds, guardrails, working platforms etc. And there is a requirement that employers take out compulsory insurance against injuries and fatal accidents that may occur at workplaces.

Additional obligations on the contractor are set by the Contractors Registration Board (CRB) "Byelaws" (1999) under the *Contractors Registration Act of 1997*, as follows:

- To provide and maintain appropriate safety gear (Personal Protective Equipment) for all persons on site;
- To maintain a register with a record of all accidents and injuries;
- To display a signboard with names of the client, consultants and contractors and a hoarding (to prevent accidents to passers by);
- To provide fire fighting equipment and hygienic facilities.

In 2003 Tanzania passed a new Occupational Health and Safety Act which provides for the establishment of workers' safety and health representatives and for their training and duties to be carried out in working hours. It also requires health and safety committees at factories and other workplaces with more than 50 workers. The Act provides for the establishment of an Occupational Safety and Health Authority (OSHA) based on the old factory inspectorate. At the time of writing OSHA has been established but the Act itself is under revision and guidelines for implementation have still to be drawn up. It is also intended to update the regulations for health and safety on construction sites, possibly along the lines of the South African regulations, which place ultimate responsibility upon the client, and share the burden between stakeholders as opposed to placing all responsibility on the contractor.

6.4.1.3.2. Data on compliance:

There is no data on working days lost due to accidents in the workplace in Tanzania, at national or at city level and no data on accidents or deaths in the construction industry. But even casual surveillance of construction sites confirms that the standard is very low and the requirements are not being met. A survey of health and safety in the construction industry was undertaken for the Contractors Registration Board (CRB) by the Occupational Safety and Health Authority (OSHA) in 2001 (CRB, 2001). A total of 150 accidents in the previous 12 months were recorded by the survey team on the 63 sites visited, 3 of which were fatal.

Most of the contractors interviewed in the study of working conditions on 11 major sites in 2003 claimed to provide all of the entitlements and take all of the precautions required by law (ILO, 2005). These include the provision of protective gear, first aid facilities, transport to nearest medical centre in case of emergency, training on H&S, presence of a safety officer, insurance provision, recording of accidents and compensation to injured workers. However, interviews with the workers revealed that the regulations are complied with on only a few of the sites. Only 5 of the 11 sites visited had a safety officer, only 3 sites provided any training to the workers and only 2 sites had workers H&S representatives and/or committees. The record on protective gear (the easiest thing to comply with) was equally bad. On only 4 sites of the 11 sites was the contractor providing all of the necessary protective gear. On 6 sites helmets were provided but to only a few employees. On one site no protective gear of any kind was in evidence.

However most sites did have a first aid box and about half have provided some first aid training, although this was generally felt to be inadequate. A few contractors had paid for treatment and offered compensation to workers who suffered injuries at work. But workers are generally unaware of their entitlement in this regard. Many of those interviewed expressed a desire for more information on their entitlements and for training on H&S and HIV/AIDS. The research concluded that the 11 projects exhibited a very wide range in the standard of OSH. Overall an acceptable standard was achieved on 4 of the projects. On 4 other projects the provision for OSH was inadequate and on 3 further projects it was exceptionally poor. Two of the three worst projects were under Chinese contractors. The National Housing Corporation was acting as both client and contractor on the third.

The situation was equally unsatisfactory regarding workers' welfare. Most of the contractors claimed to provide accommodation, transport, food and water to all of their workers. But evidence provided by the workers showed that this was seldom the case. On 2 out of 7 projects in the rural areas were fresh drinking water and toilets provided. In most cases the workers reported that they have to use the surrounding bushes for toilets and ask local villagers for water. Only one project provided washing and changing facilities. Accommodation was only provided on two rural projects and only for permanent workers or skilled workers.

6.4.1.3.3. *Informal sector:*

The most common health hazards reported by operators in the Dar es Salaam informal sector survey were dust, noise, poor water supply, extreme temperatures, poor waste disposal and inadequate working space. Construction had above average rating for health problems and was among the 4 sectors with the highest accident rates. 2'023 accidents were reported in the previous 12 months among 15'009 construction workers, giving a rate of 13 accidents per 100 workers. The comparative figure for all sectors combined was 5 (URT, 1998:1-82).

The UNV/ILO project with informal construction workers in Dar es Salaam reinforced these findings (Jason, 2005). Workers are aware of a number of health problems related to their work. For example, carpenters and stone crushers think they are at high risk of lung diseases due to exposure to dust. They are also concerned about safety. But the informal construction workers in the project are generally hired directly by private house-owners who cannot be held responsible for the health and safety of the workers and cannot be expected to provide the workers with protective gear. Sometimes they work also for contractors but health and safety on construction sites in most cases is limited to advising caution, as opposed to attempting to eliminate hazards or providing the workers with protective gear (Jason, 2005).

6.4.1.4. **Hours of work**

In 1990/91 in mainland Tanzania:

- 42% of paid employees and 54% of the self employed worked more than 49 hours per week.
- Construction workers reported usual working hours of 51 per week.

In 2000/01:

- 65% of paid employees and 61% of the self-employed worked more than 49 hours.
- Construction workers reported *usual* working hours of 62 per week.
- The ILO survey in 2003 found hours worked in excess of 70 on one third of major projects.
- The Informal Sector Survey construction in Dar es Salaam in 1995 reported average working hours in construction of 50-60 per week.

6.4.1.4.1 *Legislation:*

The Regulation of Wages and Terms of Employment Ordinance (1953) states that normal working hours are 45 per week (9 hours per day for 5 working days). Should an employee work for more than the above prescribed hours, additional wages are to be paid in compensation? The current rate of overtime pay is 1.5 times the hourly wage for every hour worked during week days and 2 times the hourly wage for every hour worked during Sundays and public holidays.

6.4.1.4.2. *Data on compliance:*

The proportion of wage earners working for more than 48 hours per week could not be obtained. However, the labour force survey of 2000/01 found that 26% of the total employed population was working for more than 49 hours, compared with 1.9% in 1990/91. Long hours of work predominate amongst those working outside of agriculture. 65% of paid employees and 61% of the self employed worked for more than 49 hours in 2000/01. The comparative figures for 1990/91 were 42% and 54% respectively.

Transport was the sector with the highest number of hours worked in 2000/01 but construction was second. Construction workers reported usual working hours of 62 per week, compared with 36 and 47 for all industries. This was a marked change from 1990/91 when the usual number of hours worked in construction was 51 and construction was joint fourth after transport, trade and mining.

The 2003 survey of 11 large construction sites found that working hours on 7 of the 11 projects were well in excess of 45 per week. The maximum number of hours worked per week was 84 on 2 projects and 72 hours on 2 other projects. On 2 of these 4 projects no overtime was paid. Casual workers do not generally receive days off with pay: paid leave is for permanent workers only. Hours worked in the informal sector are also long. The Dar es Salaam Informal Sector Survey of 1995 found that temporary and casual employees in construction worked on average for 232 and 206 hours respectively in the previous month, giving 50 to 60 hours per week. These long hours can indicate low wages – with workers having to work for long hours in order to make an acceptable income. It also indicates low productivity.

6.4.2. Indicators of Social Security

6.4.2.1. Legislation:

The National Social Security Fund Act, No. 28 of 1997, established the National Social Security Fund (NSSF) which took over the assets and liabilities as well as the customers of its predecessor, the National Provident Fund. The NSSF Act refers to three groups of persons who shall be insured under the Act:

(1) Every person who is a member of the existing Fund

(2) Every person who is self employed or who is employed in the private sector, other than in a body which is a parastatal organization under the Parastatal Pension Fund Act, 1978

(3) Every non-pensionable employee in the Government service and parastatal organization (URT, 2002a:8).

Any other group may be included – or excluded – under orders of the Minister.

Perhaps more interesting than who is included are those left out. Apart from the public sector employees, who have their own fund (see below) all *temporary employees* are excluded. Since the majority of workers in the construction industry (as well as many other sectors) are employed as casuals, often for as little as a day, they are automatically excluded from membership of the NSSF. Strictly speaking the law allows employers to hire workers on a casual basis, although social security legislation and the Employment Ordinance both discourage casualization of employment relations. Under the Employment Ordinance a casual employee is defined as one who is paid at the end of each day. Any such employee who works for 280 days in a given year is entitled to all the benefits enjoyed by other contractual employees. However this is in practice seldom the case.

The NSSF is a contributory scheme with employers paying 20% of wages and employees paying 10%. Employers are empowered to deduct the employee's contribution from wages. It is not entirely clear how much self-employed persons should pay, but it seems that they have to have special permission and the sum is negotiable, but not less than the employees contribution and not more than that normally contributed by the employer. The Fund provides benefits in the following classes: retirement pension, invalidity pension, survivor's pension, funeral grants, maternity benefit, employment injury benefit and health insurance benefit. There is no provision for unemployment.

6.4.2.2. Public social security coverage rate

- There is no provision for unemployment benefit or sick leave in Tanzania.
- Formal social security schemes provide only for old age, maternity and invalidity benefits.

6.4.2.3. Old age pension

- No data is available on the proportion of the population over 65 without pension coverage.
- Only 3% of the total employed population is estimated to have been covered by pension schemes in 2003.
- The number of construction workers covered is not known.

According to the Economic Survey of 2004, there were 327'609 workers enrolled in the National Social Security Fund (NSSF) in 2002/3. This is 43% of those working in "other private" in 2000/01, 15% of those working in the private sector including the informal sector and only 1.9% of all employed persons. The total membership at the beginning of 2006 was 400'000⁸⁵.

Coverage is greater in the public sector, where the Public Service Retirement Act of 1999 replaced the Pension ordinance of 1954. Members of the Parastatal Pension Fund (PPF) are pensionable employees of government and its executive agencies. The Economic Survey 2004 reported 196'307 members of the Fund in 2003, increasing to 205'681 members in 2003/4. The former figure is 46% of the total number of employees in the public sector (government and parastatal) in 2000/01. Taking both public and private sectors together a total of 523'916 persons were estimated to be covered by these social security schemes in 2003. This is 3% of the total employed population or 20% of the total workforce outside the traditional agriculture and household sectors in 2000/01 (as shown in Table 6.1).

Unfortunately the available data is not broken down by industry. The majority of contractors interviewed in the 2003 survey of 11 construction sites claimed that their workers were registered with the National Social Security Fund (NSSF). Many claimed that all workers were registered but others that only some were registered. This was usually the permanent workers. In almost all cases the labourers who form the majority of the workforce were not covered.

Workers and employers were found to be ignorant of the reason for the exclusion of construction workers from the NSSF. Various reasons were put forward including that their monthly salary was too low. On one site it was suggested that to be registered with the NSSF you must have a salary above Tsh.50'000 per month and no Tanzanians on that site were being paid that much so none was registered. On another site failure to register with NSSF was attributed to the fact that workers are paid by task. Workers also thought they may be excluded from the scheme because they do not have a written contract. None of the construction workers covered in the Dar es Salaam Informal Sector Survey had a written contract.

⁸⁵ Information supplied in a telephone conversation with Mr. Magore of NSSF.

Workers interviewed on one site who were registered with the NSSF were uncertain of the benefits. Reports in the newspapers of misuse of funds by NSSF reinforce these uncertainties⁸⁶. In addition, the possibility of employers making deductions on behalf of workers while failing to register them (“bogus deductions”) was mentioned in interviews with the workers. A similar complaint of failing to forward contributions has even been made against the construction workers union (TAMICO) by its employees.

6.4.3. Indicators of Workers Rights

6.4.3.1. Wage inequality

- In Tanzania mainland the median monthly income of paid male employees was 20% higher than of females in both 1990/01 and 2000/01.
 - The median income of self-employed males was 164% higher than of self-employed females in 1990/01 and 80% higher in 2000/01.
- In the construction sector:
- The median income of paid male employees was 25% higher than of females in 1990/91.
 - The median income of paid *female* employees was 43% higher than of paid males in 2000/01.
 - There were no reported self employed females in construction in 1990/91.
 - The median income of self employed females in 2000/01 was 20% more than that of males.
 - There is no data on wage inequality according to place of birth.

6.4.3.1.1. Legislation:

Under the Constitution of the United Republic of Tanzania discriminatory treatment in terms of wages and related privileges at workplaces is expressly prohibited. A victim of any discriminatory practice can obtain remedy in Courts of law, either the Industrial Court of Tanzania or in the High Court. Apart from the Constitution, there is no other legal provision on discriminatory practices currently in force. However, the new Employment and Labour Relations Act, 2003 has a provision that outlaws discriminatory treatment at workplaces in the following terms:

“S. 7(1) every employer shall ensure that he promotes an equal opportunity in employment and strives to eliminate discrimination in any employment policy and practice.”

6.4.3.1.2. Wage inequality between genders:

There is some discrepancy between the wages paid to men and women in Tanzania. According to the Labour Force Surveys the median monthly income of male paid employees was 20% higher than females in both 1990/01 and 2000/01. The gap was much wider among the self employed. In 1990/91 the median income of self employed males was 164% higher than that of self employed females. However the gap had narrowed by 2000/01 when self employed males earned 80% more than females.

⁸⁶ In March 2006 there were reports in the newspapers of NSSF investing Tsh 45 billion to buy an estate of warehouses in Dar es Salaam that it had previously loaned the builder Tsh 9 billion to construct.

The employment and earnings survey of 2001, which covered only formal sector employees, also reported a gap between the pay of male and female workers in both the government and private sectors. Parastatal profit making was the only sector where earnings of males and females were almost equal.

In 1990/91 the median income of male paid employees in the construction industry was 25% higher than that of females. However in the labour force survey of 2000/01 the positions are reversed. Female employees earned more than male employees by a considerable margin. The median earnings of female paid employees were Tsh 50'000 per month and of males only Tsh 35'000. The most probable explanation lies in the fact that women and men are doing different jobs in the construction industry. The construction workforce in Tanzania is 97-98% male. Women are employed in administrative and secretarial functions only, occupations requiring some education and carrying a higher salary.

A similar pattern is seen amongst the self-employed working in construction in 2000/01 with women earning Tsh 42'857 and men Tsh 35'000, which is not such a huge gap but still significant⁸⁷. This is more difficult to explain. The most probable explanation is once again that the women are performing different tasks from the men – in this instance probably preparing and serving food on the construction sites. The fact that the median earnings for male and female workers combined is the same as for males indicates that the proportion of self employed women working in construction is very small. In 1990 there were none recorded.

6.4.3.1.3. Wage inequality by place of birth:

There is no data on wages by place of birth in Tanzania. However the ILO survey of 11 construction sites found a very great difference in the terms of employment between Tanzanian and foreigners (ILO, 2005). Most of the foreign workers (plus a few Tanzanians) were on permanent contracts, while all of the casual and temporary labourers were Tanzanians. Not only wages but also benefits such as holidays with pay, insurance, pensions, housing etc. are very different between these two forms of contract.

6.4.3.2. Child labour

6.4.3.2.1. Legislation:

The term “child” is defined under Section 77 of the Employment Ordinance (1957) as a person under the apparent age of 12 years. The Ordinance forbids employment of a child under the age of 12 in any capacity whatsoever. Anyone employing a child under the age of 12 is guilty of an offence. However, as the law stands at present, a person over 12 years old may be employed in certain categories of work. But if the employee is below 18 years s/he must return home to his/her parents or guardian every day after work and should not be employed near machinery or in work injurious to health.

- 23% of children aged 10-14 were economically active in mainland Tanzania in 1990/01.
- 53% of “children” aged 10-17 were economically active in 2000/01.
- In Dar es Salaam 14% of those aged 10-17 were economically active in 2000/01 and most were in the 14-17 age brackets.
- The construction industry employed 407 children aged 10-14 in 2000.
- The informal sector survey (1995) found no children working in construction in Dar es Salaam.

The new Employment and Labour Relations Act, 2003 (which is not yet operational) makes it illegal to employ a child below 14 years. In general terms the Act suggests that children should not be employed in activities that are inappropriate for their age that is in activities that place at risk the child's well-being, education, health or social development. For example, a child of 14 years can be employed only in light work. A child under the age of 18 cannot be employed in a mine, factory or as crew on a ship, unless it is part of his/her training.

6.4.3.2.2. Data on compliance:

The ILFS 2000/01 found 53% of children aged 10-17 are economically active in the country as a whole, a total of 3'463'716. It is not known how many were under the current legal age of 12 or the legal age of 14 under the new Act. However, in 1990/91, 23% of 10-14 year olds were economically active compared with 65% of 15-19 year olds. Hence it may be assumed that a high proportion of the children working in 2000/01 were also in the older age group. The highest proportion of working children (68%) and by far the greatest number are in the rural areas. In the urban areas 28% of children aged 10-17 are economically active. In Dar es Salaam the figure is 16%.

The 2000/01 survey found that the construction industry employs 1'977 of the total number of working children, all of them male. 1'618 are paid employees and 358 unpaid family helpers. A special report on child labour in Tanzania found that most (1'462) of the "children" working in construction were aged 15 -17, which is legal in Tanzania. However, 407 were aged 10 -14 and 105 are under 9 years (URT, 2001). The Dar es Salaam Informal Sector Survey reported no children working in construction in the city.

6.4.4. Indicators of Social Dialogue

6.4.4.1. Institutional structure

Labour relations in Tanzania are regulated by legislation and supervised by the Ministry of Labour and Youth Development in partnership with the trade unions and the employers' organizations. The Trade Unions derive their legitimacy under the provisions of the Trade Unions Act, 1998. The employers are represented by the Association of Tanzania Employers (ATE), which is registered as an association under the same Act.

Under the Ministry of Labour three key departments can be found, namely:

- The Office of the Commissioner for Labour, which has overall responsibility for supervising labour relations in the country;
- The Office of the Chief Inspector of Factories and Other Workplaces, which has recently been re-constituted as the Occupational Safety and Health Authority appointed under Section 4 of the Occupational Health and Safety Act, 2003;
- The National Employment Promotion service established under Section 3 of the National Employment Promotion Service Act.

The Office of the Commissioner for Labour and Labour Officers working under the Commissioner constitute the institutional structure for the resolution of workplace grievances before they find their way for adjudication or reconciliation. The law provides for adjudication through the Industrial Court of Tanzania (established under the Industrial Court of Tanzania Act, 1967). Ordinary Civil Courts are also empowered to deal with labour related disputes or grievances, albeit limited to reports submitted in Court by Labour Officers. Conciliation of workplace grievances or disputes at work places may also be handled by Conciliation Boards normally established at District levels.

Under the new labour laws (The Employment and Labour Relations Act, number 6 of 2004 and the Labour Institutions Act, number 7 of 2004) a “Commission for Mediation and Arbitration” will be set up to mediate on labour disputes and grievances. The Industrial Court will be replaced with a Labour Court which will be a division of the High Court.

6.4.4.2. Trade Union density rates

6.4.4.2.1. Legislation on Freedom of Association:

The law is permissive regarding the formation of Trade Unions. A minimum of 20 signatures of employees are needed to form a trade union. In principle, multiple unions can be formed for any particular trade or industry. However, all unions have to be registered and the Registrar is a government appointee with huge powers, including the power to refuse registration. Where two or more trade unions exist in an establishment, occupation, trade or industry, the Registrar can cancel the registration of all except the union with the largest number of employees, if s/he considers it to be in the interests of the employees. And/or s/he can require the unions, other than the one with the largest number of members, to cancel the membership of workers in that establishment, trade, occupation or industry. Hence the Registrar has the power, in practice, to ensure that there is only one trade union representing workers.

- Trade union membership is estimated to have declined from 6.4% of *the total employed population* in 1990 to 1.8% in 2001.
- Union membership as a proportion of *paid employees* was around 27% in 2000/01.
- Union membership amongst construction workers is estimated at 3.3% of the total construction workforce in 2001, falling to 1.6% in 2003.
- Union membership in Dar es Salaam in 2003 is estimated to have been 6.5% of the *total employed population* and 16% of *paid employees*.
- Union membership amongst construction workers in Dar es Salaam in 2003 is estimated at 3%.
- Union membership in the public sector in 2003 is estimated at 50% and in the private sector (excluding those employed in agriculture and the informal sector) at 14% (2003): if the informal sector is included the private sector density falls to 5%.

That the Registrar does exercise these powers in practice is illustrated by the fact that a recent application for registration of a new union for construction workers was refused on the grounds that a construction workers union (TAMICO) already exists. The workers can appeal through the courts but this is lengthy and costly process. They have chosen instead to apply to the Minister of Labour (in two previous cases the Minister did instruct the registrar to register the unions).

Once registered, trade unions enjoy considerable statutory protection, immunities and privileges. Section 47 of the Trade Union Act provides as follows:

“ *No suit or other legal proceeding shall be maintainable in any civil court against registered trade union or other officer or member of a trade in respect of any act done in contemplation or in furtherance of a trade dispute to which a member of the Trade Union is a party on the ground only that the act induces some other person to break a contract of employment, or that it is in interference with the trade, business or employment of some*

other person or with the right of some other person to dispose of his capital or of his labour as he wills.”

Liability in tortuous acts is exempted under Section 48 (10) and unions are further protected from liability in contract under the provisions of Section 49.

The obligations of employers towards trade unions are also substantial. The Trade Unions Act, 1998 requires any employer who employs a worker who is a member of a registered trade union to deduct the union dues from the wages of the employee and pay the sums deducted to the union. Further obligations on employers are outlined under Section 8 of the Security of Employment Ordinance. These include the obligation to provide for the election of members of workers' committees, to permit them to meet at least once a month during working hours and without loss of pay, to make a room available for meetings, to allow them to participate in inspections where the committee has such a function and to carry out other duties. The same law protects individual union leaders and members of committees against discrimination by employers and specifically forbids their dismissal unless prior approval has been obtained from the labour officer.

It is therefore, evident that the existing legal framework affords workers the right to organize and join union membership at workplaces and that union office bearers enjoy considerable legal protection.

6.4.4.2.2. Trade Union density:

Trade union density is defined as the proportion of all employed persons (public and private sector) who are members of a trade union. According to the Trade Union Congress of Tanzania (TUCTA, 2004) trade union membership before the economic reforms of the 1990s was estimated at 700'000. If this was the membership in 1990/91 it represented 6.4 % of the total employed population. Total trade union membership in 2001 was just over 300'000 (the reported figure varies from 300'747 to 313'288, averaging 307'017) increasing slightly to 317'716 in 2003. This was 1.8% of the total employed workforce of 16'914'806.

Since the vast majority of Tanzanian workers are working for themselves either in traditional agriculture or in the informal sector, a more appropriate measure of union density in the Tanzanian context would be the proportion of *paid employees* who are members of a trade union. There were 1'150'055 paid employees in Tanzania in 2001. Union density as a proportion of this figure would be 27%. The trade union for construction workers in the Tanzania Mines and Construction Workers Union or TAMICO. TAMICO membership was reported as 8'595 in 2001⁸⁸. Reliable sources indicate there were slightly more construction workers than mining workers⁸⁹. Assuming there were 5'000 construction workers in the union in 2001 that would be 3.3% of the total construction workforce. TAMICO membership fell to 6'456 in 2003, of whom around 4000 were in mining, leaving only 2'456 in construction. This gives a density of only 1.6%.

The director of economics and research at TUCTA confirmed that membership among construction workers has declined and attributed this to the increasing use of private contractors who employ mainly casual workers who are difficult to recruit into the union⁹⁰. The unions also have little experience in recruiting in the private sector, let alone the informal sector, having for many years relied on the public sector to provide their membership. Public sector employers even deduct union contributions from salaries at source, saving union officials the bother of having to collect union dues (TUCTA, 2004).

⁸⁸ Study on membership profiles by Professor Chambua, cited in TUCTA 2004.

⁸⁹ Interview with Victor Kassian and Anne Ngondo, who until 2005 were TAMICO deputy general secretaries for Mining and Construction respectively.

⁹⁰ Interview with John Gonza, director of economic and research, TUCTA.

Another major factor is lack of manpower in TAMICO since the firing of the Deputy General Secretaries for construction and mining respectively. The former Deputy General Secretary for construction has gathered a lot of support among construction workers in the country and they are currently attempting to register a new union for construction workers (CIWUTA) that will embrace the informal sector workers. But at the time of writing the application for registration has been rejected and an appeal has been made to the Minister of Labour⁹¹.

The general situation was largely confirmed in the ILO study of large construction sites in 2003 (ILO, 2005). A trade union presence was found on only two sites and on one of these it was said to be not very effective. On several sites labourers expressed an interest in joining the union, but knowledge of TAMICO and of workers' rights in general was found to be very limited. The contractors representatives interviewed on all sites maintained that workers are allowed to join a trade union and to hold meetings on site. However on two sites the workers disagreed. On one of these sites the workers specifically said that they were interested in joining the union but the management would not allow it.

Compilations have been made of the numbers of trade union members in Dar es Salaam, although the data is only available for 2003. The total number of union members in the city in 2003 was 47'802 (all sectors) out of a total employed population of 738'731, or a total number of paid employees of 291'731 (2000/01 data). This is 6.5% of the total employed population and 16% of paid employees. In 2003, 1004 of TAMICO members were in Morogoro region, which includes DSM. If all were construction workers, they would represent around 3% of the estimated number of construction workers in the city. It was also possible to make a rough calculation of the numbers of TU members in the public and private sectors, for the country as a whole and for Dar es Salaam. Again the data is only available for 2003. It was found that out of the total of 316'411 trade union members, 209'996 were employed in the public sector, compared with the 106'415 in the private sector. Using 2001 employment data, this gives a public sector density of roughly 50% and a private sector density (excluding those working in agriculture and the informal sector) of 14%, but this falls to 5% if the informal sector is included. These findings are not unexpected as it is widely recognized that a high proportion of union members are working in the public sector. The decline in membership in recent years is largely a reflection of falling public sector employment. More than a third (117'000) of all union members in 2001 (and more than a half of those in the public sector) were teachers who are employed by the government and whose membership of the Tanzanian Teachers Union is mandatory.

6.4.4.3. Collective bargaining coverage rates

- No data is published on collective bargaining agreements.
- There are very few such agreements in the construction sector (4 at most) and some are in public sector organisations such as the National Housing Corporation.

No data is published on collective bargaining agreements. There are very few collective bargaining agreements in the construction industry, maybe 4 at most and some of them are with public sector organizations such as the National Housing Corporation, where

⁹¹ Interview with Ms Anne Ngondo, formerly Deputy General Secretary, Construction, TAMICO.

union members are the managers and regular employees. The number of construction workers covered by such agreements is miniscule. The TUCTA (2004) report mentioned above maintains that government refuses to register collective bargaining agreements in the industrial court or that there are long delays in doing so. Other authors maintain that there is no collective bargaining in Tanzania.

6.4.5. Synthesis: Decent work indicators in Dar es Salaam case

Table 6.14 presents, in a synthetic format, the decent work indicators for Tanzania and Dar es Salaam, according to the four key components. The right hand column of this table shows trends towards (+ve) or away from (-ve) decent work for each of the indicators in all sectors and in the construction sector at the national, or local levels.

Table 6.14: Dar es Salaam decent work indicators

EMPLOYMENT DIMENSION				
Unemployment rate				
		1990/91	2000/01	Trend towards DW
National level	All sectors	3.60%	5.10%	-
Local level	All sectors	n/a	26.40%	
Low wage rate				
		1990/91	2000/01	Trend towards DW
National level	All sectors	8.00%	26.00%	-
Hours of work				
		1990/91	2000/01	Trend towards DW
National	All sectors	42.00%	65.00%	-

SOCIAL SECURITY DIMENSION				
Public social security coverage				
		1990/91	2000/01	Trend towards DW
National level	All sectors	n/a	46.00%	
Old age pension				
		1990/91	2003	Trend towards DW
National level	All sectors	n/a	3.00%	

WORKERS RIGHTS DIMENSION				
Wage inequality between genders				
		1990/91	2000/01	Trend towards DW
National level	All sectors	120.00%	120.00%	=
	Construction	125%	0.57	-
Child labour				
		1990/91 (10-14)	2000/01 (10-17)	Trend towards DW
National level	All sectors	23.00%	53.00%	-
	Construction	n/a	n/a	
Local level	All sectors	n/a	16.00%	

SOCIAL DIALOGUE DIMENSION				
Union density rate				
		1990/91	2000/01	Trend towards DW
National level	All sectors	6.40%	1.80%	-
	Construction	n/a	3.30%	
Local	All sectors	n/a	6.5% (2003)	
	Construction	n/a	3% (2003)	

Note: n/a = Data not available

6.5. Decent work in Dar es Salaam: initiatives, evidence, obstacles and potential

6.5.1. Initiatives of the Dar es Salaam City Council

There are two major challenges to local government in Tanzanian cities:

- Providing basic services in planned and unplanned settlements and ensuring that the city is clean and healthy place to live and;
- Generating opportunities for productive employment and accommodating micro enterprise activities that are not detrimental to the city environment.

Some of the initiatives taken by local authorities in Dar es Salaam are outlined below.

6.5.1.1. Sustainable Dar es Salaam Programme (SDP)

Dar es Salaam was the first city to participate in the UNCHS/Habitat Sustainable Cities Programme. In the process it shifted from a prescriptive and bureaucratic master planning tradition to more participatory and collaborative ways of working among stakeholders in an urban setting (Nnkya, 1999). This initiative originated with a request in 1990 from the Government of Tanzania through the Ministry of Lands, Housing and Urban Development to the UNDP for technical assistance to review the Dar es Salaam Master Plan. Dar es Salaam has had 3 master plans, in 1948, 1968 and 1979 and they were supposed to be reviewed every five years to capture social and economic changes. UNCHS at this time had just introduced its Sustainable Cities Programme and was looking for cities to pilot the programme. Seeing Dar es Salaam as a potential pilot project it sent an expert to discuss details with the Tanzanian Government.

The idea was not well received by the Directorate of Urban Planning. The Sustainable Cities Programme centered on the relatively new idea of Environmental Planning and Management (EPM)⁹². This was an unconventional planning approach and was not expected to result in a master plan. A second objection lay in the fact that the programme would be carried out by local government and not by the centre. The Ministry had until that time kept control of the planning process because of inadequate capacity at the local level. However the idea of an alternative planning approach was well received by the Dar es Salaam City Council. A project document was prepared and signed in 1991 by the Government of Tanzania, UNDP and UNCHS for what became the Sustainable Dar es Salaam Project (SDP).

The SDP project established working groups to tackle key problems identified through wide consultation with communities and other stakeholders. Five problems were identified initially and this soon increased to 9. Top of the list of problems were inadequate solid waste management (the city was covered with heaps of rubbish) and overcrowded, unplanned and poorly serviced settlements. In the first 2 years the city centre was cleared of waste in a big clean up campaign. The various stakeholders who participated in the campaign were the central government, the city council, donor agencies, the private sector and individuals. Researchers have argued that this experience led the city council to see how improvements in solid waste management could be realized through stakeholder participation, which set the scene for subsequent privatization (Kassim & Ali, forthcoming; Halla & Majani, 1999). In 1994 Dar es Salaam City Council acknowledged

⁹² The underlying concept of the EPM process has been developed and adopted through the Urban Management Programme, an inter-agency facility between UNCHS (now UN-Habitat) UNDP and the World Bank.

the difficulty of managing solid waste on its own and decided to involve the private sector as a partner in solid waste collection (Kassim & Ali forthcoming). In the partnership the private sector acts as collector (service provider) while the City Council remains as the principal, with overall responsibility for the provision of the service and for setting the framework, including passing byelaws setting collection and disposal charges, enforcing the byelaws, monitoring performance of service providers and managing the whole scheme (Hall & Majani, 1999). Multinet Africa Limited was given the franchise to collect refuse in the 10 city centre wards on behalf of the city council on the basis of user charges. Within six months of operation the rate of collection had improved from about 3% city wide to around 75% in the privatized area (Nnkya, 1999).

While the progress made on solid waste collection and the foundation it laid for future developments in this area (see below) was a major success of the SDP, there were serious disappointments on the employment front. There was disagreement between the traditional land use planners and the environmental planning advocates on the outputs of the project. While some were happy with the Environmental Management Strategy for Dar es Salaam as the basis for a flexible management of urban development, the land use planners still required a master plan. According to one author who was closely involved in the management of the project:

“These practitioners, comprising the law enforcers from both the central and local governments, have regarded the EPM process ... to be wasteful in terms of both time and other resources and therefore an interference with their routines and bureaucratic processes of day to day city administration” (Halla & Majani, 1999:348).

The effect of this can be seen in the continued activities of the law enforcers. For example the authors cited above refer to the on-going unilateral action of DCC to demolish kiosks used by the informal sector operators in the name of law enforcement. They argue that this behaviour frustrates the *“opportunities and initiatives for employment creation and income generation among the unemployed in the city. The action also threatens the commitment of other city stakeholders in resource mobilization and investment for city growth and development.”* (Halla & Majani, 1999:348-9). Writing in 1999, Nnkya concludes that *“in spite of the acceptance by the DCC that formal and informal micro enterprises are important activities sustaining a significant proportion of the urban residents, appropriate strategies of how to accommodate and support these activities have yet to be developed”* (Nnkya, 1999:5).

The same author expressed concern over the neglect of economy and employment aspects in the SDP. *“Urban economy and informal sector activities were among the nine issues of concern identified by the City Consultation in 1992. For unknown reasons, right from the beginning, the SDP decided not to deal with urban economy issues, hence no working groups were established”* (Nnkya, 1999:21). The author concludes that the omission of urban economy issues from the draft Sustainable Urban Development Plan (produced to satisfy the land use planners) made it not much better than a Master Plan and thus a deficient tool for guiding urban growth and development right from the beginning.

6.5.1.2. Solid Waste Management Programme (SWM)

Solid waste management is a service for which local government authorities are usually responsible. However, lack of capacity in the public sector in Dar es Salaam led to recognition in the early 1990s that the private sector needed to be involved. We have seen that the first attempts at public private partnership to collect solid waste in the city, under the SDP, focused on the city centre and involved one private company. Although this was successful in the areas covered still only 10% of the rubbish generated in the city was being collected. There was an urgent need to extend coverage to other parts of the city and especially to the informal settlements where the majority of the population was living. In 1994, still under the SDP project, three new working groups were established to:

- Expand privatization to new areas by involving Community Based Organizations (CBOs) and NGOs as primary collectors;
- Strengthen waste disposal site management and;
- Encourage waste recycling.

In 1998 the ILO became involved, with funding from UNDP, in what became the Dar es Salaam Solid Waste Management Project. The project started life under the Dar es Salaam City Commission but after 2000 responsibility was taken over by the “solid waste management department” of the three municipalities, supported by the equivalent department in the Dar es Salaam City Council (DCC). A major objective of the SWM project was to promote employment opportunities and income generating activities within the SWM sector, while also improving the cleanliness of the city and the amount of waste by encouraging recycling (Salewi, 2006). The strategy adopted was to involve local communities through the ward and *mtaa* system (the lowest unit of local government) and to extend the award of franchises to small enterprises and community based organizations (CBOs). Each franchisee was authorized to collect waste in a specified area of the city and to collect fees directly from the local residents. During the course of the project (1998-2003) more than 50 franchises were established covering 44 of the 74 wards in the city. The Dar es Salaam City Council supports the small enterprises involved by providing carts. DCC also manages the dump site, formulates the contracts which are let by the municipalities and coordinates activities from the grass roots level to the final dumping of the waste⁹³. This type of collaboration between the local authorities and an incipient private sector represents a new kind of public-private partnership with enormous potential (Salewi, 2006). The result was an increase in waste collection from 10% in 1994 to 48% in 2005 (Kassim & Ali, forthcoming). At the same time more than 2000 jobs were created, 60% of them for women (Salewi, 2006).

However, a number of problems remain. Many residents in low income areas are reluctant to pay the fees demanded for the service of refuse collection. The belief is widespread among the public that the service should be provided free of charge, as it was in the past. Many do not realize that the service is provided by the private sector, and those that do, believe that the service providers have already been paid by the city to provide the service and are reluctant to pay again (Kassim & Ali, forthcoming). This has led to a situation where many franchisees are unable to collect the fees due to them and are struggling to survive. It had been assumed in the planning phase that it might be possible to cross subsidize between high and low income areas by each contractor being responsible for one high-income and one low-income area. But this proved impossible as virtually none of the contractors had the capacity to serve more than one area (Bakker et. al., 2000). Hence franchisees scramble for the high income areas and the central business district where fees are greater and access easier than in the informal settlements, so that many low income settlements lack franchisees to serve them (Salewi, 2006). In this context

⁹³ Interview with Revocatus Mtwenge, Head of Planning, Dar es Salaam City Council.

some individuals and group have begun to collect waste informally, without a contract from the municipality, in the un-serviced areas.

More serious problems for the ILO are the low wages and very poor working conditions in the SWM industry. A survey undertaken in 2005 found the workers in SWM are employed on a casual daily basis and paid only Tsh 1'000 per day which is well below the minimum wage (Kaseva & Mbuligwe, 2005). This was confirmed in a study commissioned by the ILO in 2003 which examined working conditions in 35 of the 44 wards that have a contract with the municipal authorities and 6 of the 29 wards where waste collectors operate informally (Kiwasila, 2003). The study found not only low wages, with 62% earning less than the minimum wage, but also wage disparity with men earning 27% more than the women, largely resulting from their undertaking different tasks. 64% complained of long working hours. About 90% of the workers did not have a contract but were employed on a daily basis with no job security. Although most reported a good understanding between workers and employers, absence from work due to illness or any kind of activity to defend their right to a decent wage would result in instant dismissal. While child labour has been eliminated among the licensed franchisees, it is still present among those collecting rubbish informally and at the waste collection points and dumpsites (Kiwasila, 2003).

Those who work in waste collection do so under precarious conditions and workers are exposed to serious health hazards. Despite the fact that the use of protective clothing is required in the byelaws, the municipal authorities do not have the manpower or the funds to enforce this. The study found the use of protective clothing to be minimal, with two thirds of those interviewed having no protective gear. Furthermore, 84% of those interviewed reported lack of welfare assistance even after injury at work (Kiwasila, 2003). The study concluded that much work remains to be done to promote decent work in this sector. In the words of the ILO expert responsible for a follow up project "*Decent work is still a goal*" (Salewi, 2006:9).

6.5.1.3. Hanna Nassif urban infrastructure upgrading project

Hanna Nassif is an unplanned settlement in Kinondoni district of Dar es Salaam with a population of around 20'000 located just 4 Kms from the city centre. The settlement lacked basic infrastructure and was also liable to flooding in the rainy season. In 1990 there were heavy rains and the community organized a brainstorming to decide what to do⁹⁴. The priority was to reduce flooding in the area by the construction of storm water drainage. The ideas were taken to the ward level, then to the municipal level (Kinondoni District) and finally to the City Council. Several plans were developed but failed to be implemented due to lack of funds.

In the early 1990s a pilot project was formulated by the International Labour Organization (ILO) to tackle the problem of flooding through the use of labour based methods of construction and involving the community in all stages of the construction process (Tournée & van Esch, 2001). In 1993 a Community Development Committee (CDC) was formed and this committee shared responsibility, as the contracting authority or "client" for the project, with the Dar es Salaam City Council (DCC). The DCC also seconded staff to the technical assistance team. Work was actually implemented by the Construction Committee which was a sub committee of the CDC. The Construction Committee became, in effect, the contractor, taking full responsibility for implementation, including the organization of paid and unpaid labour. Construction work began in 1994 (with a grant from the Ford Foundation) and finished in 1996 having completed 600 meters of main

⁹⁴ Interview with Mr. Nestory Joseph who has been the Chairman of the Hanna Nassif Community Development Association since 1998.

storm water drainage, 1500 meters of side drain, 1000 meters of murram road plus two protected drain outlets, improved footpaths and 10 vehicular culverts (Tournée & van Esch, 2001). Construction work took longer than originally envisaged (2.5. instead of 1.5 years) and was of adequate quality, although the finishing were probably of lower quality than would have been delivered by contractors (Tournée & van Esch, 2001). The daily wage paid to the labourers at that time was Tsh 700.

A second phase of the Hanna Nassif project began in 1997 and continued until 2001. The National Income Generating Programme (NIGP) was the executing agent and project manager during this phase. The major objective was clearly to expand employment opportunities for the poor living in unplanned settlements, while also improving the environment and providing access to basic services. A second objective was to draw lessons from the project implementation in order to replicate the initiative in other unplanned areas (Salewi, 2006). Unlike phase one, the project involved the provision of a number of services, including a water supply system and a system for the collection of solid waste. It also provided support for micro enterprise development through a community scheme for the provision of credit. However the chief difference from phase one was that private small-scale labour based contractors were brought in to manage the major works, while only the minor works were undertaken by the community.

The rationale behind the introduction of contractors was to build the capacity of the local community by exposing them to better project management and organization skills through employment in a contracting company. To this end it was specified in the contracts that the contractors were to use local labour from Hannah Nassif and to rotate them on a weekly or fortnightly basis so as to ensure the maximum number of workers were exposed. Complaints that the contractors did not do so illustrate an on-going tension in contract documentation that “encourages” the employment of local labour, while retaining the right of contractors to have full control over recruitment and labour policies.

A further ambiguity in the objective to employ “local labour” is illustrated by the fact that the Hanna Nassif Community Development Association (CDA), having gained considerable skill, has subsequently offered their services as a contractor in other community upgrading schemes, thereby precluding the possibility of generating employment for local labour from that community. It is suggested that there is a trade-off here between the objective of employing local labour and that of developing a specialized and experienced construction workforce. While basic construction may appear to require no skill in the formal sense, experience should not be under valued. The attempt to retain benefits within a specific community may in the long run be counterproductive to development of the national and the local construction sector.

Phase II of the Hanna Nassif upgrading project, is reported to have generated 30'483 workdays of employment, with 50% of the beneficiaries being women (Salewi, 2006). Normally 50 unskilled and 5 skilled workers were employed each week⁹⁵. As there were many more applicants for work than jobs available, workers were rotated and applicants could only expect to work for one week out of 2, 3, or 4 depending on the number of applicants (Clifton & van Esch, 2000). This did not pose a problem as workers were aware that the work would be only temporary. But it did lead to the perception that national legislation in this respect was irrelevant. Wages paid by the community contractors were set at Tsh 1'600 per day for skilled workers and Tsh 1200 for unskilled, which was in line with the minimum wage at the time (Clifton & van Esch, 2000) and confirmed by the chairman of the CDA. These wages were paid against set tasks and the workers were free to leave once the task had been completed. It was agreed that private contractors would use the same task rates but the workers were expected to continue working for the

⁹⁵ Interview with Nestory Joseph, Chairman of the Hanna Nassif Community Development Association.

whole day with pro rata payment for the number of tasks completed (i.e. in effect piecework). There were no records of problems with late or inadequate payment of wages. But the community complained that the contractors did not teach them anything (Clifton & van Esch, 2000). Furthermore, the works executed by the private contracts proved to be 30-60% more expensive than those undertaken by the community.

As this was an ILO project the project management team ensured that the CDA and site managers were aware of national labour laws and international good practice. No underage workers were employed and only guards worked for 7 days a week. Drinking water was provided at all sites, first aid facilities, workmen's compensation insurance and protective clothing were provided by the project. However, the private contractors had limited H&S equipment and relied on the CDA to supply it and some of the work (e.g. deep excavation of unstable material on steep slopes) was inherently hazardous. The project evaluators concluded that more protective clothing should have been available and its use made mandatory.

In addition to generating "fairly decent" employment the project succeeded in expanding the network of gravel roads, installing a water supply system and reducing the area liable to flooding from 55% to 30%. A system of solid waste collection was also established, as well as a community fund for the provision of small loans to micro enterprises. However, the waste collection proved to be unsustainable, running for only 15 months, due to the fact that residents were not paying the monthly collection fee of Tsh 500 per household. The micro credit project lasted a little longer but it also eventually collapsed as residents ceased repaying the sums they had borrowed. At the time of visiting the CDA in March 2006, the only source of revenue was from the water kiosks. The residents are charged Tsh 20 per 20 liters bucket out of which the water kiosk attendant is paid Tsh 500 per day. This sole source of revenue has to pay the water bills and running costs of the CDA office, as well as maintenance of the water supply, gravel roads and drainage system⁹⁶.

Maintenance is supposed to be the responsibility of the Kinondoni Municipal Council. In 2004 the CDA sent a budget for Tsh 70 million (US\$ 70'000) for maintenance of the roads to the KMC but it was not approved⁹⁷. The role of the local government authorities in the project in fact appears to have been quite minimal. The City Commission was originally involved in setting standards for the project but when the Commission was dissolved in 2000 the responsibility fell upon Kinondoni Municipality. At the time of the project evaluation, KMC stated their support but details were not forthcoming. The evaluation report of Phase II proposed that possible support for maintenance should be discussed with KMC. It also proposed that KMC management committee be invited to visit the settlement "*as only a few members of the committee were familiar with the project or with Hanna Nassif*".

An interesting conclusion of the evaluation was that the "*construction of community-benefiting assets by the community (CDA) using community labour does not automatically bestow any sense of ownership or obligation to maintain those assets*" (Clifton & van Esch, 2000: section 11.4). However, this is perhaps a rather harsh condemnation of the community, which needs not only the will but also the means to fund necessary maintenance work. Funds can be generated from revenues collected from selling the service or from revenues collected from taxation. Residents of Hann Nassif are unwilling or unable to pay for solid waste collection and the Kinondoni Municipal Council is unwilling or unable to provide the requested funds to maintain the roads. While residents are used to paying for water at the point of delivery, they are not used to paying for these other

⁹⁶ Interview with Nestory Joseph, Chairman of the Hanna Nassif Community Development Association

⁹⁷ Interview with Nestory Joseph, Chairman of the Hanna Nassif Community Development Association

services. Imposing tolls for the use of the roads also proved to be impractical and the attempt was soon abandoned.

6.5.1.4. Community Infrastructure Programme(s)

A second project to involving local communities in the provision of urban infrastructure, the Community Infrastructure Programme (CIP) of the World Bank, took off in Dar es Salaam at about the same time as the Hanna Nassif project. Both have been well documented and acclaimed as “best practices”. However there were some key differences. While the Hanna Nassif project relied heavily on labour based methods to construct gravel roads using community labour, the CIP went for a higher standard of roads and used private sector consultants and contractors. Hanna Nassif was an unplanned settlement whereas the CIP was implemented in Tabata and Kijitonyama which are planned settlements but lacking basic infrastructure.

According to one respondent in the city council, the different approach used on the two projects could be traced back to the source of funds⁹⁸. Hanna Nassif was financed by a grant from the Ford Foundation, whereas the CIP was funded by a loan from the World Bank. In the latter case the client had to abide by the conditions of the loan which related to quality and time. Since tarmac roads were specified by the donor, this ruled out the use of labour based methods and the need for machinery ruled out reliance on community labour. Nevertheless the CIP was recognized as one of 10 best practices worldwide under UNCHS/Habitat’s “best practices and local leadership programme”. The recognition was for community involvement in the planning and notably the financing of infrastructure in the ‘challenging context of sub-Saharan Africa’ (Seragelden, 2000:8-9) – as opposed to employment generation which (according to one informant) was not a priority of the project⁹⁹.

A community development officer at the Temeke District Council provided further information on the project in Tabata¹⁰⁰. The community contributed 5% towards the total cost of construction which amounted to Tsh 17’000 for each house. Construction started in 1997/98 and ended in 2000. The two contractors engaged for the work were Japanese and Chinese. The contractors were required to use labour from the community and expected to pay market rates. Personal protective equipment (PPE) was provided by the Japanese company, but the Chinese company, who are known to have poor standards of H&S, provided none. The Chinese company also paid very low wages which led to cases of materials being stolen by the workers to compensate for the low pay. As a result the specified quality was not achieved. The municipality is expected to meet the cost of maintaining the roads built under the CIP project.

The Community Infrastructure Upgrading Project (CIUP) is now trying to replicate the CIP in other communities in Dar es Salaam. This Project, which started in April 2005, is also funded by the World Bank as part of the Local Government Support Programme¹⁰¹. The programme is demand driven and community led. Communities at ward or *mtaa* level (the lowest level of local government) decide what infrastructure they need and contribute in kind through the provision of free labour. The municipal councils also have to contribute 5% in cash and sometimes the communities help to raise this. Funds and assistance are

⁹⁸ Interview with Ms Margaret Mazwile, Community Development Officer and coordinator of the Community Infrastructure Upgrading Programme (CIUP), Dar es Salaam City Council.

⁹⁹ Interview with Ms Margaret Mazwile, coordinator of the CIUP, Dar es Salaam City Council.

¹⁰⁰ Interview with Mr. Bakari Said, Coordinator of the CIUP at the Temeke Municipal Council.

¹⁰¹ Information in this paragraph was provided by Mr Cosmas Takule, managing the project on behalf of the World Bank

channeled through the three municipalities. Kinondoni has 6 projects, Temeke has 6 and Ilala has 4. A total of 380'000 households are to be reached.

The project manager insisted that all activities funded under the project will use labour based methods and local manpower to create employment for the local population. But when we asked about working conditions we were told that is not the concern of the Bank. The coordinator of the project at the Dar es Salaam City Council agreed that there are no special requirements for the terms of employment or conditions of work in the contract, as that is the contractors' business¹⁰². She explained that the trunk roads are tarmac and constructed by contractors, but the contractors have also been asked to create employment amongst the local community for minor works and ancillary tasks. It is also part of the agreement that the contractors will use local labour and they do so. She felt that employment is important but expressed the view that this will be generated automatically during construction and after construction is finished through the growth of new businesses. Hence the council does nothing extra to create employment.

6.5.1.5. Other initiatives of the City Council

An interview with the chief engineer of Dar es Salaam City Council revealed details of a project to provide plots for house construction in new planned settlements on the outskirts of the city¹⁰³. The client is the Ministry of Lands and DCC is acting as consultant. The project has been running for 4 years and will continue into the future as the money raised from the sale of plots is re-invested in order to provide additional plots, for which there is a very big demand. The roads are constructed prior to allocating the plots, but the services are expected to come later. So far 450 kms of roads have been constructed. The roads are gravel and construction contracts are let in many small packages so as to be accessible to small local contractors. Construction techniques are mixed, partly labour based (for example the trenches) but some machinery is also employed. Although employment creation is not the main objective of the project, the City Engineer pointed out that the project is in fact creating a lot of employment, in the initial road construction and also later as plot owners begin to build their houses. Asked about the quality of employment he replied that minimum wages are required by the contract and *"as all workers in Dar es Salaam know what the minimum wage is, there is no reason for them to work for less"*.

Interviews with officials of the Dar es Salaam City Council revealed several other initiatives to create employment, although not in the construction sector and not directly. In fact the prevailing view expressed by all officials interviewed is that employment creation is now the responsibility of the private sector. This is in line with the Government's employment policy and means, in practice, that most people will have to create jobs for themselves. The DCC does what it can to support private efforts. For example, 10% of the revenue of the city council and the three municipalities is set aside to assist petty traders through a community bank¹⁰⁴. An industrial park has been created, with a production area and a selling area to help the *machingas* (street traders). All three municipalities are also providing spaces and creating facilities for these activities. In sum, the core activity of the councils is now 'enabling'.

In fulfilling their obligations in this respect, council officials have to work with other – NGOs, CBOs, and international organizations. Sometimes the initiative may come from outside but officers of the council also come up with ideas and look for external funding to

¹⁰² Interview with Ms Margaret Mazwile, coordinator of the CIUP, Dar es Salaam City Council.

¹⁰³ Interview with Engineer K.C.L. Mwambene.

¹⁰⁴ Interview with Revocatus Mtwenge, head of planning, Dar es Salaam City Council.

implement them. One instance cited led to the participation of Dar es Salaam in UN Habitat's "safer cities" initiative¹⁰⁵. The aim of the project is capacity building for crime prevention but activities also include action to address the underlying causes of crime, the most important of which is joblessness, particularly among the youth of the city. When the project started in 1998 youth groups were already undertaking night watches of their neighbourhoods with contributions (torches, clubs etc.) from the community. These were very effective in diminishing crime, but as crime reduced the groups tended to break up, which is precisely when income generating projects are needed. The project has provided seed money for activities such as car washing, gardening, dress making, food processing, carpentry, poultry raising and a nursery school for the children so that the women could work. However when we asked about the "quality" of jobs, stressing regular wages with benefits, the response was "*such jobs are hard to come by*".

Another initiative that came from a council official but was subsequently supported by outside funds (in this case from UNEP and the World Bank) is the Dar es Salaam Rapid Transit (DART) project. It aims to greatly improve public transport in the city with the introduction of new buses and cycle routes. The initiator of the project explained the importance of getting local support if a project of this kind is to be successful and sustainable¹⁰⁶. A financial contribution from the council and/or the government is an important indicator of support, but on its own it is not enough. Seminars, publicity etc. are also needed to convince the politicians and the public. The DCC are now committed to DART and they have voted for it as the number one priority of the council – ahead of street lighting and the construction of an abattoir. Evidence of the government's commitment is seen in the inclusion of the project in the recent election manifesto. This project is not specifically about employment creation but the example does illustrate how local councils can play a leading role even when heavily reliant on external funds.

¹⁰⁵ Interview with Anna Mtani, coordinator of the safer cities programme, Dar es Salaam City Council.

¹⁰⁶ Interview with Ms Asteria Mlambo, head of transport department and coordinator of the DART project.

6.5.2. Decent work: Evidence, obstacles and potentials

6.5.2.1. Evidence

The Labour Force Survey reveals that over 80% of the economically active population in Tanzania is working in traditional agriculture. More than half of the rest earn a living in the informal sector. There was little change in these proportions between 1990/01 and 2000/01. So only a minority of workers (around 10% of the working population) are in paid employment in the “formal” part of the economy.

Even for this minority the terms under which they are employed and the conditions in which they work would seem to fall very far short of the ILO definition of “Decent Work”. A few do enjoy stable employment with some degree of security and ability to exercise their rights. But with the decline in public sector employment and preference of the private sector for employing casual labour or outsourcing labour requirements, the number is small and falling. It is estimated that in 2000/01 only 4% of the total working population were regular employees in formal establishments.

In the construction industry, survey data for 1990/91 and 2000/01 show a quite dramatic shift in the structure of employment, with a significant fall in the proportion of paid employees from 70% to 37% and a corresponding increase in the self employed from 22% to 60%. By 2000/01 the industry was characterized by very high levels of self-employment and similarly high levels of employment in small enterprises with no legal status (the informal sector). The Employment and Earnings Survey of 2000/01 further reveals that amongst those employed in formal (registered) private enterprises, the proportion of casuals was very high, 47% compared with an average of 15% for all sectors, while the average wage of construction workers employed as casuals was less than half that paid to regular workers. Field surveys reveal an even higher proportion of casuals, not less than 70% of the total workforce and on some sites above 90%. Casual workers do not enjoy the benefits of those in regular employment, such as paid leave, weekly rest days, accident insurance or pension provision and in some instances they are even denied basic welfare provisions and protective clothing. No casual construction workers are members of a trade union.

Unfortunately there is no comparable data on the extent of casualisation in earlier years. Comparable data at two time periods (1990/91 and 2000/01) is only available for a few of the decent work indicators. But where data is available, there is clear evidence of a deteriorating trend in conditions for labour. Unemployment in all industries at the national level rose from 3.6% in 1990/91 to 5.1% in 2000/01 and in the urban areas from 10.6% to 14.8%. The proportion of paid employees earning less than half of the median wage rose from 8% to 26%. Trade union density fell from 6.4% to 1.8%. The proportion of paid employees working for more than 49 hours per week rose from 42% to 65%. While in the construction industry, usual working hours rose from 51 to 62 in the 10 year period.

The construction sector also experiences a relatively high incidence of accidents and work related ill health. The informal sector survey of 1995 reported 13 accidents per 100 workers in construction, compared with 5 for all sectors combined. A survey of 63 large building sites found an average of three accidents per site each year. The high accident rate is particularly serious as only those few workers in regular employment in formal enterprises may be covered by formal insurance schemes and receive incapacity benefit if they are injured or fall sick.

Dar es Salaam city has more than its share of paid employees and of construction workers. With 7.5% of the population of Tanzania, the city has 25% of the paid employees and 30% of the construction workers in the country as a whole. Nevertheless, at least half of the employed population of Dar es Salaam and two thirds of construction workers in the city are employed in the informal sector. Many of those who are so employed are in fact unemployed for much of the time. With rapid growth from in-migration, the unemployment rate in the city is extremely high, estimated in 2000/01 at 26% by the relaxed standard definition or 46.5% by the Tanzanian definition which includes those who are only marginally attached to work. There is no comparable unemployment data for Dar es Salaam in 1990/91.

In this context the challenge for local authorities to create employment opportunities in the construction sector with decent working conditions is clearly enormous. It is complicated further by the on-going and critical shortage of revenue in the local councils and continued dependence on the central government, or outside assistance, for capital investment funds. However, despite these obvious difficulties some things have been achieved that might point the way to greater success in the future.

Perhaps because of the lack of capital and the obvious need to depend on outside help, Dar es Salaam City Council has been very adept at taking advantage of international initiatives. This was particularly true during the period of the City Commission when council officials had greater freedom to take decisions outside of council control. The Sustainable Dar es Salaam project was the first substantive involvement of UN agencies with the local council. Although the project evaded the difficult issue of employment generation, it did set a precedent for the involvement of communities and other stakeholders, including the private sector. The participatory approach that evolved to solve the problem of the accumulation of solid waste in the city set the scene for the subsequent development of Tanzanian forms of public private partnerships. Other innovative projects followed with outside assistance, notably projects involving local communities and providing jobs for local labour while upgrading infrastructure in Hanna Nassif, Tabata and Kijitonyama.

6.5.2.2. Obstacles

6.5.2.2.1. Finance

Finance is clearly still a major problem, limiting the ability of all four councils in Dar es Salaam to invest in new infrastructure projects as well as to maintain the infrastructure that already exists.

Transfers from central government have always been the main source of funds for local government in Tanzania, accounting for as much as 90% of local government expenditure¹⁰⁷. Prior to 2004 there were numerous shortcomings in the system for making such transfers, resulting in an inequitable, non-transparent and inefficient allocation of resources. The allocation of funds from the development budget to local government authorities over the years has been small and highly irregular. Only 4% was allocated to regions and local government authorities in 2003/04¹⁰⁸.

¹⁰⁷ *Taking stock of the state of local government finances and the policy debate on local government finances in Tanzania* anonymous report (probably authored by the World Bank) posted on the Government website www.tanzaniagateway.org

¹⁰⁸ See footnote 37.

However the whole system of government transfers is currently being transformed. From 2004/05 formula based allocations were introduced for recurrent expenditure on primary education and health care and for other priority sector in 2005/06. The allocation formula for local roads is based on the length of the road network (75%) the land area (15%) and the number of poor residents (10%). The government is now also introducing a formula based system of Local Government Capital Development Grants to councils based on their performance (URT, 2005). The scheme is funded by a basket of donors in collaboration with the World Bank. In the first release of funds in May 2005, the Ilala Municipal Council received Tsh 374 million and the Temeke Municipal Council received Tsh 454 million¹⁰⁹. Kinondoni apparently received nothing which could be due to poor performance. 50% of the grants allocated to each district or municipality will be spent on priorities determined at the village or ward level.

While recognizing that funds transferred from central government will continue to be important and are an appropriate way to finance services that are agreed at the national level but provided by local government (“*devolution of provision*”) there is broad agreement that other services that are truly local (or “*fully devolved*”) should be financed from local revenues, so as to maintain the link between costs and benefits¹¹⁰. Yet the opportunities for local government in Tanzania to raise revenue to finance local priorities have recently been severely reduced. The local Government Finance Act of 1982 took a permissive approach to local taxation, empowering local authorities to raise revenues from taxes, licenses, fees, charges etc. more or less as they wished. As a result there was a proliferation of local taxes not all of which were justified in the eyes of the public or seen to be fair. The result was widespread resistance to paying and low returns. The main source of local revenue for many years was the development levy, a kind of head tax paid by all adults. It was extremely unpopular and was abolished in 2003. Many other “nuisance taxes” have also been removed. The main source of local revenue currently is the property tax¹¹¹.

The problem of public resistance to paying local taxes persists. Tax evasion is widespread, as is non-payment of fees and charges. A survey of 1,260 citizens in six district and municipal councils in 2003 (including Ilala in Dar es Salaam) found three dimensions of trust to affect citizens’ compliance:

- trust in the local government to use the revenues to provide the expected services;
- trust in the authorities to establish fair procedures for revenue collection and;
- trust in fellow citizens to pay their share (Fjeldstad, 2004).

The first of these three dimensions is perhaps the most significant. The perception that the revenues are not spent on public services is pervasive, reflecting a deep mistrust of the local authorities’ ability and motivation to provide services. People are reluctant to report misuse as they consider all civil servants to be corrupt and to protect each other. They also fear repercussions. The problem may have been exacerbated by the fact that local revenues have had to be spent on local administration, due to inadequate transfers from central government, which increases the public’s scepticism that they will benefit from paying local taxes. It has been argued that an unconditional grant to fund core administrative functions at the local level would allow locally collected resources to be used for the delivery of services that visibly and directly provide benefits to the local community¹¹².

¹⁰⁹ Announcement in The Guardian newspaper, Friday March 24, 2006.

¹¹⁰ See footnote 37.

¹¹¹ Interview with Simon Lapper, Finance Adviser, Local Government Reform Programme.

¹¹² See footnote 37.

An alternative which may be preferable to providing services out of general taxation is to require direct payment for specific services, thereby strengthening the link between demand and supply. Refuse collection provides a good example of this principle. However some services (e.g. roads and drainage) are not easily financed through cost recovery charging systems. The solution put forward for financing these kinds of services is contributions from the community as a whole. Contributions may be in cash or in kind in the form of free labour, but both are problematic.

6.5.2.2.2. Corruption

Corruption deserves a special reference in this context. We have seen that fear of corruption amongst local officials is a major factor behind the reluctance of the public to pay taxes and hence a limitation on the ability of the councils to collect revenue to fund projects. These fears are not unfounded. An official investigation into corruption found that local council leaders receive bribes to facilitate the award of tenders, allocation of plots and marketing stalls and in the procurement of goods and services particularly road works¹¹³. Problems identified in local government procurement include non-adherence to procedures, lack of transparency in prequalification and contract award, political interference, conflict of interest, incompetence and collusion with vendors. Anecdotal evidence uncovered during the ILO research with informal construction workers suggests that straightforward bribery to obtain contracts/work is commonplace at the community level.

The Warioba Report made a number of recommendations regarding procurement which have been largely addressed by subsequent legislation and changes in the institutional framework (URT, 1996). However, many feel that the situation on the ground has not improved significantly. In opinion polls conducted for the annual report of the state of corruption in Tanzania one third of the citizens reported concrete experience of corruption in local authorities, particularly in the area of procurement (Anon, 2002). *“Councilors often flout tender regulations. Sometimes district engineers collude with contractors and some councilors to flout tender regulations for personal benefit. At other times, however, they are merely victims of selecting contractors for road works in the Finance and Planning Committee which can deliberately ignore technical advice on tender evaluation and award contracts to undeserving bidders. These practices often result in inflated costs, poor quality goods and services and delayed work completion”* (Anon, 2002:84).

The implications of this kind of corruption for employment generation are extremely serious. The immediate effect is that inflated costs on any project serve to reduce the quantity of services, and hence of employment, that can be delivered for a given sum. It also seems doubtful that contractors and officials who can inflate costs for their own ends will make any serious effort to promote decent wages and conditions for the construction workers. But the more pernicious and long lasting effect is the erosion of confidence on the part of urban residents in their governance institutions (Ngware, 1999).

¹¹³ “State of Corruption in the Country”, Report of the Commission chaired by Hon J. Warioba, Dar es Salaam, December 1996.

6.5.2.2.3. Contracting out

A further obstacle to the creation of “decent work” clearly lies in the current fashion for contracting out to the private sector services that were previously provided by the council. A number of the council officials interviewed referred to the dramatic change that has occurred in the way in which services are procured. In the recent past Dar es Salaam City Council had a significant manual labour force and constructed a number of projects using direct labour or “force account”. Significant examples are the Benjamin Mkapa school and the DCC’s own office in the centre of the city which was completed in the late 1990s. Maintenance work was also undertaken by the council’s own workers. But today the council contracts out almost all services. The change is recent. In 2003 there were 12 painters employed directly in the building section of the DCC but today there are only 3¹¹⁴. In March 2006 there were 16 manual workers employed at the Karimjee Hall (former Parliament building) tending the grounds and looking after the building but this service also will be contracted out in the next financial year, starting in July¹¹⁵.

We have seen that the public sector, including the local authorities, have good terms and conditions for salaried employees and casuals employed by the council are always paid the minimum wage or above. But when services are contracted out to the private sector, there is in practice little control over the terms and conditions of employment, including the wages paid. Contracting out to the private sector implies that the terms and conditions of employment will be set by the market. While there may be some obligations in contracts, for example to respect the minimum wage, this could not be confirmed. In any case there is no evident means of monitoring to see if the obligations are respected or of enforcing the terms and conditions of the contract. Many of those interviewed take the view that employment conditions are the business of the employer and ensuring that labour regulations are observed is the responsibility of the labour department of the central government. Others said that they preferred force account but this is not in line with current thinking and policy in Tanzania is dictated from outside.

6.5.2.3. Potentials

In sum the case study of Dar es Salaam has shown that, even in the absence of funds for capital expenditure, employment can be generated for the provision of services through partnership with the private and/or community sector. But the service provided must be something for which the public is prepared to pay directly, which is more likely to be achieved in high than in low income areas. Solid waste collection falls into this category. It is possible that other such services could be identified that may be provided with minimal capital input or through partnership with private investors. But to provide these services to low income neighbourhoods where the need is greatest, will probably require cross-subsidization.

To provide employment in construction, as opposed to related services, capital for investment is required. For on-going employment a source of revenue for maintenance must also be identified. Recommendations may be summarized as follows:

- The potential for employment through the provision of services for which the public is prepared to pay directly should be fully exploited;

¹¹⁴ Interview with Mr. Mponzi, head of the building section in the Dar es Salaam City Council and former General Manager of the state construction company MECCO.

¹¹⁵ Interview with Mrs Mwakalyeye, Director of Manpower in the Dar es Salaam City Council.

- The objective of creating employment for local labour should be balanced against that of developing a specialized and experienced construction labour force;
- Nothing should be constructed that cannot be maintained and for which a revenue stream for maintenance cannot be identified;
- If the desire to improve employment conditions is serious, then more labour should be employed directly by urban authorities or local communities. The only way in which conditions of employment will improve is by central government stepping up its enforcement of labour legislation.

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Annex 6.1

List of respondents

<i>Date</i>	<i>Name</i>	<i>Position</i>
06/03/06	Dr. Kumbwaeli Salewi Salewi@ilo.org	Programme Manager, ILO project “ <i>Employment creation in municipal service delivery in E.Africa</i> ”.
07/03/06	Cosmas Takule Takule@raha.com	Project Manager, Local Government Support Project.
07/03/06	Simon Lapper simon.lapper@cats-net.com	Finance Adviser, Local Government Reform Programme.
07/03/06	Professor N.Lema lema@ce.udsm.ac.tz	Dean, College of Engineering and Technology University of Dar es Salaam.
08/03/06	Arthur Jason Arthur.jason@sociologist.com	UN volunteer, UNV/UNDP/ILO project “ <i>Support to informal construction workers in Dar es Salaam</i> ” .
08/03/06	Dr.Yusuf Fundi yfundi@ncc.or.tz	National Construction Council, Coordinator of ILO project “ <i>Baseline study of labour practices on large construction projects in Tanzania</i> ”.
10/03/06	Mark Mfungua	Deputy Director, Association of Tanzanian Employers.
14/03/06	Mrs Mwakalyelye	Director of Manpower, DSM City Council.
14/03/06	Mr Mponzi	Head of building section, DSM City Council.
14/03/06	Mrs Asteria Mlambo asteriamlambo@yahoo.com	Head of Transport unit and coordinator of the Dar Rapid Transit (DART), DSM City Council.
15/03/06	Ms Margaret Mazwile	Coordinator, Community Infrastructure Upgrading Programme (CIUP), DSM City Council.
16/03/06	Eng.K.C.L.Mwambene kiigulacharles@yahoo.com	City Chief Engineer, DSM City Council.
17/03/06	Mrs Anne Ngondo ngondoap@hotmail.com	Former Deputy Secretary General (construction) Tanzania Mines and Construction Workers Union.
20/03/06	Revocatus Mtwenge	Head of Planning Department, DSM City Council
20/03/06	Dr. Aggrey Mlimuka amlimuka@yahoo.com	Executive Director, Association of Tanzanian Employers.
20/03/06	John Gonza	Economics and Research Officer, TUCTA.
20/03/06	Victor Kassian/Anne Ngondo	Former Deputy General Secretaries, TAMICO.
21/03/06	Stephen Kongwa	Acting Director of Planning, DSM City Council.
21/03/06	Ms.Anna Mtani	Safer Cities Project, DSM City Council.
22/03/06	Nestory Joseph	Chairman, Hanna Nassif Community Development Association
30/03/06	Ms Judith Luwande	Community Development Officer, Kinondoni Municipal Council.
05/04/06	John Lubuva	Director, Ilala Municipal Council.
07/04/06	Bakari Said	Coordinator, Community Infrastructure Upgrading Programme, Temeke Municipal Council.

VII – SANTO ANDRÉ CASE STUDY



Mariana Paredes Gil

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7.1. Introduction

7.1.1. Study, Aims and Objectives

The following report is one of the four case-studies of the international research project “Promoting Decent Work in Construction and Related Services: the Key Role of Local Authorities”. The purpose of this project is to test the hypothesis that local authorities – through the execution of policies and programmes in the construction sector and related services (in particular housing and public works) – can play a significant role in the promotion of decent work and in local economic development. The project is intended to assess whether local authorities can play an important role in promoting decent work, and how the construction sector can make an important contribution (in both the formal and informal sectors) to employment generation as well as the promotion of decent work.

The case study of Santo André is meant to determine the local employment situation using some specific indicators of the four components of decent work – employment generation, social security, workers' rights and social dialogue - as well as through qualitative information, mainly derived from interviews with key actors of different institutions involved in the construction sector. The study also aims to examine efforts made by local authorities to promote employment in the construction sector and related services, and to assess whether the local authorities in Santo André are able to create job opportunities by applying the principles of decent work.

7.1.2. Methodology

The empirical analyses of this interdisciplinary research project apply a methodology that combines quantitative and qualitative information and data. It is divided into three specific parts. The first part involves the collection and the analysis of data and information about employment conditions, specifically related to criteria about decent work in the construction sector, at both the national and the local levels, including the formal and informal sectors, for the years 1992 and 2001. The second part is meant to identify links between data and information obtained in the previous phase and the policies and programmes applied in the construction sector at both local and national levels. In this phase, the empirical research also involves structured interviews with staff from different departments and secretariats of the municipal authorities, representatives of employers associations and workers unions. These interviews also provide qualitative information about the goals and outcomes of policies and programmes in the employment and construction sectors, as well as to discuss examples of best practices. The third part of the methodology includes site visits to projects that were identified as being examples of best practices.

When possible, the magnitude of the informal sector among the working population has been emphasized. However, it has to be noted that it is extremely difficult to present reliable data about employment in the informal sector, both at national and local level, given that there are differing interpretations of this sector. It has been particularly difficult to quantify the actual size of the informal labour force, mainly in the construction sector.

One of the main problems encountered by the research team was the lack of data and information that could be obtained in a suitable format. For example, not all the relevant information could be obtained for the years 1992 and 2001. In particular, information at the national level frequently dealt with different periods from that available at the local

level, making it difficult to compare and gain an understanding of the different research topics.

7.2. National, regional and local context

7.2.1. National Context

7.2.1.1. General presentation

Brazil is a Federative Republic consisting of the Federal District (Brasília) and 26 states. Each state possesses its own Legislative Assembly and State Governor who are elected by popular vote. Each state enjoys significant autonomy as far as government, legislation, public security and taxation are concerned. Furthermore, The municipalities enjoy a degree of autonomy from both Federal and State Governments.

7.2.1.1.1. Political situation

The Federal Republic of Brazil was declared in 1891, with the promulgation of a constitution which lasted until 1930, when economic depression and regional disagreements provoked a military coup that brought Getúlio Vargas to power. The Vargas government, and the military leaders that supported him, focused economic policy on industrial development. However, growing economic inequities and the intensification of layout agitation led to another military coup in 1964. This government (1964-1967) was characterized by its policy favouring economy austerity, and gave way to the heterodox policies that brought the Brazilian economic boom between 1968 and 1973: high rates of growth together with industrial diversification and trade liberalization. However this liberalization was not followed by reforms in the political area. Despite the economic successes of the “Brazilian miracle”, the country accumulated important external deficits, and was dependent on foreign capital inflows. These weaknesses became more evident after the oil crisis of 1973.

With a deteriorated economic situation and increasing popular complaints, the military government adopted a programme of progressive political liberalization. By 1985, this process had increased to the point that the military government permitted an indirect civilian election for presidency. Tancreto Neves (the candidate of the Partido Movimento Democrático Brasileiro, PMDB) won, but died on the eve of his inauguration. His vice-president, José Sarney, (a member of the conservative Partido da Frente Liberal, PFL) became president. He was the first civilian to hold that office in more than 20 years. The beginning of Mr. Sarney’s government was relatively successful, but his reputation was damaged when his controversial economic stabilization package, the Cruzado Plan, collapsed in 1987. This paved the way for the election of a political outsider, Fernando Collor de Mello, to win the 1989 presidential election. Collor succeeded in the implementation of a policy of trade and market liberalization, but failed in his attempts to restore price stability. In 1992, accusations of corruption against the president and his political associates resulted in Collor’s impeachment by the Congress. He was replaced by the vice-president, Itamar Franco, who served for the rest of the government’s term, but did not do much against the hyperinflation.

The economic situation began to improve after Fernando Henrique Cardoso, a former left-wing academic turned senator, was designated finance minister in May 1993. His economic stabilization plan – the Real Plan – was introduced in December 1993 and concluded in July 1994 with the launch of a new currency - the Real - which had its

exchange rate linked to the US dollar. The plan's success, which rapidly ended hyperinflation and boosted real incomes, swept Mr. Cardoso to the presidency with 54% of the vote in the first round of the national election in 1994. Cardoso won congressional approval for legislation to deregulate the economy and to open it up to foreign capital. Mr. Cardoso also began to implement a successful programme of healthcare and primary education reforms. The combination of the opening of the economy, a progressively overvalued exchange rate and the lack of progress on fiscal reform ended in external and fiscal financing requirements that left the country exposed to contagion from the Asian and Russian crises of 1997-1998. In this context, Mr. Cardoso was elected to a second term as president in October 1998.

In 2002, in a situation of fiscal austerity and low economic growth, Luis Ignacio Lula da Silva, the candidate of the left-win PT (Partido dos Trabalhadores), almost won the first round of the presidential election. In the Second round in October 2002, da Silva won the election gaining 61.3% of the vote, defeating the centrist candidate José Serra of the Brazilian Social Democracy Party (Partido da Social Democracia Brasileira, PSDB). It was a historic victory for the PT, which became Brazil's first left-wing government. The first term of office of Mr. da Silva was strongly criticized, although all the expectations were exceeded in terms of macroeconomic management. Even though the da Silva administration has made inroads into reducing poverty and unemployment had declined, the levels of both remained relatively high. Until mid-2005, da Silva's popularity remained high despite these social disappointments. Nevertheless, a series of corruption scandals within the PT were threatening. However, all these allegations could not impede the re-election of Lula da Silva for a second term. In October 2006, he won the second round with a substantial margin.

In Brazil, the promotion of decent work is based on a political commitment between the Brazilian government and the ILO. In June 2006, the President of the Brazilian Republic, Luis Ignacio Lula da Silva, and the ILO Director, Juan Somavia, signed a Memorandum of Understanding¹¹⁶ that provides the foundation for a Special Programme of Technical Cooperation for the Promotion of a National Agenda on Decent Work.

¹¹⁶ The Memorandum of Understanding established 4 priority areas of cooperation: i) employment generation, micro-financing and human resources training; ii) viability and extension of the social security system; iii) strengthening of tripartism and social dialogue; iv) fight child labour and sexual exploitation of children and adolescents, forced labour and discrimination in employment.

Figure 7.1: Brazil's principal cities



Source: <http://geography.about.com/library/cia/blcbrazil.htm>

7.2.1.1.2. Economy

Brazil has comparative advantages in the sectors of agriculture and the processing of primary goods owing to its vast natural resources. In 2000, agriculture represented around 10% of the GDP, with important agricultural commodities such as coffee, soybeans, sugar, tobacco, cocoa, oranges, and meat. Other important industries for processing primary goods include leather footwear, wood products, as well as mineral and metal products (iron, steel and aluminium). In 2000, industry accounted for 40% of the GDP. Brazil's extensive and diversified industrial base, ranging from heavy engineering to consumer goods, was largely developed in response to a government policy: the import-substituting industrialization (ISI). This policy lasted 35 years until the 1980s. The Economist Intelligence Unit (2005:24-25) noted that the success of this policy, which involved trade protection plus a direct support for industrial investment, was facilitated by the huge domestic market. The services sector, which ranges from unskilled and low value-added personal services to high-earning professional and financial services, represented 50% of the Brazilian GDP in 2000. Brazil has traditionally been a relatively closed economy, an outline of the import-substituting industrialization development model. However, the trade liberalization that began in 1990 has brought major changes. The elimination of the vast majority of the non-tariff barriers and the slashing of imports tariffs strengthened Brazil's comparative advantage in agriculture, while highlighting the competitive disadvantages of other sectors (EIU, 2005:24-25).

A substantial wave of industrialization took place in Brazil between 1930 and 1980 - "import substitution industrialization" - which largely succeeded in providing a significant boost to the Brazilian economy. As a result, many major Brazilian and foreign companies established industrial businesses in specific areas such as the ABC region with a view to exploiting new opportunities in world markets while contributing to the acceleration of Brazil's economic growth.

Although by the end of the 1970s Brazil had one of the developing world's largest industrial complexes, the tragic consequences of accelerated urbanization and an unbalanced development model became evident in a range of negative social indicators, such as high concentrations of income and wealth, low educational levels, precarious housing conditions and limited access to public services for the majority of the population. Difficulties in meeting external liabilities during a period of restructuring of the world economy led to high inflation, economic stagnation and higher unemployment in all sectors through the mid-1990s.

From 1990, the national economy endured a series of major changes with a rapid opening-up of the economy to international trade and commercial integration within the MERCOSUR (the Southern Cone Common Market with Argentina, Paraguay and Uruguay). Brazil returned to international financial markets. It increased the innovation of products and processes (technological, organizational, and managerial), and privatized state-owned companies. Even if these changes targeted national growth, certain negative effects of the renewed economic activity had a serious negative impact on labour conditions, specifically in access to jobs. On the one hand, commercial "openings" provided the opportunity for modernization of the manufacturing sector, with lower costs and higher quality. On the other hand, the larger companies faced a degree of interruption in their respective manufacturing chains together with labour costs and logistical changes leading to the rapid dispersal of some of the industrial complex, with many larger industries moving to areas where lower costs were more than compensated by the distances involved. This was the case primarily of the automobile parts industry in the ABC Region. From the early 1990s, despite the continuing existence of long-established industrial concerns and the strong presence of major companies, the ABC economy suffered as a consequence of the overall restructuring process which accelerated industrial decline and led to employment cuts.

7.2.1.1.3. Population

In 2000, according to the Brazilian Institute of Geography and Statistics (IBGE), 81.2% of the Brazilian population was urban, up from 78.4% in 1996 and 75.6 % in 1991. The trend towards urbanization has been motivated by three factors: higher rates of population growth in towns and cities, strong migration flows from rural to urban areas, and the urbanization of areas before categorized as rural. During the 1990s, the growth of the urban population has been strongest in the northern, north-eastern and centre-western regions.

According to international standards, Brazil's population remains very young. Nevertheless, since the beginning of the 1990's, the percentage of persons aged 0-14 years has decreased, while the share of those aged 65 and more has increased. The participation of persons over 60 years of age in the workforce is also rising.

Regardless of Brazil being a large country with abundant resources and a significant economy, over 22 million people live in extreme poverty. When people in "relative poverty" are included, the total number – 53 million, or approximately 30% of the total population – live with incomes that fail to meet their basic needs. This is shown in Table 7.1 which shows the income distribution pattern in Brazil.

Table 7.1: Income distribution in Brazil (1981-2003)

% of population	1981	1990	1995	1998	2001	2003
1% wealthiest	13.0	14.6	13.9	13.7	13.6	13.2
5% wealthiest	33.4	35.8	34.6	34.0	33.7	33.1
10% wealthiest	46.6	49.7	48.2	47.5	46.9	46.1
90% poorest	53.4	50.3	51.8	52.5	53.1	53.9
50% poorest	13.4	11.2	13.0	13.5	14.4	14.8
10% poorest	0.9	0.8	1.1	1.2	1.0	0.7

Source: IBGE (2003), Pesquisa Nacional por Amostra de Domicílios.

7.2.1.2. The construction sector

At the national level, the construction sector is perceived as an important component of the economy. According to the Ministry of Development, Industry and International Trade (MDIC), in the year 2000, the sector accounted for 18% of GDP. This figure incorporates building materials production and all the services related to the post-construction stage such as real estate activities. In 2000, according to the National Accounts System¹¹⁷ (IBGE, 2005), building and heavy construction accounted for 8.7 % of GDP, as shown in Table 7.2. From 1990 to 2003, the construction sector was responsible for 60% of all gross capital formation, with machinery and equipment representing around 30%. This has declined since 1998, together with a declining share of the construction sector in GDP.

Table 7.2: Participation of economic sectors in GDP - 1991/2004

Sector	1991	1995	1998	2000	2004
Processing	24.9%	23.9%	20.7%	22.4%	24.0%
Other services	12.1%	12.1%	12.0%	11.3%	10.5%
Agribusiness	7.8%	9.0%	8.2%	8.0%	10.1%
Real Estate	12.8%	10.4%	15.0%	12.7%	9.4%
Commerce	9.8%	8.9%	7.1%	7.4%	7.8%
Construction	7.1%	9.2%	9.6%	8.7 %	6.8%
Financial	13.9%	8.0%	6.5%	5.4%	6.6%
Minerals	1.6%	0.9%	0.6%	2.6%	4.2%
Public Services	2.6%	2.7%	3.2%	3.5%	3.4%
Communication	1.2%	1.5%	2.6%	2.7%	3.1%
Transport	3.8%	3.4%	3.0%	2.7%	2.2%

Source: DIEESE (2004), Caracterização do setor da construção civil, IBGE (2005), Pesquisa Nacional por Amostra de Domicílios.

According to DIEESE (2004:5), and as shown in Table 7.3, the construction sector in Brazil employs around 6.5% of the occupied population, and two main segments absorb the majority of workers: building works (involving 70% of workers) and infrastructure sites (12% of workers).

¹¹⁷ Sistema de Contas Nacionais

Table 7.3: Distribution of occupied people by economic sector, 2003

Sector	Number	Percentage
Agriculture	16'409'383	20.7%
Industry	11'387'016	14.4%
Construction	5'157'554	6.5%
Domestic trade	14'047'477	17.7%
Accommodation & alimentation	2'858'332	3.6%
Transport & communication	3'680'609	4.6%
Public administration	3'942'196	5.0%
Education, Health & social services	7'087'297	8.9%
Domestic services	6'081'879	7.7%
Other services	2'947'023	3.7%
Other activities	5'455'622	6.9%
No declared activities	196'239	0.2%
Total	79'250'627	100%

Source: DIESSE (2004), Caracterização do setor da construção civil.

During the 1990s, the composition of workers in the construction sector changed significantly. As shown in Table 7.4, an important general trend was the increasing number of women working in the construction sector, a trend which has occurred in almost all the different functions. Another significant trend is the increase of self-employed and employers in the construction sector, while employees and self-build construction workers have decreased, at the same time as the non-remunerated workers.

Table 7.4: Personnel working in Civil Construction by job status and sex (%) 1992/2003

Year	Employee		Self-employed		Employers		Non-remunerated		Self-build construction workers	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
1992	55.2%	65.6%	37.0%	3.0%	3.0%	0.6%	1.6%	7.1%	3.3%	23.6%
1997	50.4%	63.1%	40.8%	3.1%	3.9%	6.7%	1.2%	4.2%	3.7%	23.0%
2002	48.3%	67.1%	44.2%	7.5%	4.1%	8.4%	0.9%	6.1%	2.4%	10.9%

Source: IBGE (2005), Pesquisa Nacional por Amostra de Domicílios.

The majority of workers in the construction sectors do not have any education or formal training. Workers in the construction sector are trained during their work, without any type of previous qualification. Werna (1997:17) noted that “the common path for a worker is to enter the industry as an apprentice (“servente”), then build his way up through on-the-job training to the position of craftsmen (“official”) (such as bricklayers, electricians, etc.). A small minority reaches a further stage of foreman (“mestre-de-obra”)¹¹⁸”.

¹¹⁸ As noted by Werna (1997) and according to the Brazilian classification “the apprentice carries out simple manual tasks, such as digging holes, transporting and mixing building materials, setting or dismantling wooden frames for concrete, among others. The craftsman carries out the actual building work, helped by the apprentice. The foreman organizes and supervises the activities of the two types of labourers noted above”.

Jófilo Moreira Lima Jr. (2004) carried out some interesting research on the profile of the labour force in the construction industry. Some of the key findings are:

- Low qualifications: 72% of workers have never attended any training programmes at all, 80% have not finished elementary school, and 20% are illiterate;
- High turnover: 56.5% remain less than one year in their current jobs and 47% work in the sector for under 5 years;
- Low wages: 50% of workers earn less than two minimum wages;
- High level of absenteeism: due mainly to health problems (52% had at least one absence in the month prior to the study); 14.6% of workers suffered some sort of accident at work during the year prior to the research, corresponding to 148,000 people.
- Alcoholism: 54.3 % are users of any alcoholic beverages, 15 % are excessive users, and 4.4 % are alcohol-dependent.

Table 7.5 shows the distribution of people occupied in the construction sector in 2003. An important number of workers (45.50%) are qualified as independent. Not less than 26.6% of workers in the construction sector are not registered. Another element of this lack of formalization: 72% of workers in the construction sector do not contribute to any social security system.

Table 7.5: People occupied in the construction sector in Brazil: 2003

Type of workers	Number	percentage
Total occupied construction sector	5 157 554	100%
Independent workers	2 345 730	45.50%
Registered employees	1 044 859	20.2%
No registered employees	1 372 594	26.6%
Work more than 44 hours/day	2 493 905	48.4%
No contribution to social security	3 715 181	72.0%
Contribution to social security	1 442 373	28.0%

Source: DIESSE (2004), Caracterização do setor da construção civil.

DIESSE (2001:10-20) notes that since the 1990s, the construction sector has been modified following a restructuration process, and the implementation of innovations that have repercussions on daily work. Most of the time, these innovations concern two main elements in the productive process: the utilization of new technologies, and new forms of labour force management. In parallel, a new conception of the construction sector arises: the use of prefabricated systems; today entire stages of the construction process no longer occur on construction sites. These changes have important consequences for workers. A whole new series of demands, including new and better qualifications, are sought, often reducing the probabilities of “old” and traditional workers to be qualified “enough” for the new tasks.

7.2.2. Regional and Local Context

The ABC Region¹¹⁹ is composed of seven municipalities and 2.3 million inhabitants, located in the south-eastern part of the metropolitan region of São Paulo. From the 1930s to 1980s, during the Brazilian import substitution phase, a greater part of the industrial investments were concentrated in the metropolitan area of São Paulo. From the 1950s, the ABC region was considered an important economic and industrial area, owing to the high concentration of car manufacturing, petrochemical, plastics and metallurgy companies.

By the 1970s, this area had become Brazil's largest industrial complex, in tune with the policy of national industrialization. Subsequently, in the 1980s and 1990s, the region experimented industrial dispersal and re-configuration. Many firms that failed to restructure and boost their efficiency to confront growing international competition and globalization were forced to close. Meanwhile, industrial companies began a mass move away from the ABC area, to be gradually replaced by business and services companies. Santo André was hit particularly hard, with loss of value added as high as 39%. In the twenty years from 1980 the city's US\$2 billion economy receded to about US\$1.2 billion. These changes resulted from the decision by the federal government to dismantle most of the regulatory and fiscal barriers that had previously hampered the opening of the Brazilian economy to foreign investment and capital. The problem was compounded by a shrinking municipal budget, leaving little space for the Santo André local government to take action. Other repercussions became evident, such as the emergence of more small businesses. Over the past decade, the number of large businesses (over 500 employees) in the city declined from 36 to 21, while the number of micro-businesses (employing up to 20 persons) increased from 5'100 to 7'600. This growth can also be observed in the commerce and services sectors. In 1989, large companies were responsible for 39% of all registered employment. Ten years later the percentage had declined to less than 25%, while registered employment in micro-businesses increased from 15.2% to 28.5% during the same period.

An important characteristic of the ABC region is its tradition of community participation and workers' organization, especially in the industrial sectors due to the importance of these economics activities in the area. Hence, the ABC region has also been an important base of the PT party.

In 2000, the population of Santo André was 649'331 inhabitants representing 3.2% of the total population of the Metropolitan Region of São Paulo (and 28% of the Grand ABC Region). The Santo André population is totally urban, occupying 175 km², with a density of 3'710 inhab/km², considered high in national terms.

Between 1991 and 1996, the slum population increased by 3.78%, while the total population increased 0.31% (Larangeira, 2003). In 1992, there were 84 slums in Santo André. In 1997 this number had increased to 138 slums, grouping 120'500 inhabitants. In 2000, 16% of the total households lived in slums. A preliminary survey performed by the Social Inclusion and Housing Department (DEHAB) in 2001 found that: "around 25,000 families, 35% of the settlements, and 63% of the resident population live on steep hills; 23% of all settlements and 28% of the families live in floodplains or along creek and river banks; 6% of the settlements and 9% of the families are in environmental preservation areas, and another 16% of the settlements and 18% of all families survive in areas under a range of different risk conditions (under high voltage lines, on overpasses, in waste

¹¹⁹ The ABC forms part of the Metropolitan Region of São Paulo, it groups seven municipalities (Santo André, São Bernardo do Campo, São Caetano do Sul, Diadema, Mauá, Ribeirão Pires, and Rio Grande da Serra).

dumps, and near oil pipelines). Only 37% of the housing settlements (approximately 13% of this deprived population), are in environmentally or geo-technically safe sites” (Spertini & Denaldi, 2001: 10).

Before 1993, local authorities in Santo André had some experiences in the urbanization of slums, namely in the Tamarutaca slum. Nevertheless, during the 1993-1996 administration, the deterioration of the urban situation was accentuated by the lack of an effective policy, while other priorities were implemented. Since 1997, the local authorities of Santo André have emphasized social inclusion as one of the priorities in local policy making and implementation. Citizens’ participation in the decision-making has also been one fundamental policy of the local government: the creation of Municipal Councils¹²⁰ illustrates this intention.

In Santo André, the majority of people living in poor conditions are concentrated in degraded urban spaces. The municipal government started an integrated policy to fight the economic and social crisis, which has generated terrible living conditions, informal labour, child labour, different forms of urban violence, an increasing number of people living in the streets, as well other types of social exclusion. Thus, in 2003, the Municipality of Santo André signed a memorandum of intention with the ILO for the promotion of Decent Work, expressing their willingness to encourage the different components of decent work in their local policies.

7.2.3. The informal sector

According to IBGE (2000), in Brazil, just 20.2% of workers in the construction sector are registered, and thus are considered as part of the formal sector as shown in Table 7.6. All other workers in the construction sector work without any type of legal registration. About 60% of workers in the construction sector in Brazil are not protected by the labour legislation, or by any type of social coverage, such as health insurance, unemployment benefits, accident insurance coverage and pension schemes.

Table 7.6: Persons working in the formal and informal sectors in Santo André (2000)

Job status	Classification	Number of workers
Domestic worker with signed work document	Formal	4,066
Domestic worker without signed work document	Informal	9,601
Employee with signed work document	Formal	133,819
Employee without signed work document	Informal	39,758
Employer contributing to social security system	Formal	7,010
Employer not contributing to social security system	Informal	1,700
Self-employed worker contributing to social security	Formal	18,240
Self-employed not contributing to social security	Informal	31,080
Military personnel and public sector employees	Formal	9,676

Source: IBGE (2000), Pesquisa Mensual de Emprego: Janeiro de 2000.

¹²⁰ Nowadays, there are 25 municipal councils in Santo André, each of them related to a specific matter. Every municipal council is composed of representatives of inhabitants (50%), representatives of workers (25%), and representatives of the local government (25%).

Informal occupations exist in smaller-scale specialized firms, which are subcontracted by the larger-scale “parent” firms to perform specific tasks in construction. In fact, “one of the main reasons for subcontracting small-scale firms to carry out specific tasks rather than hiring more direct labour is precisely because it is difficult for the large-scale parent firms to hire informal workers directly. Thus, through the subcontracted firms, they hire informal workers indirectly” (Werna, 1997:20).

Figure 7.2: The State of Sao Paulo



Source: www.v-brazil.com

Another characteristic of Brazilian workers in the construction sector is the mobility between the formal and the informal sector. Werna (1997:21) noted that “after spending a number of years in the formal construction industry – and therefore acquiring some skills – many workers eventually leave for the informal sector”. Thus, the reasons to move to the informal sector are: better earnings; and/or periods of unemployment in the formal sector. The principal motives to stay or come back to the formal sector are: “social security and/or incapability to survive in the informal sector. Therefore, “a common practice is to move cyclically between formal and informal jobs”; for example “to stay in formal employment for the minimum period of time necessary to have access to social benefits, then resign and

move to informal activities for the maximum period of time that a worker can stay outside formal employment without losing social benefits, and then to start the cycle again” (Werna, 1997:21).

In the year 2000, in Santo André, more that 32% of workers were part of the informal sector. Workers in the informal sector were present in all branches of economic activity in the municipality. As shown in Table 7.6, more that 80'000 people were employed in an informal occupation.

Figure 7.3: The ABC Region



Source: <http://upload.wikimedia.org>

This proportion is higher in the construction sector. According to the IBGE (2000), in 2000, more than 60% of workers in the construction sector in Santo André had informal work status as shown in Table 7.7.

Table 7.7: People in work in Santo André by type of activity (2000)

Type of activity	Informal (%)	Formal (%)
Domestic services	70	30
Construction	62	38
Other collective services	53	47
Accommodation, food/drink services	46	54
Agriculture	40	60

Source: IBGE (2000), Pesquisa Mensual de Emprego: Janeiro de 2000.

A further indication of the greater degree of social vulnerability faced by workers in the informal sector is that they outnumber those in the formal sector living in slums. According to representatives from the Municipality of Santo André, around 20% of the workers in the informal sector live in slums, while only 8.7% of formal workers do so. Furthermore 11.9% of self-employed workers live in slum settlements compared with 2.9% formal sector workers.

7.3. Decent work indicators

The aim of the empirical part of the interdisciplinary research project was the collection and analysis of data and information about the key components of decent work – employment generation, social security, workers' rights and social dialogue - specifically in the construction sector, at both the national and the local levels, for the years 1990 and 2000. Using the set of indicators it is possible to identify trends towards or away from decent work.

General statistical information and data has been collected from the Inter-union Department of Statistics and Socio-economic Studies (DIESSE) and from the Brazilian Institute of Geography and Statistics (IBGE). IBGE has published important data on employment since 1992. Thus, often information presented at the national level is derived from the IBGE annual reports (1992 and 2001) or monthly reports. DIESSE has undertaken some important analyses specifically concerning the construction sector.

In Brazil, as in the majority of big countries, statistic information has not been disaggregated at the municipal level, but often only at the regional level. In the Brazilian case, this has made it difficult to find published data specifically about Santo André. For that reason, some data has been obtained through interviews with staff of the different secretariats and departments of the Municipality of Santo André. Also, interviews were held with delegates from workers unions and from employers associations.

7.3.1. Employment indicators

7.3.1.1. Unemployment rate

Unemployment rates in Brazil have been estimated according to different methodologies by different institutions throughout the years. Here unemployment rates are defined according to the definition proposed by the project research team: "the proportion of working age population that was unable to find work in the month previous to the data collection". At the national level, between 1992 and 2001, unemployment has increased from 3.4% to 13.3%, while in construction it increased from 6.4 to 7.1%. At the local level, it is difficult to study unemployment trends, because information only exists for the Metropolitan Region of São Paulo (MRSP) for 1992 when the figure was 10.4%. However, and according to the Secretary of Development and Regional Action of the Municipality of Santo André, the unemployment rate in Santo André in the year 2001 was as high as 16.3 % of the working age population. In the year 2001, at the MRSP as a whole, the unemployment rate for the construction sector attained 6.1% of the working age population.

Table 7.8: Unemployment rates

Unemployment rate			
		1992	2001
National level	All sectors	3.4 %	13.3%
	Construction sector	6.4 %	7.1%
Local level	All sectors	10.4% ¹²¹	16.3% ¹²²

Source at the national level: IBGE (1992), Pesquisa Nacional por Amostra de Domicílios; IBGE (2001) Pesquisa Nacional por Amostra de Domicílios.

Source at the local level: IBGE (1992) Pesquisa Nacional por Amostra de Domicílios; Interview with Luis Paulo Bresciani, Secretary of Development and Regional Action, Municipality of Santo André.

7.3.1.2. Low Wage Rate

The average wage in the construction sector is lower than the national average in the Brazilian economy as noted by DIESSE (2001) and based on the databases of Ministry of Labour and Employment – RAIS¹²³ and CAGED¹²⁴. When measuring the remuneration of formal workers in the construction sector - in terms of minimal wages – the distribution between 1992 and 2001 shows an important difference. In 1992, around 50% of employees in the construction sector received less than 3 minimal wages; while in 2001, the same amount was received by 65% of workers. Also, in 2004, according to DIESSE (2004: 18-20), from 100'000 posts generated in the construction sector, around 54% of workers received between 1 and 1.5 minimal wages. Thus, around 30% received between 1.5 and 2 minimal wages.

Nowadays, and according to the Secretary of Development and Regional Action of the Municipality of Santo André¹²⁵, the Brazilian minimum wage was the equivalent to 150 US\$ (350 Reales).

¹²¹ Data is presented for the Metropolitan Region of São Paulo.

¹²² At the Santo André Level

¹²³ Relacion Anual de Informaciones Sociales

¹²⁴ Cadastro General de Empleados y Desempleados

¹²⁵ Interview with Luis Paulo Bresciani.

Table 7.9: Low wage rates¹²⁶

Low wage rate			
		1992	2001
National level	All sectors	13.0 %	7.8 %
	Construction sector	7 %	4.1 %
Local level (Santo André)	All sectors	n/a	10.2%

Source at the national level: IBGE (1992), Pesquisa Nacional por Amostra de Domicílios; IBGE (2001), Pesquisa Nacional por Amostra de Domicílios.

Source at the local level: Prefeitura de Santo André (2002), Santo André: Integração de Programas para promover a inclusão social.

Note: n/a = data not available.

As shown in table 7.9, the percentage of employees earning less than half the minimal wage has decrease between 1992 to 2001, from 13% to 7.8% at the national level. The same tendency occurs in the construction sector, with a decrease from 7% to 4.1% of employees earning less than half the minimal wage. There is no such information for the municipality of Santo André. However, in 2001, 10.2% of the employed population earned less than half the minimal wage.

7.3.1.3. Hours of work

This indicator has been calculated by measuring the proportion of wage earners working more than 44 hours a week (consider as the standard number of working hours per week, according to the Brazilian labour legislation). Throughout the 1990s, the proportion of construction workers working more than 44 hours a week significantly increased, especially in Santo André, from 38.8% to 51.7%. For the whole Brazilian economy, this rate stayed almost stable, with a slight increase (from 39.3% in 1992 to 40.9% in 2001). However in the case of Santo André, the general tendency followed the one of the construction sector, as the number of workers working more than 44 hours increased form 41.9% in 1992 to 54% in 2001.

It is important to note when analyzing this data that it often includes the informal sector or autonomous workers. Another important qualifier is that often in the construction sector work is done by periods, depending on the sites under construction at a precise moment. Hence, the proportion of working hours can sometimes be lower than indicated.

¹²⁶ In this study, low wage rates are measured by the number of employed persons earning less than half the minimal wage in 1992 and in 2001.

Table 7.10: Hours of work

Hours of work			
		1992	2001
National level	All sectors	39.3 %	40.9 %
	Construction sector	50.4 %	50.3 %
Local level (Santo André)	All sectors	41.9 %	54 %
	Construction sector	38.8 %	51.7%

Sources at the national level: IBGE (1992), Pesquisa Nacional por Amostra de Domicílios; IBGE (2001), Pesquisa Nacional por Amostra de Domicílios.

Sources at the local level: Municipality of Santo Andre website; IBGE website, data at the municipal level.

7.3.1.4. Safety at work

There is not much information about safety at work in Brazilian data sources. Safety at work has been formally included in statistics from the database of Ministry of Labour and Employment – RAIS-CAGED – only in recent years. Data specifically concerning the construction sector was not easy to find for the two selected periods. However, DIESSE presented some information concerning the number of accidents registered in the construction sector in Brazil for the period 1998-2001.

Table 7.11: Number of accident registered in the construction industry (1998-2001)

Sector	Number of work accidents registered					
	Year	Total	Reason			
Typical			Way	Work Illness	death	
Construction	1998	31'959	29'060	1'963	936	448
	1999	27'826	24'950	2'008	868	407
	2000	25'536	22'637	2'112	787	325
	2001	25'627	22'741	2'181	705	337

Source: DIESSE (2001), Os Trabalhadores e a reestruturação produtiva na construção civil brasileira, p.14.

According to DIESSE (2001:13-14) in Brazil, data about work accidents comes from the Ministry of Social Security and it refers to the concept defined by the 8.213/91 law and the 3.048/99 decree. The total number of registered accidents concerns the number of accidents processed administratively and technically by the National Institute of Social Security (INSS). As shown in Table 7.11, in the construction industry, at the national level, the percentage of accidents decreased from 31'959 in 1998 to 25'627 in 2001. The number of fatal accidents also decreased from 448 in 1998 to 337 in 2001.

7.3.2. Social Security Indicators

7.3.2.1. Public Social Security Coverage

In Brazil, social security coverage is more widespread in the southeast and southern regions (such as the Metropolitan Region of São Paulo), known also as the industrial regions. In the construction sector, public social security coverage is lower than in other economic sectors. Concerning the gender dimension, in general for all sectors, men have a higher social security coverage than women. However, the opposite situation occurs in the construction sector. In fact, the coverage rate among women has not only increased, but today it is higher than for men.

Table 7.12: Public social security coverage

Public Social Security Coverage			
		1992	2001
National level	All sectors	43.4 %	45.7 %
	Construction sector	38.7 %	27.61 %

Sources at the national level: IBGE (1992), Pesquisa Nacional por Amostra de Domicílios; IBGE (2001), Pesquisa Nacional por Amostra de Domicílios.

The public healthcare system - the Sistema Unica de Saude (SUS) - was established in 1988 with the aim of providing universal care. It is funded through federal and local taxation and by contributions from employers and employees. Nevertheless, the SUS system has financial problems: 75% of the population is dependent on it, but only 40% of all health spending comes from public resources. Owing to the inadequacy of services, the majority of middle and upper class Brazilians have additional medical insurance, mostly through contracts between their employers and private healthcare insurance companies.

7.3.2.2. Old Age Pension

Indicators on old age pensions have not been easy to find. Data have just be found at the national level. The IBGE highlights that in 1992, only 7% of people aged 65 or more benefit from a pension scheme. In 2001, the old age pension was attributed to only 13.3% of people aged over 65 years.

Table 7.13: Old age pension

	1992	2001
National level	7%	13.3%

Sources: IBGE (1992), Pesquisa Nacional por Amostra de Domicílios ; IBGE (2001), Pesquisa Nacional por Amostra de Domicílios.

7.3.3. Workers Rights Indicators

7.3.3.1. Legislation on Workers Rights and Working Conditions

Relations between workers and employers in Brazil are ruled by the Consolidation of Labour Laws¹²⁷ (CLT). The CLT is very wide ranging and detailed, regulating the most varied aspects of labour relations. The CLT was first introduced in 1943, during the administration of President Getúlio Vargas, in order to consolidate the labour laws existing at that time. It was created as a system to protect workers from exploitation by employers, and to harmonize labour relations avoiding direct disputes between the parties. Little space was left for direct negotiations between employers and employees, as the law required disputes to be settled in labour tribunals rather than in the companies involved, and it discouraged the development of a cooperative relationship.

By definition, a formal sector worker has a working card signed by his employer¹²⁸. Besides the obligation to sign the card, the law stipulated a set of minimum conditions that any employment relationship must follow. The most important rules included:

- Minimum wage,
- Maximum hours of work per week,
- Minimum payment for extra-time work,
- Maximum extra-time working hours,
- Pre-paid annual vacations,
- Special protection clauses for women and children,
- The dismissal of pregnant women was forbidden,
- The right of paid vacation before and after childbirth for the mother,
- Special work conditions for nightshifts, one month pre-notification of firing, and protection against unjustified dismissals.

Since the creation of the Consolidated Labour Laws (CLT), there have been changes in the legislation. In particular:

- In 1962: introduction of a one monthly wage annual bonus (thirteenth salary).
- In 1963: introduction of a family allowance.
- In 1965: introduction of a wage adjustment law which determined the minimum rate of wage adjustments of all workers in the economy.
- In 1966: creation of a severance fund¹²⁹ in place of a clause forbidding dismissal of workers with more than 10 years of tenure.
- In 1986: creation of an unemployment insurance programme which today covers about 25% of the country's labour force.
- In 1988: approval of a new Constitution with the introduction of new labour clauses.

The main changes of labour legislation introduced by the Constitution of 1988 were:

- The maximum number of hours of work per week changed from 48 to 44 hours and the minimum payment for extra-time hours increased from 20% to 50% of the worker's wages.
- Maternity leave for mothers was increased to 120 days and a five days childbirth leave for the father was introduced.
- A vacation bonus of one-third of the workers wages was created.
- For continuous work shifts the maximum daily journey was reduced from eight to six hours.

¹²⁷ Consolidação das Leis do Trabalho (CLT).

¹²⁸ carteira assinada

¹²⁹ Fundo de Garantia por Tempo de Serviço (FGTS).

- Firing costs for unjustified dismissals increased from 10% of the FGTS balance to 40%.

The Ministry of Work and Employment also specified correct conduct through Regulatory Standards¹³⁰. For instance, one of the most important Regulatory Standards in the Construction sector was the NR-15, which states the basic rules for unhealthy operations and activities.

Another important component is the Brazilian Unemployment Insurance (UI). This insurance system is characterized by a low replacement ratio, a short benefit duration, and the fact that it is restricted to workers in the formal sector. This implies that UI is not accessible to over half the workforce. Although present in the Constitution since 1946, it was not until 1990 that UI became universally accessible. The current Brazilian unemployment system was created in 1986, within the context of the Cruzado Plan. In 1988, the source of funding was changed from general Treasury revenues to the “*Fundo do Amparo ao Trabalhador* (FAT)”¹³¹. Eligibility criteria were relaxed in 1990 (Law No. 7.998), expanding the base of workers with access to UI benefits. By 1990, UI covered 43% of all dismissals from formal employment. UI benefits in Brazil are low and do not exceed two minimum wages.

An important feature of Brazil’s labour legislation is the coexistence of individual and collective employment contracts. Individual contracts are concluded between the company and the worker and deal with issues such as working conditions and wages. In contrast, collective contracts are concluded between the employer and the workers’ union, or between the employers’ association and the union. These contracts cover minimum working conditions and minimum wages, among other issues.

7.3.3.2. Wage Inequalities between genders

Indicators in Table 7.14 show that in all sectors at the national level, average wages are more than 50% higher for men than for women. Nevertheless, throughout the years women have occupied more job places in skilled tasks, transforming this indicator in the case of the Metropolitan Region of São Paulo, where the situation has completely changed by 2001. In the Construction sector, indicators show a better situation for women, who occupied more skilled jobs than men. This is also due to the fact that, in the construction sector, working women occupied more experienced and concrete positions than men (such as engineers, architects, or services to the construction workers such as delivery of food, etc).

¹³⁰ Norma Regulamentadora (NR).

¹³¹ The FAT is financed by a 0.65 percent tax on revenues of private firms, 1 percent tax on revenues of public firms and a 1 percent of costs in non-profit firms. It then pays UI, the 13th wage (abono salarial), a fiscal stabilization fund, training initiatives from SENAI/SENAC and the National Development Bank (BNDES), which receives 40 percent of the FAT.

Table 7.14: Wage inequalities between genders

Wage inequalities between genders			
		1992	2001
National level	All sectors	1.88	1.59
Regional level ¹³²	All sectors	1.86	0.84
	Construction sector	0.88	0.91

Sources at the national level: IBGE (1992), Pesquisa Nacional por Amostra de Domicílios; IBGE (2001) Pesquisa Nacional por Amostra de Domicílios.

Source at the regional level: IBGE (1992), Pesquisa Nacional por Amostra de Domicílios; IBGE (2001), Pesquisa Mensal de Emprego (janeiro 2001).

7.3.3.3. Wage Inequalities between workers' place of birth

It is important to point out that none of the institutions consulted have statistics concerning wage inequality between natives and foreigners. This analysis according to nationality is not commonly used in Brazilian statistics and other sources of data.

7.3.3.4. Child Labour

In Brazil, according to the International Programme on the Elimination of Child Labour (IPEC) from the ILO (2003:14-16), more than 8 million children between 5-17 years did some kind of work (with or without remuneration), representing 19.5% of all children of that age group in 1992. Data shows that 17.6% (7'540'641) were occupied in a non-domestic activity, while 1.9% (882'807) in a domestic activity. This proportion has been reduced in 1999/2000, when 15.2% children aged 5-17 were working, 14% (5'989'906) in a non-domestic activity, and 1.2% (502'839) in a domestic activity. As noted by the IPEC, the ratio of children who did not work increased, on average 0.7% per year during the same period.

¹³² In this case, information is presented for the Metropolitan Region of São Paulo, and not for Santo André.

Table 7.15: Quantity of young people (5-17) per type of work

Year	Domestic workers	%	Non domestic workers	%	Non work	%	Total
1992	882'807	1.9 %	7'540'641	17.6 %	34'643'607	80.5 %	43'067'055
1999	502'839	1.2 %	5'989'906	14 %	36'303'317	84.8 %	42'796'062

Source: ILO (2003), Brazil Child and Adolescent Domestic Work in Selected Years from 1992 to 1999: A National Report, p.14.

In Brazil, the official minimal age to be employed is 16 years, but the Child and Adolescent Statute accepts children over the age of 14, as long as the child is an apprentice. According to Education International, (2004: 56), child labour, even in its worst forms, constitutes a big problem in Brazil. Legally, people under 18 years should not work in dangerous activities. However, thousands of children work in conditions prohibited by the ILO Convention 182 on Worst Forms of Child Labour. According to the Brazilian government, and as noted by Education International (2004:56), in 2000, around 60'000 children between 7 and 17 years work in bad conditions, namely in the rural areas, such as in cane plantations. Another significant problem is child prostitution, which is important in some regions of the country. Policies to eradicate child labour, which have been enforced by the Federal, State and Municipal authorities - as well as specific legislation, that forbid child labour - have contributed to declining trends.

According to the IPEC (2003: 23), the majority of children working are girls. Thus, between 1992-1999, from 100 children (5 to 17) involved in domestic labour activities, approximately 95 were girls and only 5 were boys. This national proportion is the same for the regions. Another important element concerning demographic characteristics of working children is that, for those engaged in non-domestic activities, the relation is inversed and boys are predominant. Thus, in the period 1992-1999, 73% of children involved in non-domestic activities were boys. In this case, the proportion is higher in the north (78%) and centre-west (77%) regions. The proportion in other regions is less important than the national average: in the northeast (72%), southeast (72%) and south (67%).

Table 7.16: Child Labour

Child Labour ¹³³			
		1992	1999/2000
National level	All sectors	19.5%	15.2%
Local level (Santo André)	All sectors	n/a	1.5 %

Sources at the national level: ILO (2003), Brazil Child and Adolescent Domestic Work in Selected Years from 1992 to 1999: A National Report, IBGE (1992), Pesquisa Nacional por Amostra de Domicílios.

Source at the local level: Santo André Municipality Department of Workers' Education.

Note: n/a = data not available.

¹³³ In this case, children aged 5 to 17 years old are taken into consideration.

Santo André is the second largest city in the Metropolitan Region of São Paulo, with a total population of 649'331 inhabitants, in 2000, and 9.5% among them aged between 15 and 19 years. According to the Santo André Municipality Department of Workers' Education (2004:2) and the IBGE (2001), unemployment among youth between 16 and 24 years old attained 17.8% of the total unemployment in the region.

There is no specific data concerning child labour in Santo André for the year 1992. However, and according to the Municipality of Santo André, of the 55'090 children aged between 10-14 years, 836 were working in 2000. This corresponds to 1.5% of the total number of children of that age group. Most of the working children were in the urban areas and none are in the construction sector.

7.3.4. Social Dialogue Indicators

Workers without an individual contract are not covered by collective contracts in their job category. In Brazil, the results of collective bargaining processes are legally extended to all workers and companies in that specific sector or industry, even if the workers or companies involved are not members of the particular unions negotiating the agreement. This legal stipulation gives much importance to workers' unions in labour relations.

7.3.4.1. Legislation on Social Dialogue

In the legal arrangements originally established by the Consolidated Labour Laws (CLT), unions were responsible for contributing to the harmonization of relations between capital and labour; and for helping to implement the Government's economic policies.

The principles on which labour legislation and organization were founded gave labour unions power and close links with the State, which compromised their action in support of workers' interests. Under the CLT, labour unions are organized by occupational category, but employers associations are organized by economic sector. Job categories and economic sectors are defined by the Ministry of Employment and Labour, on the basis of similar characteristics. Until 1988, different occupations and economic categories were prohibited from grouping together in a single union. This restriction was lifted in the 1988 Constitution, when the formation of nationwide unions and union confederations were authorized.

The smallest regional base is the municipality, but unions can also have regional, state, or even national jurisdiction. All collective bargaining processes in a given category have to be carried out with participation from the union holding the monopoly representation in the geographic area concerned.

Although union membership is not compulsory, workers and employers are required to pay a union tax annually; 60 percent of this is passed on to the respective union by the Ministry of Employment and Labour, which is the body responsible for collecting it. The remaining funds are divided between the Ministry of Employment and Labour, and the federation and/or confederation for the occupational or economic category concerned. By law, funds transferred to labour unions must be used exclusively for purposes such as recreation, social assistance, education, and cooperatives, but never to finance political activities, collective bargaining processes, or strikes. Only funds obtained through voluntary contributions can be used for such purposes.

Until 1988, the Ministry of Employment and Labour could interfere in labour unions for reasons such as misuse of the union tax, or for calling unauthorized strikes or lock-outs. The law even enabled authorities to abolish a union if it is judged to have impeded the implementation of government economic policy. The Constitution of 1988 abolished this provision.

Collective bargaining is compulsory and must take place once a year, during the “base-date” period, in which the workers’ union and the employers’ organization or individual company negotiate wages and other employment issues. Base-dates vary between occupations and categories. However, for different occupations, it is possible to sign agreements on the same day in the same company, or economic category, thereby resulting in a collective agreement covering a large proportion of the workers in a given industry. In bargaining processes between employers’ organizations and workers’ unions, the result is known as a collective convention (“convenção coletiva”). If bargaining takes place between the workers’ union and a single company, the outcome is known as a collective agreement (“acordo coletivo”). Up to 1988, any contract or agreement contrary to the Government’s overall economic or wage policy was susceptible to legal annulations. Since then, unions have been free to negotiate agreements without the threat of government interference.

The new Constitution in 1988 was the basis for modernized legislation on collective bargaining, wages, strikes, and unions. Collective bargaining began to be encouraged, the concept of “illegal strikes” ceased to exist, prohibition of worker organization at the national level was lifted, and the participation of civil servants in unions was allowed, along with other changes which made union organization more democratic. Nevertheless, these changes were insufficient to reduce the greatest obstacles to implementing collective bargaining processes in Brazil, since the basic rules governing employment contracts, the powers of labour tribunals, and union organization remained virtually intact.

7.3.4.2. Union Density Rate

Table 7.17 shows the proportion of unionized workers in the total employed population. Available data indicate that union density fell from 20.2% to 20% between 1992 and 2001 at the national level. Even if not significant, this decline may be associated with changes that have taken place in the economy and in the labour market over the last two decades, and particularly in the 1990s when trade liberalization policies were introduced. Other potential explanatory factors include market deregulation, including the labour market, and the privatization of state-owned companies (where unionization was traditionally active). These changes increased competition, undermined profits, and forced companies to adopt cost-cutting measures, potentially affecting workers through a decrease in the number of available jobs. A drop in union density was an expected consequence of this situation, resulting from higher unemployment and less chance of success in wage claims.

Table 7.17: Union density rates

Union Density Rate			
		1992	2001
National level	All sectors	20.2 %	20 %
	Construction sector	10.2 %	7 %

Sources: IBGE (1992), Pesquisa Nacional por Amostra de Domicílios; IBGE (2001) Pesquisa Nacional por Amostra de Domicílios.

It was not possible to find information on union density for the Municipal level of Santo André level, neither for the Metropolitan Region of São Paulo.

7.3.4.3. Collective bargaining rate

According to the ILO Office in Brazil¹³⁴, this rate cannot be calculated in Brazil, owing to the organization of trade unions according to professional category combined with geographical location. Thus, collective bargaining comprises all the workers represented by the Union, Workers Federation, or Confederation, irrespective of the fact that they are part of a Union or not.

¹³⁴ Information provided via e-mail to Dr. Werna by Rafael Diez de Medina & Solange Sanches.

7.3.5. Synthesis: Santo André Decent Work Indicators

Table 7.18 presents, in a synthetic format, the decent work indicators for Brazil and Santo André, according to the four key components. The right hand column of this table shows trends towards (+ve) or away from (-ve) decent work for each of the indicators in all sectors and in the construction sector at the national, regional (MRSP), or municipal (Santo André) levels.

Table 7.18: Santo André decent work indicators

EMPLOYMENT DIMENSION				
Unemployment rate				
		1992	2001	Trend towards DW
National level	All sectors	3.40%	13.30%	-
	Construction	6.40%	7.10%	-
Local level	All sectors	10.40%	16.30%	-
	Construction	(MRSP) n/a	(Santo André) 6.10%	
Low wage rate				
		1992	2001	Trend towards DW
National level	All sectors	13.00%	7.80%	+
	Construction	7.00%	4.10%	+
Local level (Santo André)	All sectors	n/a	10.20%	
	Construction	n/a	n/a	
Hours of work				
		1992	2001	Trend towards DW
National level	All sectors	39.30%	40.90%	-
	Construction	50.40%	50.30%	
Local level (Santo André)	All sectors	41.90%	54.00%	-
	Construction	38.80%	51.70%	-

SOCIAL SECURITY DIMENSION				
Public social security coverage				
		1992	2001	Trend towards DW
National level	All sectors	43.40%	45.70%	+
	Construction	38.70%	27.61%	-
Old age pension				
		1992	2001	Trend towards DW
National level	All sectors	7.00%	13.30%	+

WORKERS RIGHTS DIMENSION				
Wage inequality between genders				
		1992	2001	Trend towards DW
National level	All sectors	188.00%	159.00%	-
	Construction	n/a	n/a	
Local level (MRSP)	All sectors	186.00%	84.00%	-
	Construction	88.00%	91.00%	-
Child labour				
		1992	2001	Trend towards DW
National level	All sectors	19.50%	15.20%	+
Local level	All sectors	n/a	1.50%	

SOCIAL DIALOGUE DIMENSION				
Union density rate				
		1992	2001	Trends towards DW
National level	All sectors	20.20%	20.00%	=
	Construction	10.20%	7.00%	-

In sum, Table 7.18 clearly shows both positive trends towards and negative away from decent work in Santo André and Brazil for all sectors and the construction sector during the 1990s. It is evident that the indicators in the employment dimension and the workers rights dimension suggest the most negative trends. These negative trends need to be understood by more in-depth research before they can be addressed effectively by policies and programmes at the national, regional and municipal levels.

The analysis of data and information for the formulation of the indicators presented in Table 7.18 has clearly shown that much data is not available for the municipality of Santo André whereas these are available for at the regional level. This means that if the local authority wants to monitor its policies and programmes related to decent work then new initiatives are necessary in order to collect and analyze statistics and information.

7.4. Decent work in Santo André: Best practices

7.4.1. The “Santo Andre Mais Igual” (SAMI) programme

7.4.1.1. Presentation and context of the SAMI programme

Since the early 1990s, the municipality of Santo André has become known for tackling social exclusion. After a number of experiments and small programmes, a strategy was drawn up to embrace a new method for driving city management and local public policies, resulting in the Santo André Mais Igual¹³⁵ programme (SAMI) launched in 1998.

Since 2001, the main purpose of the SAMI is to reduce inequality in the municipality and simultaneously, to deal with the many aspects of social exclusion. The programme aims to integrate different actions and to achieve sustainable levels of social inclusion of slum dwellers through incorporating community participation. It has been found that direct participation by communities - identifying their needs, discussing what is being done and what needs to be done in those areas - is vital¹³⁶.

Santo André is located in the Grand ABC Region, at the South East side of the Metropolitan Region of Sao Paulo, and in 2000 it has 649'331 inhabitants. From the total Santo André population, 10.34% lived in a poverty situation, and 5.06% in a misery situation (Denaldi, 2004)¹³⁷. Thus, 15.43% of the Santo André population lived with a monthly income per capita equal or lower than half the minimal salary.

The situation before the implementation of the SAMI programme was very delicate. Approximately 20% of the total Santo André population – 132'000 inhabitants – lived in 138 slums nucleus (Denaldi, 2004:2). Among the heads of households, 51.4% were unemployed and/or underemployed, 13% were illiterate, and 25% had not advanced beyond primary school. Concerning families, there were 57.6% of households that were women. Single-parent families headed by women constitute 32.7% of those families with earnings of less than half the minimum wage. Furthermore, children and adolescents were extremely exposed to crime, and the lack of basic sanitary services was problematical.

Four risky slums nuclei were selected for the first phase of the SAMI programme: Tamarutaca, Sacadura Cabral, Capuava and Quilombo II, each of them with its own concerns. Tamarutaca and Capuava were subject to landslides, both of them being built on steep slopes. Sacadura Cabral endured flooding. In 1997, the Participatory Budget Council made the urban renewal of Capuava and Tamarutaca their highest priority, while

¹³⁵ More Equal Santo André.

¹³⁶ Communities directly participate in: i) the definition of the territory that will benefit of the Programme through the election of demands to the Participative Budget (“Presupuesto Participativo”), ii) the permanent follow-up of the urban, economic and social proposal interventions, iii) the local team composition, namely the community health agents, credit agents, educators, instructors, and others.

¹³⁷ According to Denaldi, people living in a poverty situation are those living with a monthly income per capita of half the minimal salary (in 2000, the minimal salary represented 240 RS or 80 US\$). People living in a misery situation are those living under this poverty line.

Sacadura Cabral and Quilombo II were targeted for renewal in 1998. Land ownership was the key to the interventions planned for these areas.

Figure 7.4: Poverty location in Santo André



Source: Municipality of Santo André

Depending on social priorities in each locality, site selection for implementation of the SAMI programme was determined by two major criteria - technical and political. Policy-related criteria included priority care issues as set in the Municipality Master Plan (itself based upon the Participatory Budget), free discussion with local leaders (where the Santo André Movement for Protection of the Slums Residents' Rights has played a key role) and community empowerment and organization. Technical issues included the impact of environmental rehabilitation on the quality of life, the legal status of land mainly occupied by slums, and the financial resources available from each partner. Property tenure in each slum as well as individual interventions were additional considerations for selection, with emphasis on the longer-established settlements.

Given that slum upgrading that focuses only on physical and environmental aspects does not significantly alter the social exclusion of residents, this programme aimed to bring together the actions of various sectors and municipal departments with a view to identifying the areas of severest social exclusion and to create the necessary conditions for improving the social and economic well-being and quality of life of the target populations. Eighteen different programmes are in operation, involving the combined efforts of twelve municipal departments. They are coordinated by the Department of

Social Inclusion and Housing which is responsible for the SAMI programme. This strategy made it possible for the municipality to take forward a range of complementary actions as well as for practitioners to obtain a wider view of the impact on families benefiting from the programme.

Simultaneously, the structure of the municipal administration was revamped in order to introduce a more interactive, flexible matrix model with a significant and improved communication basis: “matricialidad”. This new model provided a more seamless organizational structure, giving priority to the participation of all the actors involved, from decision-making to action in the field.

By addressing all the different aspects of social exclusion, the SAMI programme seeks to ensure interaction between the various sectoral programmes and to focus on the main problem areas. As highlighted by Celia Chaer – Coordinator of Social Inclusion in the Santo André Municipality – the SAMI programme is unique, because all the different departments work together in different initiatives, and all of them share the same objective. This is synthesized in the motto: “All together, at the same time, in the same place”.

The SAMI programme comprises three dimensions:

1. *The urban dimension:* The objective is to integrate the nucleus of slums to the city, insuring the access to urban equipments and services, and to a respectable housing. It embraces the establishment of basic urban infrastructure, up-scaling housing conditions in the slums and introducing land regularization. The SAMI programme aims to improve slums and to bring progresses in housing conditions by providing urban infrastructure, a scheme of land with guaranteed tenure and self-help advice. The main concern is with the generation of employment in the construction sector.

2. *The economic dimension:* The aim is to improve income and employment conditions through different programmes: Minimum Income Guarantee; Social Interest Job Generation; Professional education, Cooperatives Incubators; Popular Entrepreneurs; People’s Bank and the Center of Autonomous Services. Besides all these, the “Business and Services Office” brings together economic units managed by enterprising neighbours of the slums nucleus, such as the Center of Autonomous Services.

3. *The social dimension:* it focuses on activities and programmes related to education, health, social assistance and culture, such as the MOVA/SEJA Programme, the Family Health Programme, the Child citizen Programme, the Little Seed Programme, the Rights Counter Programme.

Within the urban dimension of the SAMI programme, the auto-construction project in slums was a significant component. Among the nine slums selected for the SAMI programme, Sacadura Cabral stands out from the other slums on account of its achievement in promoting decent work and its successful efforts in the construction sphere. The area known as Sacadura Cabral is situated in the north-west of the Santo André Municipality in the suburb of the same name, bordering the city of São Bernardo do Campo. It is a consolidated slum settlement despite recent signs of outward growth. According to the SAMI officials, unemployment among heads of families currently concerns 22% of them but this, although high, is not significantly different from the unemployment rate for the entire state of São Paulo.

Urbanization in Sacadura Cabral began with an small association of inhabitants (6 people), who were trained in construction activities. It was then expanded to the rest of the slum population who wanted to build their house. The idea of auto-construction was not only for the construction of their own houses, but helping the ones of their neighbours too. Some people that built their own houses in Sacadura Cabral are now working in the construction sector. The project was a success in Sacadura Cabral. Between 1999 and 2003, 770 families participated in the auto construction project in Sacadura Cabral. Not only the quality of life has been improved, but housing prices have increased. Additionally, the act of having a house with all the services (water, sanitation services, electricity, etc.) increases the inhabitants' quality of live, as well as their self-esteem. As a repercussion of all these achievements, vandalism has decreased, and inhabitants are more self-confident.

Table 7.19 presents an overall picture of beneficiaries in the nine nuclei slums where the SAMI programme was established.

Table 7.19: SAMI Programme phases and beneficiary slums

Slum name	Surface (m^2)	Housing units
Tamarutaca	109'705	1'269
Sacadura Cabral	42'259	549
Quilombo II	12'739	230
Capuava	98'404	1'327
Espíritu Santo I	161'648	597
Gonçalo Zarco	2'680	148
Marginal Guarará	17'500	63
Capuava Unida	10'920	295
Gamboa I	40'587	560

Source: Prefeitura de Santo André (2002), Santo André Mais Igual: Programa Integrado de Inclusão Social.

At this point, we will present some programmes from the SAMI one especially related to employment generation and decent work promotion in the construction sector.

7.4.1.2. Let's Build

"Let's Build" ("*Vamos Construir*"), a programme of professional training for adults in the construction sector, took place between 2002 and 2003. It was managed by the Education and Professional Training Department of the Municipality of Santo André, and integrated to the urbanization Programme of urban nucleus from the Secretariat of Social Inclusion and Housing.

In October 2002, 100 families benefited from this programme, which focused on urban upgrading in SAMI selected areas. Its main goal was to provide professional training in construction for beneficiary families, enabling residents to build or improve their own home. After building their homes, people who have been trained are in a better position to access new job opportunities and improve their chances of securing decent work and a better quality of life. Some participants in the "Let's Build" scheme in Sacadura Cabral became professional construction workers.

7.4.1.3. Centre of Autonomous Services¹³⁸

The main aim of the economic dimension of the SAMI programme is to improve workers' income and employment conditions. The Centre for Autonomous Services is an important component. The experience of auto-construction in Sacadura Cabral has shown the excellent quality of construction skills of some of the participants. Thus, the Autonomous Services Centre began operations on 28 October 2003, consists of an office located in the Sacadura Cabral Business Centre.

The Centre for Autonomous Services is a programme of employment and income generation by the Department of Employment and Income Generation, part of the Department of Development and Regional Action from the Municipality of Santo André. It is executed by the "Coop Mutual Action" which is a multi-professional team composed of educators/trainers, economists, psychologists, social assistants and lawyers. Professionals from the Centre for Autonomous Services received integrated training covering diverse technical aspects through an initial training, as well as through the Worker Education Process from the Municipality of Santo André.

The main objective of the Centre for Autonomous Services is helping, training and advising the provision of autonomous professionals' services in different areas (construction, renovation, painting, electricity, plumbing, and final touches), extending employment opportunities for those professionals. Workers in the construction sector were chosen to form the first database as a pilot project. Currently, anyone who offers construction services can have his or her name on the database and they are not subject to a selection process. The service is cost-free, with only one condition: that beneficiaries must attend monthly meetings at which training Programmes are offered.

The Centre offers the following services: Psychological follow-up; contracts to ensure worker's rights; a register of all contacts, and advertisements, handouts, as well as uniforms and identification visit cards.

When jobs are completed the office contacts a number of clients in order to ascertain whether they are satisfied with the workers and the quality of the job done. This is followed up with a brief report handed to the worker. 130 professionals are currently enrolled - 126 men and 4 women. Since the Centre opened, there have been over 1'300 calls. This is a substantial number, considering the size of the Programme and the short time that it has been in operation. Following its success, four more offices will be opened in other settlements by the end of the year 2006, with a central office located near the Construction Workers Union in Santo André. To date, 1'400 clients have attended, and 20'000 workers are registered each year.

7.4.1.4. Achievements and results

The first phase of the programme (1997-2000) benefited about 3'740 families (representing 16% of the slums population) in 4 nuclei: Sacadura Cabral (700 families), Tamarutaca (1'400 families), Capuava (1'400 families) and Quilombo (240 families). During the second phase of the programme (2001-2004) some 2'200 families benefited from the SAMI programme, namely in the slums of Mauricio de Madeiros, Espírito Santo I and Gonzalo Zarco. To date, the programme has benefited 20 % of the slum population in Santo André.

¹³⁸ Central de Serviços Autonomos

The programme has produced positive results in areas of community life as well as improvements in the quality of urban life, including:

- Increasing numbers of new formal and informal businesses in the region reflecting the programme's policy of work creation and income development.
- Positive public health indicators demonstrate substantial improvement resulting from the work done by health agents.
- Community participation is undergoing a process of change: from immediate personal to group-focused issues, demonstrating the greater effectiveness and consolidation of community organization.
- Increased participation of young people and adults on literacy and professional training courses showing that citizens have begun to be aware of the importance of these courses for their future.

As noted by the Municipality of Santo André, (2004:12), an evaluation realized for the period 1998-2000, shows important results of the SAMI programme. From the 15'000 inhabitants in the 4 selected slums, 2'500 were trained professionally in the outline of the "Citizen Worker" programme. From them, 16% declared that a job was found according to this training. Also, 27% of the total number of families received financial benefits with the "Minimal Income" programme.

7.4.1.5. International recognition and awards

In 2000, the SAMI programme won the award "Public Management and Citizenship"¹³⁹ from the Getúlio Vargas and the Ford Foundations, and it was emphasized as one of the five best experiences of public policies developed in the country.

In 2001, the SAMI programme was included in the 16 best practices in the world, chosen to be presented at the United Nations Conference on Human Settlements Istanbul +5.

Also in 2001, the SAMI programme has been selected as one of the 10 best practices – with special emphasis in the urbanization of the Sacadura Cabral slum – and won the Federal Caixa Economica award of Best practices in Local Management.

In 2002, the experience "Gender and Citizenship", carried out in the frame of the programme, was selected as one of the 10 best initiatives in the world, winning the Dubai International Best Practices Award of the United Nations Human Settlements Programme (UN-HABITAT).

The Municipality of Santo André has undertake some other policies and programmes. The following sections of this chapter present those initiatives specifically related to employment generation and the promotion of decent work in the construction sector and related services.

¹³⁹ "Premio Gestión Pública y Ciudadanía"

7.4.2. The Public Centre of Employment, Labour and Income (CPETR)

The Public Centre of Employment, Labour and Income (CPETR) represents the public system of employment in Santo André. Its main objectives are to unify actions developed by the Santo André Income and Employment Centre (CTR) and the Centre of Solidarity to Workers (CST); to integrate municipal programmes of employment and income generation; and to activate and extend the range of services offered to employers and workers.

Client enterprises have many advantages in using the services of the CPETR, such as the elimination of costs and the increase of efficiency in the process of workers selection; qualified team to monitoring; and infrastructure availability. About half a million workers have been recorded since 1999: young adults entering in labour market, practitioners, technicians, specialists, professionals with handicaps. From May to August 2006, about 600 persons were placed each month.

Specifically related to the construction sector, the CPETR has registered 33'928 workers in that activity. The main activities registered are: general workers (32'667), workers at technical level (547) and engineers & architects (714).

In Santo André, there are two locals of the CPETR, to which arrive 1'000 workers per day. According to Noe Cazetta & Tiago Nogueira – from the Employment Generation Secretariat - there is a project of making the data base of the CPETR at a regional level for the Grande ABC region.

7.4.3. Integrated Programme for Qualification (PIQ)¹⁴⁰

The Integrated Programme of Qualification (PIQ) was conceived to support young people (18-26 years old) in a risky social situation. The main idea was to establish a conjugation of high education (middle school level) and professional training, realized in a period of 3 years. The PIQ programme was implemented in Santo André at the beginning of 2003, by the Department of Workers' Education. It is regulated by municipal law, following the directives of the local government: inclusive education and integral training for individuals.

The PIQ programme offers courses in different areas, such as construction, mechanics and communication. The PIQ programme has an agreement with the Department of Employment Generation and Income, which informs trainers and trainees about important questions related to employment generation. The idea is to make a Solidarity Sector Network viable. It will include different programmes in order to promote the insertion of young people in the labour world.

This programme helps young people from the Santo André slums. According to the Education and Professional Training Secretariat (Municipality of Santo André), the majority of the population that lives in risky areas has no or little school attendance and a low income. Among them, an important number are unemployed or have a job with precarious conditions, without any formal registration or any social protection. The PIQ programme includes different public centres for professional training, each of them in a precise location. Concerning more specifically the construction sector, the "Armando

¹⁴⁰ Programa Integrado de Qualificação

Masso” centre has provided qualifications for 420 young persons, distributed between 13 different types of courses in 2006.

7.4.4. Selective Collection and Income Creation Programme

The Municipal Environment and Water Company (SEMASA) is involved in a series of actions that contribute to opening up job opportunities through training programmes and income creation for excluded residents. In Santo André, the Selective Collection started in 1997 with a pilot project undertaken in a number of neighbourhoods and public spaces. The objectives were to reduce pressure on the garbage dump, improve the quality of life of the resident population and generate jobs and income through the retailing of recyclable materials. Since 2000, selective door to door collection has been pursued throughout the city. The SEMASA Programme has recorded a participation rate of 60% of the population according to a recent survey done by the company. This rate can be considered high even by industrialized countries. With five different Programmes¹⁴¹, the SEMASA Programme benefits about 282 individuals and their respective families. It certainly contributes to social inclusion. Around 500 tons of recyclable materials collected every month are delivered to cooperatives and other social Programmes that display the materials before selling them to recycling plants.

¹⁴¹ The Programmes benefited are the following:

i) *Coopcicla*: Formed of ex-unemployed people who at present work screening and selling recyclable materials. The income of each member varies in accordance with the monthly sales of the cooperative but it is normally in the region of US\$ 170;

ii) *Cooperativa Cidade Limpa (Clean City Cooperative)*: People who work screening waste materials and in community groups that go round the slums collecting waste in handcarts from places inaccessible to the conventional collection vehicles;

iii) *Usina de Triagem e Reciclagem de Papel (Selection Plant and Paper Recycling)*: At present this comprises 35 socially vulnerable youngsters aged between 14 and 17. In the paper screening and recycling plant these workers learn to recycle paper and produce handcrafted articles that are sold for pocket money. This project is coordinated by the Municipality, SEMASA in partnership with the NGO Reciprocity Plant (Usina da Reciprocidade) that has received awards both in Brazil and from abroad;

iv) *Estação Bosque (Woods Station)*: This brings together ex-garbage scavengers with the aim of offering better working conditions and quality of life to the participants, by providing a suitable space for taking in donations of recyclable materials thereby eliminating the need for the individuals concerned to work the streets collecting garbage with handcarts;

v) *Projeto Refazer (Remake Project)*: The patients of the Mental Health Programme run by the Health Secretariat of the Santo André municipality are the beneficiaries of this Programme. They produce handicrafts and undertake manual work which helps to improve their health as well as their quality of life. Materials for this project come from the homes of families that support the project.

7.5. Synthesis and recommendations

The aim of this report was to study and analyze the employment situation in Santo André since the 1990s. It was also important to determinate the role of the Santo André municipal authorities in employment generation and in the promotion of decent work in the construction sector and related services.

For the first objective, we had used indicators for each of the four components of decent work, in order to illustrate the evolution and tendency of these components. Consequently, some specific indicators were searched for two different years (in 1992 and 2001), at the national level and for the municipality of Santo André. Sometimes, when data at the local level was not available, we presented data for the Metropolitan Region of São Paulo, often the closest geographical area for which information was available.

The case study confirmed that data disaggregated to the Santo André level was not readily available. In fact, in Brazil, like the majority of large countries, statistical information is not processed at the municipal level. Thus this kind of data is only available in the Brazilian case at the level of metropolitan regions. Additionally, data specifically about the construction sector were not always found. In order to fill this lack of information, data was collected during interviews with staff from the different departments and secretariats of the Santo André municipality, as well as with members of workers unions, employers associations, and DIESSE specialists.

This case study has identified interesting projects and programmes related specifically to the promotion of decent work in the construction sector and related services by the municipality of Santo André. In particular, since its implementation in 1998, the Santo André Mais Igual (SAMI) programme has been an initiative from the Santo André local authority to reduce inequality in the municipality and to deal with the many facets of social inclusion. The SAMI programme has been recognized at both the national and the international levels as being a good practice in social inclusion policies and in urban public management. Even if the achievements of the SAMI programme are evident, some criticisms can be made. Knowing that one of the principal concerns of the SAMI programme is employment generation – which frequently is in the informal labour market - often there is no concern about formalizing these jobs or guaranteeing social protection to the workers involved. The workers concerned by these projects are “autonomous” and they benefit from a local registration, but they still are not formal workers.

In essence, it can be stated that the local authorities in Santo André have succeeded in guaranteeing social dialogue, one of the four pillars of the decent work model. Social dialogue - through community participation and reducing social exclusion – has been the main objective of the SAMI programme. Thus, the others components of decent work – employment conditions, social security and workers’ rights - are also being promoted and developed by the different programmes and projects implemented by the Santo André municipal authorities.

A major concern has been to generate employment and work in order to resolve the economic and social problems typical of a city in the developing world. The local authorities in Santo André have managed to generate employment, although many of the jobs are in the informal sector - which is still commonly associated with illegality from the point of view of disrespect for labour laws, or non-compliance with national legislation. This can be seen as a contradiction, since the local authority encourages informal work, even by “autonomous” workers. Bringing informal employment into the formal sector is a major challenge not only for Santo André but for Brazil as a whole.

The city of Santo André is a good example of how the concept of decent work in the construction sector and related community services can be implemented. Much of course remains to be done, but undoubtedly the example of Santo André can contribute to discussion of the genuine possibilities of making this multi-dimensional concept a reality for workers on construction sites. Moreover, the Brazilian case is important when talking about the promotion of decent work. Not only the Municipality of Santo André but also the Brazilian Republic have highlighted their willingness to promote decent work in their policies. Thus, jointly with the ILO General-Director, a Special Programme of Technical Cooperation for the Promotion of a Decent Work National Agenda was signed by the President of the Brazilian Republic in June 2006.

Recently, and following the fieldwork for the case study in Santo André completed for this international research project, the Municipality of Santo André began to define new actions to promote decent work. Therefore, and jointly with the Federal Brazilian Government and the Canadian International Development Agency (CIDA), the Municipality of Santo André is working on the implementation of a new project concerning autonomous workers in the construction sector.

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Annex 7.1

List of respondents

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VIII – RECOMMENDATIONS AND GUIDELINES

8.1. Key findings

Some key findings from the bibliographical research and empirical case studies can be summarized. First, this research project, in general, and the case studies, in particular, have clearly shown that decent work remains a marginal concept which has not been widely applied at the international, national and local levels. This applied research project indicates that decent work may not have been applied at national and local levels for a number of reasons. First, decent work is a complex, multi-dimensional concept that includes four components and numerous sub-components. It is a concept that is meant to deal with conventional sector based initiatives about employment generation, social security, rights at the workplace and social dialogue. Hence it is meant to consider a vast number of conditions and requirements as well as the interrelations between them. The key question is whether this is feasible. This research project indicates that a positive answer to this question will depend on a number of contingent factors.

One factor concerns current compartmentalized approaches that analyse working conditions. It is important to emphasize the idea that decent work is a multi-dimensional concept as shown earlier in Figure 1.1. In principle, unless the four key dimensions of decent work are considered simultaneously, the concept is not applied in its broadest sense. Therefore, and in order that decent work is effectively implemented, cross-sector cooperation is necessary. This required collaboration will imply challenges for actors and institutions at both the national and the local levels who commonly work in specific sectors. They will have difficulty dealing with the complexity of decent work until administrative reforms are instigated.

Another factor relates to the principle that employment generation, social security, rights at the workplace and social dialogue need to be considered in terms of international conventions, national legislation and cultural customs. Hence, decent work is embedded in a broad institutional, political, economic and cultural context that ought to be understood at the local level by those actors and institutions who want to apply the concept. These contextual conditions have been explicitly considered in this report and are well illustrated by the case studies. Indeed, these contextual conditions are so important that the research team has decided to modify the conceptual framework proposed by Ghai (2005) and reproduced in Figure 1.1. The new representation of decent work shown in figure 8.1 clearly shows the four key components of decent work embedded in the local, national and international context.

Another important finding of this research principle is that decent work should not be interpreted as a monolithic concept but as a multidimensional one. The four key components of decent work need to be considered in terms of the relative weightings of their sub-components in precise localities. The case studies show how differences exist between countries and cities. This is an important finding that indicates that the sub-components of decent work need to be assessed and understood by in-depth analytical studies at both the national and local levels. To-date there are few contributions that address the need for methodological innovation. However, the implementation of decent work will depend on an accurate understanding of locality specific conditions which are embedded in a national and an international context. Therefore it is not unfair to claim that the research methodology that has been formulated and tested in this project can serve as a framework for future contributions.

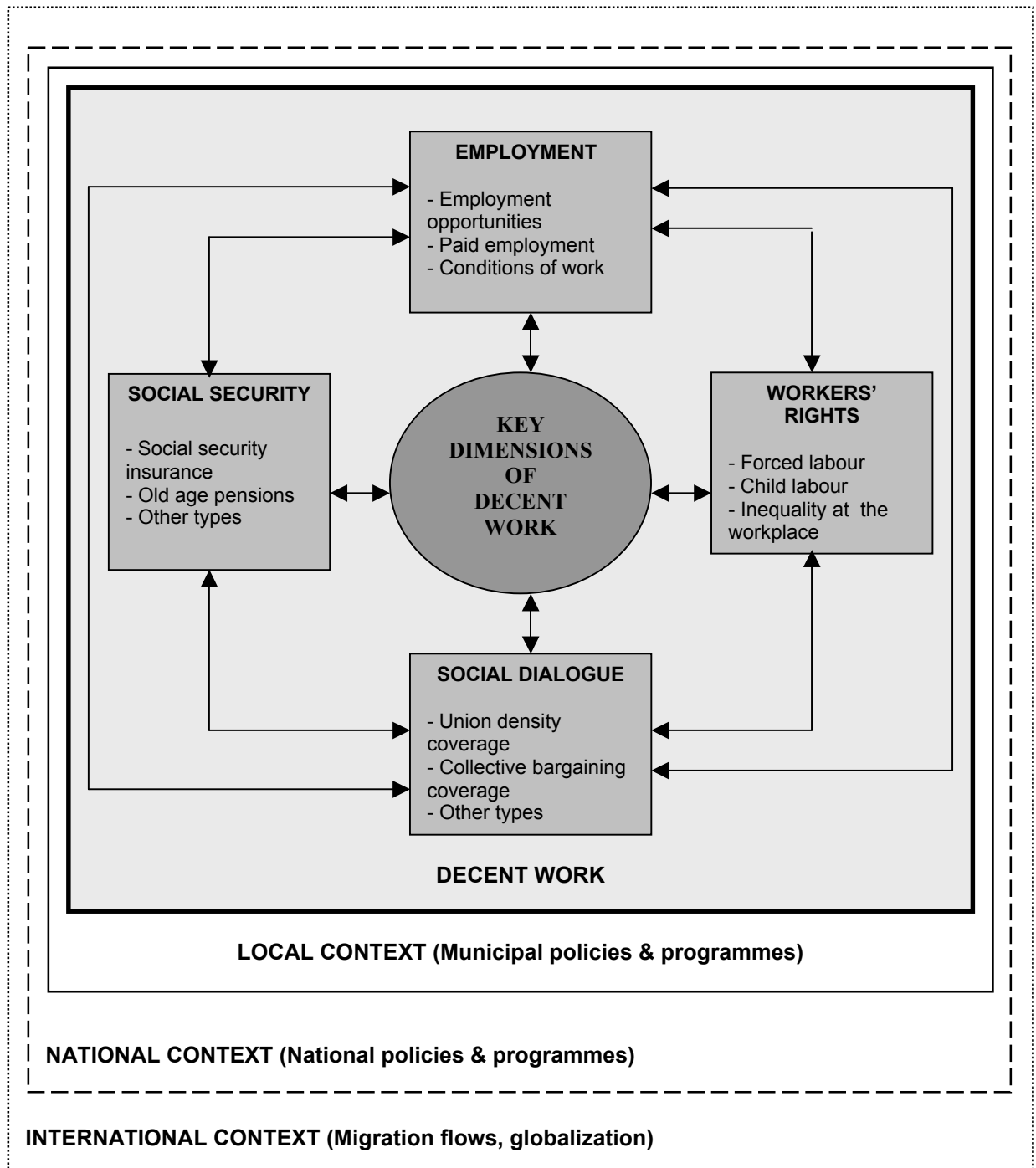
This international research project has confirmed the pertinence of analyzing policies, programmes and projects in precise sectors at both national and local levels. This is an important conclusion of this project because the vast majority of contributions consider decent work only in terms of a broad economic and political framework without reference to sector based initiatives. The exceptions to this customary approach are a limited number of contributions that focus on agriculture. It is important to note that sector based contributions can be useful in the future to compare progress towards decent work in different sectors, and also highlight similarities and differences between them.

This research project has formulated and tested a set of indicators proposed to measure decent work in terms of the four components of decent work: employment generation, social security, workers rights and social dialogue. This set of indicators should rely on data and information that are generally available in a large number of countries and that come from reliable quantitative databases (such as national surveys and census) and qualitative sources (questionnaires and interviews). Additionally, these indicators should be clearly and specifically defined to ensure that the same issues are being measured in different contexts, cities, regions and countries. The application of the set of decent work indicators in the four case studies has shown that the selection of indicators was pertinent, and that the indicators were easily to identify in the different contexts, at the national and local level, for the whole economy and the construction sector. Fourth, the proposition of applying these indicators at both the national and local levels, and for the whole economy and for the construction sector, was confirmed by the case studies. The indicators also enabled the researchers to identify the weight of the construction sector in the national economy. The selection of two periods of time permitted the analysis of the evolution of the socio-economic situation in the cities and countries so that trends towards or away from decent work could be measured.

The research presented in this report has also shown that decent work has not been a key concept for local authorities despite the vast amount of concern about decentralization during the 1990s. The concept of decent work was only known and applied in one of the four local authorities included in the case studies: Santo André. The field research found that staff of the Municipality of Santo André and the workers' unions representatives were familiar with the concept of decent work, but none of the employers' associations or the working population knew about the concept. In the other three selected cities, the concept of decent work was unknown. The need for improved dissemination can be illustrated by the case studies and examples of best practice included in this report.

Local governments, as well as other stakeholders, including workers' associations, cooperatives and community groups should explicitly be involved in policy implementation. Sometimes some of these actors are underestimated. For example the role of local authorities in the creation of employment, the procurement process and financing arrangements should not be forgotten when dealing with decent work. Although local authorities have rarely applied the concept of decent work, seven examples of best practices are included at the end of chapter 3 of the final report. Hopefully, local authorities will adopt a more proactive role in the near future.

FIGURE 8.1: Interdependencies between the components of Decent Work



8.2. Recommendations and guidelines

The following set of recommendations and guidelines are presented as one of the achievements of this international research project.

Recommendation 1: Actors and institutions involved in the promotion of decent work

Until now the majority of contributions on decent work have been addressed to national governments and the private sector. This research project has shown that these two audiences are important but too limited for the effective implementation of decent work. Following this research project, more attention should be given to other actors and institutions involved in the promotion of decent work. Local governments, as well as other stakeholders, including workers' associations, cooperatives and community groups should explicitly be involved in policy implementation. Sometimes some of these actors are underestimated but they should not be neglected. For example, the role of local authorities in promoting employment that respects the principles of decent work can be strengthened using the procurement process and financing arrangements. However, this subject is still rarely mentioned in ILO documents on decent work.

We recommend the inclusion of all the different stakeholder groups involved in the generation of employment and the promotion of decent work, as shown by the case studies in Bulawayo and Santo André.

***Guideline 1:** All the relevant actors involved in the promotion of decent work - national and local governments, community groups, cooperatives, contractors and others - should be involved in the decision-making and implementation processes. Both national and local platforms for dialogue between these actors and institutions can be proposed to facilitate communication and coordination.*

Recommendation 2: Accounting for globalization and migration

This research project has shown the importance of accounting for the local, regional, national and international contexts. This research indicates that more attention should be given to globalization, migration, urbanization and even decentralization because these processes do impact on working conditions at the local level.

***Guideline 2:** Local conditions related to decent work should be analyzed bearing in mind regional, national and international processes. Special attention should be given to cases where migration is important, in order to facilitate the integration and the social welfare of migrant workers.*

Recommendation 3: Measurement of progress towards decent work

The measurement of progress towards decent work - using both quantitative and qualitative data - is necessary in order to identify achievements and obstacles to progress. The main problem that hinders this objective is missing data at the local level. Much work needs to be done by local authorities to collect and maintain a coordinated information system that contains information and data for all the indicators proposed in this research project.

This research project has confirmed the need for reforms in the collection and analysis of data and information about the four key components and the sub-components of decent work. For example, the suggestion about analyzing the employed population by types of employment status is desirable, but will be very difficult to obtain. This issue is related to Recommendations 6 and 7, namely the question of traditional and new categories of workers particularly in the construction sector. The categorization of the employed population is often based on traditional categories of workers, and does not take into consideration casual or temporarily workers, or autonomous workers in the informal sector.

A second suggestion concerning the measurement of decent work is related to the definition of the poverty line instead of the median income level as the indicator of waged employment. In this research project, the aim was to analyze employment using an individual approach based specifically on wages rather than the household income. This research shows that wages are a pertinent indicator for measuring decent work. Second, the median income of a worker is a relative and more precise indicator than a normatively defined poverty line.

It is crucial to clearly distinguish between the relative definition of the poverty line (for example 50% or 66.6% of the median income), from the absolute definition of the poverty line (for example 2US\$ per day). The absolute definition refers to levels of minimal income in order to satisfy basic needs (which is difficult to measure in a satisfactory manner), while the relative definition refers to a privation in relation to the rest of the population. Thus, even in a rich country, where every individual's basic needs are met, a part of the population could still have a subjective sense of poverty in relation to others. This second concept is closely related to the notion of inequality.

Guideline 3: *Collaboration between ILO offices, national statistic offices and national social security authorities should be strengthened, namely regarding data collection and analysis in order to develop measurement protocols that are pertinent in different contexts and to reduce the missing information syndrome. To optimize the use of labour standards and decent work indicators, cities and local authorities should be consulted by ILO staff, and where necessary training programmes should be provided.*

Recommendation 4: From general discourse to practical implementation

This research project has shown that decent work remains a marginal concept which has not been widely applied at the international, national and local levels since it was introduced by the ILO in 1999. Consequently, an important allocation of human and other resources is necessary in order to disseminate the concept of decent work, so that it is much more widely applied.

Today there are too few incentives for national and local authorities to define and implement decent work. The ILO ought to be more proactive in promoting programmes and projects that are concrete examples of good practice.

In order for the decent work concept to be more widely known and more pertinent at the local level, we recommend that the ILO broadens its work beyond “traditional stakeholders” and expands its collaboration with more micro-level partners. The results of the Bulawayo case study suggested that the ILO should take a multi-level approach at the local level; working with National Employment Councils, with local authority strategic teams, and with employers associations and employees unions.

Guideline 4: *Beyond general discourse about the concept of decent work, the ILO should adopt a strategic implementation plan including a communication policy to disseminate this concept to all actors and institutions at both national and local administrative levels. Much more attention should be given to those practical means and measures for the effective implementation of the concept decent work using practical measures.*

Recommendation 5: Benefits and challenges of decent work

This research project has shown quite clearly that the costs and investments necessary for the implementation of decent work in practice have not been considered. The benefits of decent work are rarely debated or publicized by ILO, and national and local authorities. These benefits should be analyzed for individuals and social groups as well as for the short- and long-term. They include improved dialogue between the representatives of workers and employers, greater stability of the job market, improved social security coverage, lower levels of accidents and injury at the workplace and lower levels of absenteeism. This research project shows that the effects of these benefits will be different in developed and developing countries. However, in principle, it is important to stress that financial investments in the implementation of decent work should be weighed against both the monetary and non-monetary costs of inadequate working conditions that impact on living and working conditions of the labour force.

Monitoring of decent work is crucial in order to assess the effectiveness of policies, programmes and projects, and for identifying their unintended consequences. For example, the local authorities in Santo André have adopted decent work for their public policies. However, the case study in that locality found that the number of workers in the informal sector has increased in recent years. The reasons for this trend need to be understood in order to counteract its negative impacts.

Guideline 5: *There is an urgent need to monitor the resources required to implement decent work in specific situations, and the positive outcomes of these investments. The ILO should provide a protocol for monitoring projects and programmes in order to achieve this objective in a systematic way. Labour standards and decent work components such as workers rights and social dialogue require increased enforcement and monitoring by local, regional and national governments through incentives and/or sanctions. Policies applied by the private sector or by national governments (Box 8.1 and Box 8.2) should be taken as examples to be integrated into public procurement.*

BOX 8.1

CERTIFICATION OF EQUAL COMPENSATION FOR WOMEN AND MEN SWITZERLAND

Many private sector enterprises in Switzerland claim to have a salary policy, which respects equality between men and women. On the other hand, figures published by the Swiss Federal Statistical Office show a difference of more than 20% between the salaries earned by women and men. The equal-salary certification allows companies to test their equal compensation policies in total confidentiality.

This initiative is a partnership between Véronique Goy Veenhuys, founder and co-ordinator of equal-salary and Yves Flückiger, director of the Observatoire Universitaire de l'Emploi (OUE) of the University of Geneva. Professor Flückiger has developed "l'équation des salaires", a scientific tool which has been approved by the Swiss Federal Court in its Decision of 2003. Following this decision, several major Swiss corporations have asked OUE to evaluate their compensation policies, expressing both a concern and a need.

By becoming equal-salary certified, the enterprise has proof that it respects equal compensation for men and women and can communicate openly about its salary policy. By defusing a source of conflict, the enterprise can directly influence employee motivation and its ability to attract the best female candidates. Equal-salary helps to improve the corporation's image internally as well as externally with customers, suppliers and other stakeholders.

By making it part of their corporate strategy, the equal-salary certification helps enterprises to improve their financial performance.

The Swiss Confederation financially supports the project through funds allocated by the Swiss law in the equality of men and women.

The Equal-Salary Certification Board has been established; it is comprised of prominent Swiss women and men who support equality in general and the equal-salary in particular. As noted by the Advisory Board: "Equal salaries for men and women for equal work" must become a reality in Switzerland. Thanks to its close collaboration with enterprises committed to putting this concept into practice, equal-salary is certainly an initiative that contributes to this aim.

Source: <http://www.equal-salary.ch>, Consulted on 5th April 2007.

BOX 8.2

FEDERAL LAW ON PUBLIC PROCUREMENT

SWITZERLAND

The Federal Assembly of the Swiss Confederation adopted in December 1994, the Federal Law on Public Procurement, which entered into force on 1st January 1996.

The Federal Law on Public Procurement ensures that Swiss federal authorities have to ensure the respect of certain principles by the potential suppliers in all tendering procedures.

According to the law (Article 8), when initiating public procurement, a Swiss authority is required to insure that the principles related to workers protections and working conditions are respected by potential suppliers (Al. 1, lit. b). The Swiss authority must also guarantee that the potential suppliers respect equal salary treatment between women and men (Al. 1, lit. c).

The Federal law also specified that the Swiss authority can control or make a third party control the implementation and respect of the obligations cited above by the supplier. Upon request, the supplier shall prove the fulfillment of its obligations (Al.2).

The non-respect of the above-mentioned obligations by a supplier allows the Swiss authority to exclude this supplier from the tendering procedures or to revoke the contract if it has been awarded (Art. 11, lit. d).

“Art. 8: Principes et conditions de participation:

1. Les principes ci-après doivent être observées lors de la passation de marchés publics: [...]

b. pour les prestations fournies en Suisse, il n'adjudge le marché qu'à un soumissionnaire observant les dispositions relatives à la protection des travailleurs et les conditions de travail [...]

c. il n'adjudge le marché qu' à un soumissionnaire garantissant à ses salariés l'égalité de traitement entre femmes et hommes, sur le plan salarial, pour les prestations fournies en Suisse ; [...]

2. L'adjudicateur est en droit de contrôler ou de faire contrôler l'observation des dispositions relatives à la protection des travailleurs, aux conditions de travail et de l'égalité de traitement entre hommes et femmes. Sur demande, le soumissionnaire doit apporter la preuve qu'il les a respectées ».

« Art 11: Exclusion de la procédure et révocation de l'adjudication :

L'adjudicateur peut révoquer l'adjudication ou exclure certains soumissionnaires de la procédure ainsi que les rayer de la liste[...], notamment lorsque :

d. Ils ne satisfont pas aux obligations fixées à l'article 8 ».

Source: Swiss Confederation, Federal Law on Public Procurement
http://www.admin.ch/ch/f/rs/c172_056_1.html (Consulted on 5th April 2007).

Recommendation 6: Clarifications of categories - the case of temporary workers

In contemporary societies, traditional categories (such as temporary, task specific and casual workers) are no longer relevant owing to structural changes in the working population. However, the statistics that are available today to develop indicators of decent work rely on these redundant categories. Consequently there is an urgent need for reform. This research project has shown that some conceptual considerations on decent work should be reviewed and updated. One essential element is the consideration of temporary workers.

The Dar es Salaam case study has explicitly emphasized the relative high number of casual workers, namely in the construction sector, and the necessity to take them into consideration in the implementation of action to promote decent work.

***Guideline 6:** Special policies should be developed and strategic actions should be applied in order to deal with the specific case of temporary and casual workers in the promotion of decent work. Reforms in data collection are necessary.*

Recommendation 7: The importance of the informal sector

The informal sector has been growing during the recent decades all around the world. The majority of new employment in the last decade have been in the informal economy. This situation is accentuated in both developing and transition countries. Therefore, the increase of the informal sector has been related not only to the capacity of registered enterprises to absorb labour but also to their willingness to do so. More and more firms are decentralizing production and organizing work through flexible specialized production units, some of which remain unregistered or informal. As part of their efforts to improve competitiveness, firms are increasingly operating with a small core of wage employees with regular terms and conditions based in a fixed formal workplace and a growing periphery of atypical and often informal workers in different types of workplaces spread in different locations. These measures often include outsourcing or subcontracting and a shift away from regular employment relationships to more flexible and informal employment.

Although these issues have been well documented in other research publications, they are included here owing to their relative importance in each of the case studies included in this project. These case studies confirm the evidence about the importance of the informal sector especially for the construction industry. We recommend that local authorities play an important role in setting up area-based social protection schemes, working in partnership with local groups, CBOs and civil society.

***Guideline 7:** Workers in the informal sector should be taken into consideration as a category of all employed persons. Thus, social security, safety and health insurance systems should be implemented for this group of workers as it is for persons employed in the formal sector.*

Recommendation 8: Lack of application of labour legislation

Instability of employment is one of the major problems in the construction sector. Fluctuations in demand, the project base of construction and the widespread use of the contracting system all conspire to make it difficult for contractors to obtain a steady flow of work which would allow them to provide continuity of employment. Hence there is a constant friction between the needs of employers for “flexibility” and the needs of workers

for stable jobs. Construction workers are conventionally employed on a short-term basis, for the duration of the whole, or part of a project, which means no guarantee of future work. This results in an increasing number of temporary and informal workers. Therefore, we recommend that labour legislation should also apply to temporary and informal workers.

This research project also shows that labour-standards in contracts are usually not implemented because they are not monitored and enforced through incentives and/or sanctions. The research team selected two Swiss examples to illustrate incentives aimed to enforce the implementation of labour standards. First, the Certification of Equal Compensation for Women and Men is a Swiss initiative to enforce equality of salary between men and women in the private sector. Second, the Federal Law for Public Markets presented a legal framework for Swiss public markets, respecting labour standards, namely workers rights.

Guideline 8: *Legal and administrative measures should be taken to ensure that all rights and responsibilities in labour laws are applied. Labour standards and decent work components – such as workers rights and social dialogue – require increased enforcement and monitoring by local, regional and national governments through incentives and/or sanctions. Policies applied by the private sector or by national governments should be taken as examples to be integrated into public procurement.*

Recommendation 9: Procurement initiatives

This research project endorses the importance of the role played by those involved in the early stages of procurement. Acknowledgment that the quality of public procurement systems plays a key role in influencing local development results enables the definition of social development objectives including the promotion of decent work. It is indispensable to highlight the role of national and local governments, who can be influential in promoting social objectives, as they set the framework in which projects are identified, designed, procured, constructed and sustained.

We recommend the use of targeted procurement as an example of good practice to enhance the implementation decent work and social objectives. Targeted procurement is a system for awarding tenders that provides the option to set goals to achieve socio-economic objectives that are contractually enforceable, retaining donor rules of competition, fairness, efficiency and transparency. This scheme has been used to support local economic development, to promote growth within the small business sector and to target the unemployed in poverty alleviation programmes. Nevertheless, it is important to have appropriate planning and design, and to clearly identify goals, as well as the willingness and ability to apply sanctions.

Guideline 9: *Procurement processes, especially in the construction sector, play an essential role to achieve social development objectives such as the promotion of decent work. Local authorities should adopt these processes as a means to promote decent work in the construction sector and all other sectors.*

8.3. Conclusion

During the last decade, policies and programmes that counteract increasing levels of unemployment and human vulnerability (especially the precarious nature of an increasing share of paid work) have become a high priority for some international organizations, including the International Labour Office (ILO), many national and regional governments, in both developed and developing countries, and numerous local authorities. During the same period it has been increasingly recognized that local authorities provide the main location, the infrastructure, community services and the workforce for an increasing share of the emerging global economy as well as other economic sectors. Cities and municipalities are key actors in the generation of Gross Domestic Product. Therefore local authorities can be the catalyst for the promotion of decent work that guarantees income, equity, security, and dignity to members of local communities. They can also be the arena for decent work, living conditions, social security and dialogue between members of civil society. However, in general, this international research project concludes that local authorities have not been proactive in promoting decent work. In fact, this report, and the research project in which it is based, have shown that much more needs to be done at the global, national and local levels before the principles of decent work are widely known and applied around the world at both national and local levels. Hopefully, this research project will provide a catalyst for the improved dissemination and implementation of decent work in the near future using the concepts, indicators and methods already applied and validated by examples of good practice. It is very encouraging that this seems to be the case in Santo André, Brazil, as a result of the fieldwork for the study in that city.

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ANNEXES

ANNEX 1

MAIN PROPOSITIONS TO MEASURE DECENT WORK

The four suggestions made by specialists from different departments and sectors of the ILO have been previously presented. Here, the list of indicators recommended by each of the propositions is summarized.

1. List of indicators proposed by Dharam Ghai (2003:115-146)

<p>Employment</p>	<p><i>Employment opportunities</i></p> <ul style="list-style-type: none"> • The labour force participation rate (LFPR) • Employment-to-population ratio (EPR) • Unemployment rate (UR) <p><i>Remunerate employment</i></p> <ul style="list-style-type: none"> • Proportion of workers earning an income less than half of other national median wage • A measure of absolute poverty <p><i>Conditions of work</i></p> <ul style="list-style-type: none"> • Number of accidents and deaths at work in relation to the employed population
<p>Social protection</p>	<ul style="list-style-type: none"> • Public expenditure on social security as a proportion of GDP • Adequacy of coverage of workers in respect of selected contingencies • Working poor as a proportion of the employed population • Proportion of population deprived of specific basic services
<p>Worker's rights</p>	<p><i>Forced and child labour</i></p> <ul style="list-style-type: none"> • Qualitative indicators of forced labour • Non-enrolment rate in secondary school <p><i>Discrimination at work (based on gender)</i></p> <ul style="list-style-type: none"> • LFPR or employment-to-female working age population ratio • UR for men and women • Differences in earnings (and other benefits) • Distribution of skilled jobs <p><i>Freedom of association</i></p> <ul style="list-style-type: none"> • Number of countries having ratified Conventions No 87 and 98 • Index of civil rights • Proportion of the labour force or wage employees who are members of trade unions

<p>Social dialogue</p>	<p><i>Collective bargaining</i></p> <ul style="list-style-type: none"> • Ratification rates of the relevant ILO Conventions (No 87, 98 and,154) • Examination of the national legislation • Proportion of employees covered by collective bargaining agreements <p><i>Economic democracy</i></p> <ul style="list-style-type: none"> • Country-by-country examination of laws, institutions, procedures and practices relating to workers' participation • Worker participation in economic undertakings <p><i>Participation at the national level</i></p> <ul style="list-style-type: none"> • Laws, institutions, procedures, powers of national advisory or consultative bodies, their membership and actual functioning
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2. List of indicators proposed by Richard Anker, Igor Chernyshev, Philippe Egger, Farhad Mehran, and Joseph Ritter (2003:153-172).

<p>Employment opportunities</p>	<ul style="list-style-type: none"> • Labour force participation rate • Employment-population ratio • Unemployment rate • Youth unemployment rate • Time-related underemployment rate • Share of wage employment in non-agricultural employment • Female share of non-agricultural wage employment
<p>Unacceptable work</p>	<p><i>Child labour</i></p> <ul style="list-style-type: none"> • Children not in school (by employment status) • Children in wage employment or self-employment activity rate • Children in hazardous work • Children in worst forms of child labour <p><i>Forced labour</i></p>
<p>Adequate earnings and productive work</p>	<ul style="list-style-type: none"> • Inadequate pay rate • Average earnings in selected occupations • Excessive hours of work • Time-related underemployment rate • Employees with recent job training
<p>Decent hours</p>	<ul style="list-style-type: none"> • Excessive hours of work • Time-related underemployment rate
<p>Stability and security of work</p>	<ul style="list-style-type: none"> • Tenure less than one year • Temporary work
<p>Combining work and family live</p>	<ul style="list-style-type: none"> • Employment rate for women with children under compulsory school age • Excessive hours of work
<p>Fair treatment in employment</p>	<ul style="list-style-type: none"> • Occupational segregation by sex • Female share of employment in managerial and administrative occupations • Share of women in non-agricultural wage employment • Female/male wage or earnings ratio in selected occupations • Female/male ratios or differences for other indicators

<p>Safe work environment</p>	<ul style="list-style-type: none"> • Fatal injury rate • Labour inspections • Occupational injury insurance coverage • Excessive hours of work
<p>Social protection</p>	<ul style="list-style-type: none"> • Public social security expenditure • Public expenditure on needs-based cash income support • Beneficiaries of cash income support • Share of population over 65 years benefiting from a pension • Share of economically active population contributing to a pension fund • Average monthly pension • Occupational injury insurance coverage
<p>Social dialogue and workplace relations</p>	<ul style="list-style-type: none"> • Union density rate • Collective wage bargaining coverage rate • Strikes and lockouts
<p>Economic and social context of decent work</p>	<ul style="list-style-type: none"> • Output per employed person (PPP level) • Growth of output per employed person • Inflation • Education of adult population • Composition of employment by economic sector • Income inequality • Poverty • Informal economy employment

3. List of indicators proposed by David Bescond, Anne Chataignier and Farhard Mehran (2003:182-205).

Low hourly pay
Excessive hours of work for economic or involuntary reasons
National unemployment
Children not at school (as a proxy for child labour)
Youth unemployment
The male-female gap in labour force participation
Old age without pension

4. List of indicators proposed by Florence Bonnet, Joseph Figueroa and Guy Standing (2003:213-238).

<p>Labour market security</p>	<p>Input indicators</p> <ul style="list-style-type: none"> • Ratification of the Employment Policy Convention 1964 (No. 122) • Formal commitment to the pursuit of “full employment” by the government or constitution <p>Process indicators</p> <ul style="list-style-type: none"> • Existence of a public employment service • Public consumption share of GDP, as a proxy for public investment • Average of annual growth rate of GDP during the previous decade, as a measure of economic opportunity <p>Outcome indicator</p> <ul style="list-style-type: none"> • Unemployment rate
<p>Employment security</p>	<p>Input indicator</p> <ul style="list-style-type: none"> • Ratification of the Termination of Employment Convention, 1982 (no. 158) <p>Process indicators</p> <ul style="list-style-type: none"> • Proportion of workers covered by collective bargaining agreements • Existence or absence of independent labour tribunals <p>Outcome indicator</p> <ul style="list-style-type: none"> • Share of employees in secure employment (regular wage employment) • Share of employees in the public sector
<p>Job security</p>	<p>Input indicators</p> <ul style="list-style-type: none"> • Ratification of the Termination of the Equal Remuneration Convention, 1951 (No. 100) • Ratification of the Termination of the Discrimination (Employment and Occupation) Convention, 1958 (No. 111) • Ratification of the Termination of the Workers with Family Responsibilities Convention, 1981 (No. 156) • Ratification of the Termination of the Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983 (No. 159) <p>Process indicators</p> <ul style="list-style-type: none"> • The overall literacy rate • The ratio of female to male literacy rates • The ratio of the % of women completing post-secondary education to the % of total population completing that level of education • The duration of standard statutory paid maternity leave • The level of maternity benefits as a percentage of average earnings <p>Outcome indicators</p> <ul style="list-style-type: none"> • The share of professional occupations in total employment • The ratio of the % of professional women in total female employment to the % of professional men in total male employment • Existence of law that allows for transferability of parental leave between mothers and fathers

<p>Work security</p>	<p>Input indicator</p> <ul style="list-style-type: none"> • Ratification of ILO relevant conventions: The hours of work (Industry) Convention, 1919, (No. 1), the maternity protection Convention, 1952 (No. 103), the holidays with pay Convention, 1970 (No. 132), the occupational safety and health Convention, 1981 (No. 155), the vocational rehabilitation and employment (disabled persons) Convention, 1983 (No. 159), the occupational health services Convention, 1985 (No. 161), and the night work Convention, 1990 (No. 171). <p>Process indicators</p> <ul style="list-style-type: none"> • The level of government expenditure on workers' compensation and labour-management as a percentage of GDP • The existence of bipartite or tripartite boards or committees for occupational safety and health • The level of statutory disability or invalidity benefits provided to workers injured in work-related accidents expressed as a percentage of previous average earnings <p>Outcome indicator</p> <ul style="list-style-type: none"> • Work-related injury rate (fatal and no-fatal), expressed as the annual number of injuries divided by total employment • Average annual paid leave (vacation days) • Share of the economically active population with guaranteed compensation for sick leave and occupational injury • Average reported usual working time expressed in hours per week.
<p>Skill reproduction security</p>	<p>Input indicator</p> <ul style="list-style-type: none"> • Ratification of ILO relevant conventions: The human resources development convention, 1975 (No. 142), the minimum age convention, 1973 (No. 138), and the paid educational leave convention, 1974 (No. 140) <p>Process indicators</p> <ul style="list-style-type: none"> • The level of public expenditure on education and on training as a percentage of GDP corrected for the percentage of the population under 15 years of age • The level of expenditure on education per capita <p>Outcome indicator</p> <ul style="list-style-type: none"> • The literacy rate • The median number of years of schooling • The percentage of the age group having completed tertiary-level education

<p>Income security</p>	<p>Input indicator</p> <ul style="list-style-type: none"> • Ratification of ILO relevant conventions: The social security (minimum standards) convention 1952 (No. 102), the minimum wage fixing convention, 1970 (No. 131), and the minimum wage-fixing machinery convention, 1928 (No. 26) <p>Process indicators</p> <ul style="list-style-type: none"> • The social security expenditure share of GDP • The percentage of the population targeted for coverage by social security schemes of all kinds <p>Outcome indicator</p> <ul style="list-style-type: none"> • National poverty rate • GDP per capita expressed on a purchasing power parity basis • The Gini coefficient measuring income distribution, life expectancy at birth • Percentage of the unemployed receiving unemployment benefits • The wage share in total value added/ GDP • An old-age security index generated from the social security database, and a measure of foreign indebtedness.
<p>Voice representation security</p>	<p>Input indicator</p> <ul style="list-style-type: none"> • Ratification of ILO relevant conventions: the Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87); the Right to Organize and Collective Bargaining Convention, 1949 (No. 98), and the rural Worker's Organizations Convention, 1975 (No. 141) <p>Process indicators</p> <ul style="list-style-type: none"> • Existence of a national tripartite board or council dealing with labour and social policies • Existence of legislation effectively allowing non-governmental organizations to promote workers' interests. • Proportion of the workforce covered by collective agreements <p>Outcome indicators</p> <ul style="list-style-type: none"> • The rate of unionization • An estimate of the change in unionization during the 1990s. • The field in which voice mechanisms and institutions are mostly represented • The Civil Liberties Index • The change in the Civil Liberties Index between 1990 and 1999

ANNEX 2

INDICATORS OF DECENT WORK ADAPTED TO THE CONSTRUCTION SECTOR

I - INDICATORS OF EMPLOYMENT

1. UNEMPLOYMENT RATES¹⁴², 1990-2000

- 1.1. Unemployment rate in all sectors at the national level.
- 1.2. Unemployment rate in all sectors at the city level.
- 1.3. Unemployment rate in the construction sector at the national level.
- 1.4. Unemployment rate in the construction sector at the city level.

2. LOW WAGE RATES¹⁴³, 1990-2000

- 2.1. Low wage rate in all sectors at the national level.
- 2.2. Low wage rate in all sectors at the city level.
- 2.3. Low wage rate in the construction sector at the national level.
- 2.4. Low wage rate in the construction sector at the city level.

3. SAFETY AT WORK¹⁴⁴, 1990-2000

- 3.1. Working days lost owing to accidents in the workplace per 100 000 wage-earners in all sectors at the national level.
- 3.2. Working days lost owing to accidents in the workplace per 100 000 wage-earners in all sectors at the city level.
- 3.3. Working days lost owing to accidents in the workplace per 100 000 wage-earners in the construction sector at the national level.
- 3.4. Working days lost owing to accidents in the workplace per 100 000 wage-earners in the construction sector at the city level.

4. HOURS OF WORK¹⁴⁵, 1990- 2000

- 4.1. Hours of work in all sectors at the national level.
- 4.2. Hours of work in all sectors at the city level.
- 4.3. Hours of work in the construction sector at the national level.
- 4.4. Hours of work in the construction sector at the city level.

5. LEGISLATION ON WORKING CONDITIONS, 1990-2000

Factual evidence about national legislation concerning paid holidays, hours of work per week, remuneration of overtime, night work, shift work and hygiene / comfort in the work place should be analyzed. The same information should be compiled for the city, because specific legislation could have been introduced by the local authority to deal with some or all these working conditions. Then, the legislation which is specific to the construction sector should be analyzed for both the national and city levels.

¹⁴² For each indicator, the unemployment rate is calculated by measuring the proportion of the working age population that was unable to find work in 1990 and in 2000.

¹⁴³ For each indicator, the low wage rate is measured by the number of employed persons earning less than half the median wage at the national level in 1990 and in 2000. In the case of the city level, the low wage rate could be based on the national level or the city level.

¹⁴⁴ For each indicator, safety at work is calculated by measuring the number of working days lost owing to accidents in the workplace in 1990 and in 2000. It is recommended to use wage employment as the denominator in order to facilitate comparisons between sectors and between cities.

¹⁴⁵ For each indicator, hours of work is calculated by measuring the proportion of wage earners working more than 48 hours a week in 1990 and in 2000.

6. EMPLOYMENT AND INFORMAL SECTOR, 1990-2000

When data concerning the indicators of employment in the construction sector (unemployment rate, low wage rate, safety at work and hours of work) is available for the informal sector, it must be presented.

II - INDICATORS OF SOCIAL SECURITY

7. PUBLIC SOCIAL SECURITY COVERAGE RATE¹⁴⁶, 1990-2000

- 7.1. Social security coverage rate in all sectors at the national level.
- 7.2. Social security coverage rate in all sectors at the city level.
- 7.3. Social security coverage rate in the construction sector at the national level.
- 7.4. Social security coverage rate in the construction sector at the city level.

8. OLD AGE PENSIONS¹⁴⁷, 1990 – 2000

- 8.1. Old age pension coverage rate in all sectors at the national level.
- 8.2. Old age pension coverage rate in all sectors at the city level.
- 8.3. Old age pension coverage rate in the construction sector at the national level.
- 8.4. Old age pension coverage rate in the construction sector at the city level.

9. SOCIAL PROTECTION FOR WORKERS, 1990-2000

Factual evidence should be analyzed about national legislation concerning the legal age of retirement and paid sick leave, in both the public and the private sectors, in 1990 and 2000.

It is also important to know whether there are workers' associations or cooperatives and NGOs that contribute in some way to promote social security. The specific characteristics of the construction sector at both the national and city levels should be analyzed.

10. SOCIAL SECURITY AND INFORMAL SECTOR, 1990-2000

When data concerning the indicators of social security in the construction sector (social security coverage rate and old age pensions) is available for the informal sector, it must be presented.

III - INDICATORS OF WORKERS' RIGHTS

11. WAGE INEQUALITY BETWEEN GENDERS¹⁴⁸, 1990-2000

- 11.1. Wage inequality between men and women in all sectors at the national level.
- 11.2. Wage inequality between men and women in all sectors at the city level.
- 11.3. Wage inequality between men and women in the construction sector at the national level.
- 11.4. Wage inequality between men and women in the construction sector at the city level.

¹⁴⁶ For each indicator, the public security coverage rate is calculated by measuring the proportion of all employed persons of the working age population that was insured against the risks of unemployment and sick leave in 1990 and in 2000.

¹⁴⁷ For each indicator, the old age pension coverage rate is calculated by measuring the proportion of people aged 65 or more without pension coverage in 1990 and in 2000.

¹⁴⁸ For each indicator, wage inequality between men and women is measured by the wage ratio between the median male wage and the median female wage in 1990 and in 2000.

12. WAGE INEQUALITY BETWEEN WORKERS' PLACE OF BIRTH¹⁴⁹, 1990-2000

- 12.1. Wage inequality between natives and foreigners¹⁵⁰ in all sectors at the national level.
- 12.2. Wage inequality between natives and foreigners in all sectors at the city level.
- 12.3. Wage inequality between natives and foreigners in the construction sector at the national level.
- 12.4. Wage inequality between natives and foreigners in the construction sector at the city level.

13. CHILD LABOUR¹⁵¹, 1990-2000

- 13.1. Child labour rate for all sectors at the national level.
- 13.2. Child labour rate for all sectors at the city level.

14. LEGISLATION ON WORKERS RIGHTS, 1990- 2000

Factual evidence about national legislation or legally binding conventions law that outlaw discrimination of workers (owing to age, health status or nationality) should be stressed. The same information should be compiled for the city, because specific legislation could have been introduced by the local authority to deal with some or all these workers rights. Then, the legislation which is specific to the construction sector should be analyzed for both the national and city levels.

15. WORKERS' RIGHTS AND INFORMAL SECTOR, 1990-2000

When data concerning the indicators of workers' rights in the construction sector (wage inequality between genders, wage inequality between workers' place of birth and child labour) is available for the informal sector, it must be presented.

IV - INDICATORS OF SOCIAL DIALOGUE

16. UNION DENSITY RATES¹⁵², 1990-2000

- 16.1. Union density rate in all sectors at the national level.
- 16.2. Union density rate in all sectors at the city level.
- 16.3. Union density rate in the construction sector at the national level.
- 16.4. Union density rate in the construction sector at the city level.

¹⁴⁹ For each indicator, wage inequality between natives and foreigners is measured by the wage ratio between the median wage for natives and the median wage for foreigners in 1990 and in 2000.

¹⁵⁰ The indicator can be completed or replaced by the wage inequality between local and national workers, depending on the case analyzed. The same can be done for the four indicators: in all sectors at the national level; in all sectors at the city level; in the construction sector at the national level and; in the construction sector at the city level).

¹⁵¹ For each indicator, child labour is measured by the proportion of children between 10 and 14 who are not going to school in 1990 and in 2000. In this case, it can be difficult to find information concerning just the construction sector.

¹⁵² For each indicator, the union density rate is calculated by measuring the proportion of all employed persons (in the private and in the public sector) of the working age population that is member of a trade union in 1990 and in 2000. In this case, and if it is possible, data should be distinguished for the private sector and for the public sector.

17. COLLECTIVE BARGAINING COVERAGE RATES¹⁵³, 1990-2000

17.1. Collective bargaining coverage rate for all sectors at the national level.

17.2. Collective bargaining coverage rate for all sectors at the city level.

17.3. Collective bargaining coverage rate for the construction sector at the national level.

17.4. Collective bargaining coverage rate for the construction sector at the city level.

18. LEGISLATION ON SOCIAL DIALOGUE, 1990-2000

Factual evidence about national legislation or any legal framework concerning social dialogue (union density rights, collective bargaining rights, right to strike...) should be stressed. The same information should be compiled for the city, because specific legislation could have been introduced by the local authority to deal with some or all these social dialogue rules. Then, the legislation which is specific to the construction sector should be analyzed for both the national and city levels.

19. SOCIAL DIALOGUE AND INFORMAL SECTOR, 1990-2000

When data concerning the indicators of social dialogue in the construction sector (union density rate, collective bargaining coverage and/or others) are available for the informal sector, they should be presented.

¹⁵³ For each indicator, the collective bargaining coverage rate is calculated by measuring the proportion of all employed persons (in the private and in the public sector) of the working age population that is covered by a collectively negotiated wage agreement in 1990 and in 2000. In this case, and if it is possible, data should be distinguished for the private and public sectors.

ANNEX 3

THE ESMERALDAS CASE STUDY



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NB: The UNIGE – ILO Research Team is not responsible for the content of this case study

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1. Introduction

1.1. Aims of the study

The aims and scope of the case study developed in Esmeraldas, Ecuador, as in the rest of cities involved in the project, have been pre-established in the terms of reference for the required consulting studies. The first step of this consulting task has been the collection and analysis of data and information about existing employment conditions in general and in the construction sector in particular, considering the formal and the informal sectors, both at local and national level, for the years 1990 and 2000. Unfortunately, the availability of formal statistics, information and data at local level is almost inexistent and even at national level it is available only for part of the required variables. The second step has been the construction of a set of indicators aimed to identify links between the data and information available and the reality of employment at general level and in the construction sector, in the formal and informal sectors of economy and at local and national levels. Those indicators, regarding employment conditions, social security, workers rights and social dialogue have been produced and analyzed as far as it has been possible, due to the scarcity of official statistics.

1.2. Methodology

The methodology applied for developing this case study has been based on the orientations provided by the terms of reference and the set of instructions elaborated by the project research team regarding the content and structure of the case study report.

To apply the methodology, the following suggested tasks have been executed:

1. Identification of information sources, including:

- The National Statistic and Census Institute in Quito;
- The Ministry of Labour and Employment in Esmeraldas and Quito;
- The National Institute of Social Security in Esmeraldas and Quito;
- The Municipality of Esmeraldas;
- The Provincial Council of Esmeraldas;
- The Association of Municipalities of Ecuador in Quito;
- The Association of Architects in Esmeraldas and Quito;
- The Association of Civil Engineers in Esmeraldas and Quito;
- The Chamber of Construction in Esmeraldas and Quito;
- The Workers Confederation of Ecuador in Quito.

2. Collecting available data in institutions both in Esmeraldas and Quito

- Data and other statistic information have been collected in printed or digital versions, wherever it has been available. Although, it has to be said that most of it has been obtained in Quito, as data at local level is almost entirely non existent.
- Demographic and other social data from the 1990 and 2001 National Census is by far the most accurate and complete information source for the already mentioned aspects that have been considered relevant for the study.
- Statistic data regarding general labour issues has a lesser extend of accuracy, mainly because the available sources are the National Enquires on Employment, which do not include studies at city level for the case of Esmeraldas but only for other cities, aggregated at national and sub-regional levels.

- Data regarding the social security has been obtained from the Ecuadorian Social Security Institute (IESS). Once again, the availability of data is very reduced, especially for the city level.
- But the worse situation is the total lack of quantitative information regarding the workers unions and social dialogue mechanisms, both at local and national levels.

3. Interviews with qualified informants in Esmeraldas and Quito, applying the interview guide provided by the research team:

- The Mayor, the Secretary of Planning and the Secretary of Social Development in the Municipality of Esmeraldas.
- The Director and the responsible for children labour control In the Provincial Delegation of the Labour and Employment Ministry in Esmeraldas.
- In the Delegation of the Social Security Institute, staff was interviewed, although only to confirm the unavailability of data.
- The presidents of the Architects Association, of the Civil Engineers association and the Chamber of Construction of Esmeraldas.
- Due to the lack of formal trade unions in Esmeraldas, informal builders and randomly selected construction workers where also interviewed.
- Senior staff of the Ministry of Labour, the Social Security Institute, the Chamber of Construction, the Architects Association and the Association of Municipalities of Ecuador in Quito.

As already mentioned the proposed methodology faced some problems:

- Lack of official statistics and information required for some of the proposed indicators. In some cases, statistics are available at the national level only, while in other cases, the available information refers to a single year, impeding comparisons. In general terms, data from the National Statistics and Census Institute (INEC) is the most complete and accurate, but data on labour, social security and syndicalism related issues are scarce, especially at the local level. Statistics and official information regarding workers unions are almost inexistent.
- Inexistence of qualified informants for conducting several of the expected interviews. This is especially true in the local context of Esmeraldas, where workers unions are currently in general very weak and non-exist in the construction sector.

2. National, regional and local context

2.1. National context

2.1.1. General presentation

Ecuador (12 million inhabitants) is located on the north-western corner of South America, bordering with Colombia, Peru, and the Pacific Ocean. The Andes Mountains cross its territory, which is relatively small (270 000 km²), but boasts a great geographical, climatic, biological, ethnical, cultural, and productive diversity that includes fish, tropical fruits (bananas, cacao, coffee), flowers, cereals, cattle, other primary produce, and several industrialized products. However, the economy of the country is greatly dependent on oil exports, which generate 40% of all fiscal revenues.

The origins of the social and economical model applied in Ecuador can be traced back to the colonial period, when the economy of the region was based in extensive farming for internal consume and some minor mining production, mainly in the “Sierra”, Region, located in the fertile valleys and plateaus of the Andes. After gaining Independence in 1830, the same economic model remained without notorious changes, until the beginning of the XX century, when the exportation of tropical products grew in importance and became the main source of revenue for the Government. Simultaneously the farming scheme of the Sierra declined, provoking a large flow of migration from the poorer areas of the countryside towards the main cities, Quito and Guayaquil, which experienced a continuous and notorious demographical growth and launched their own processes towards industrialization. During the first and second decades of that Century, Ecuador was the larger producer of cocoa at the global level but the international economic crisis at the end of the 20’s and some plagues in the plantations reduced the importance of that product. Something similar occurred, two decades later, with bananas. After a short period as the larger international exporter of that fruit, competence from other regions surpassed that position and generated a serious crisis in Ecuador. Even so, those products still remain important as sources of wealth, being coffee, rice, and other tropical produce also important exportations.

During the 60’s, industrialization was promoted at the national level as an alternative for economical growth, following a proposal for development launched during that period in most countries by the UN Economic Commission for Latin America (UN-ECLAC). However, the results of that proposal were not as positive as expected. Under protection of the Government, the national industrial sector growth, but was unable to face competence and had low productivity, while the position of agriculture in general became weaker within the national economy. As in the previous cases, those problems had social and political consequences, generating a period of unrest and political instability in the country. Some years later, during the 70’s, oil production from fields located in the Amazonian region began, and its exportation turned as the main source of currency for the Government, although Ecuador is only a marginal producer at the global level. The effects of the oil-based economy at the national level were evident. From one side, it generated an unexpected growth of the structure and importance of the Government, which assumed many competences and the role of benefactor within the Society. From other side, it provided conditions for a fast growth of certain sectors of the economy and the modernization and improvement of certain activities, while others were left aside and without support. The already existing differences between the richer but smaller social groups and the poorer majorities of population became deeper and much more evident.

It has been said that in the last twenty five years, Ecuador has faced two parallel social and economic realities. On one hand, there is a more urban, modern, competitive and efficient sector that is present in Quito, Guayaquil and some other areas of the country. This sector has been able to articulate connections with the global markets, mostly through exportation of oil, the already mentioned tropical products plus several others, such as fish, flowers, legumes and some manufactures, more recently included among the list of exportable resources. On other hand, there are vast areas of the country, that include most of the intermediate cities and smaller rural settlements, which are less developed, less competitive, and less efficient. Therefore, the population of those areas has fewer opportunities, is poorer and deeply excluded. As in many other countries of the region, in Ecuador there are two types of economy running together: the formal sector that operates in conventional forms, and the informal sector that follows other logic and has other rules. It is not only present in the rural areas where peasants and small farmers develop an economy of subsistence, but also in the urban settlements, where important segments of the population carry on informal productive and commercial activities. During the last period, the economy of Ecuador has faced renewed problems. Most of its previous growth was supported by international loans obtained both by the government and the private sector. The magnitude of those debts seriously affected the stability of the

national economy, generating a growing pressure that finally became critical at the end of the last century. After the crisis of 2000, some recovery has been achieved, but the impacts of the crisis are still evident in the whole country, in economic, social and political terms. Currently, the quest for an alternative model of development - lesser dependent on oil exports- is under development but its results are still unclear. In the last years efforts have been made to reduce the size of the Government and decentralize its competencies towards local governments. Alternative exportations and other areas of economy - such as tourism - have been developed; a closer relation with the global markets has been searched, but unfortunately those intentions still face many obstacles, while the social and political situation has worsened in many ways. Poverty still affects roughly 70% of the population and the political instability remains as a constant in Ecuador. It has to be said that the model of development applied in Ecuador in the last 30 or 40 years has generated a relatively continuous growth of the construction sector. Since the 70's and 80's, large works of infrastructure have been executed at the national level, including roads, electrification, water and sanitation, ports, etc. Furthermore, the fast growth of population, especially in the main cities, has allowed the financial and technical development of the sector, within the above mentioned formal sector of economy. However, there is also an important part of the sector that keeps strong links with the informal sector.

In political terms, between 1995 and 2005 Ecuador had seven presidents, of which three that had been democratically elected were not able to complete their term and were overthrown by social opposition movements a few months after taking office. This crisis has deeply affected the productive sector, and especially the working force. Unemployment and underemployment are the most blatant indicators of this and migration to other countries has been the release valve to prevent the worsening of the social crisis. As the formal productive sector has faced serious difficulties to grow, the informal economy has developed, especially in the tertiary sector, that is, trade and services, currently concentrated - together with poverty and social exclusion - in the country's largest cities. In the year 2000 more than half of all private banks in Ecuador went bankrupt and the national financial system faced the risk of hyperinflation, forcing the elimination of the national currency and the adoption of the US dollar as its legal tender. The impact of the crisis has been different in each local context. Smaller, poorer and more excluded cities within the country have been more affected by it, especially in the case of social vulnerable groups such as children, women, third age persons and members of ethnical and cultural minorities. In the city of Esmeraldas, which was previously considered one of the poorer cities of the country, the results of the crisis are evident, not only for those vulnerable groups, but for the city as a whole. The crisis has been a serious setback for the local development, for the living conditions of its population and for the existing productive activities at urban level.

2.1.2. The employment situation

Throughout its history, employment policies and programs in Ecuador have been determined by the variations in the economic development model applied in the country. In the early 20th century, Ecuadorian labour policies were seen as advanced, offering large benefits to workers. From the '60s and until the 80's, when Ecuador joined the international market as an oil producer, the goal was to accelerate industrial development and to generate more jobs, replacing the previous model based on agricultural production for the domestic market and on exports of tropical produce. However, this proposal could not be consolidated and although the secondary sector of the economy was strengthened, it did so under the aegis of a protectionist State that grew without control during the same period thanks to the revenues from oil exports. The public sector became the main source of jobs for the population, both directly in government entities and indirectly through the execution of numerous infrastructure projects at national scale that were developed during

this period. Several alternatives were sought at the end of the '80s when this model went into crisis, with limited results to this date. Several innovative sectors of the economy, like tourism, fisheries, flower production and other alternative agricultural export products have grown in the last 15 years and have been significant generators of jobs.

Figure 1: Political division of Ecuador



Source: UN Relief Web: <http://www.reliefweb.int>, Consulted on August 8th 2006.

However, this has been accompanied by policies of macroeconomic adjustment and reduction of the size of the State that have led to the closing of many inefficient companies and the loss of a number of jobs in the public sector. As a consequence, an increase in unemployment and underemployment has occurred, which finds refuge in the informal economy, in street vending or in the provision of occasional services. Given the lack of opportunities, since the early '90s there have been a growing flow of migrants, especially towards Spain, Italy, and other European countries, as well as the United States. Estimates indicate that during that decade more than one million Ecuadorians left the country, most of them of working age, able to work and having some level of schooling or professional training. This phenomenon was significantly accentuated at the end of the last decade when the crisis of the economic model led to an unprecedented political, financial, social, and economic crisis. At the same time, the demand of labour in certain less desirable tasks in developed countries (farming activities, domestic service, etc.) encouraged migration, and although measures have now been adopted to restrict it, it continues although at a smaller scale. Efforts have been made in Ecuador in recent years to help it join the global market through the commercialization of products where it has comparative and competitive advantages. Employment policies are aimed in this direction, but rather to the detriment of the rights of workers and in favour of the industrial sector. The Labour Code has been amended to make labour agreements more flexible, but this has meant the elimination or limitation of several pre-existent labour conquests, including freedom of association, collective bargaining, etc.

2.1.3. The construction sector

At the national level, the process of evolution of the construction sector has been similar to the evolution of productive activities in Ecuador as a whole. In the '60s and '70s, people from rural areas seeking jobs generated strong migration flows towards the largest cities of Ecuador, leading to their accelerated growth. Many infrastructure projects executed during this period (in the oil sector, road building, electrification, housing, basic sanitation, etc.) led to the development of the sector and the growth in the number of jobs. However, due to the crisis of the '90s the construction sector also went through a difficult period and was forced to reduce its growth rate. In recent times certain segments of the construction sector have been strengthened thanks to the overall improvement of the national economy and the reopening of lines of credit. In the latest years, the role of the State as generator and executor of development projects has been reduced, but public investment is still the main driving force behind the construction sector in the country, because the private sector lacks sufficient capacity to endorse large building projects.

For instance, and according to the INEC census of 2001, 288.199 persons were working in the construction sector. Those represented 6.3 % of the total economically active population (4.585.575). This is confirmed by the results of the National Employment Enquire of the same year, mentioning that the population employed in the construction sector at the national level for the urban sector was 234.931 (which represents the same percentage of the national total: 3.673.236).

2.2. Regional and local context

2.2.1. The Province and the City of Esmeraldas

The Province of Esmeraldas (population 385'223 in 2001, INEC) is located in the northern region of the Ecuadorian coast, bordering Colombia. Its provincial capital bears the same name; and officially it had a population of 95.124 inhabitants in 2001. However its real population is roughly 140,000 inhabitants¹⁵⁵ and is at the same time a maritime, inland waterway, fishing, and commercial port, as well as an oil terminal, capitalizing on its location at the mouth of the Esmeraldas River and its proximity to the Panama Canal. The growth of the Province, stagnant for a long time because of its isolation with respect to the rest of the country, experienced a boost in the mid 20th century as a result of the opening of roads. The expansion of the roads network enabled the exploitation of the huge territory of the Province, originally covered by highly productive tropical rain forests. However, the extractive, resource-predatory model established there, has proved as highly profitable in the short term but scarcely sustainable in the long term.

Figure 2: The Province of Esmeraldas



Source: <http://www.exploringecuador.com>, consulted on August 8th 2006.

During the middle of the last century, the Province of Esmeraldas (15.481 km²) was the original area where banana plantations for export - the main national source of wealth at that time - were developed. During a short period of time, the sub-region experienced some buoyancy, but soon it came to an end, when those plantations were moved to other provinces after a long general labour strike against the main exporting company that is still

¹⁵⁵ In 1990, the Canton of Esmeraldas had a population of 135,145 and 157,792 in 2001, according to census data provided by the National Institute of Statistics and Census (INEC). During this period, the territory of the canton was subdivided and a new neighbouring canton, Atacames, was created, which was allocated a segment of the peri-urban population of Esmeraldas. For this reason, statistically speaking the urban population of Esmeraldas dropped from 72.9% in 1990 to 60.3% in 2001, but in fact it exceeds 140,000 inhabitants.

remembered by the population. During the following period, the Province and its Capital City remained isolated and its possibilities of development dropped drastically. Even so, the existence of vast amounts of rich land allowed the development large farms that raise cattle or produce tropical products such as coffee, cacao, banana, vegetable fibers and oil, coconut, etc, which are important items of the local economy. Small-scale fishing has been an important source of wealth in the Province. Fishing villages are distributed along the coastal line of the Province, but currently face competence of national and international highly developed fishing companies that operate at larger scale using updated technology.

Precious hardwoods from the remaining tropical rain forest that once covered the Province are still extracted, processed and exported, although the continuous expansion of the farming frontier has made disappear almost completely that natural resource. The Province of Esmeraldas boasts a significant ethnic and cultural diversity. It is the home of several isolated indigenous communities on the brink of extinction. It is estimated that the majority of the population is of Afro-Ecuadorian origin (53%), but there is a significant percentage of population white-mestizo. In human terms, the economic model of the province, dependent and subordinate, has meant that most of the population lives in conditions of poverty and social exclusion and that it has limited opportunities to improve their living conditions. 76% of the population in the province is considered poor accordingly with the Unsatisfied Basic Needs Index and through the same method it is considered that 42.4% are in extreme poverty conditions. The provincial capital is the administrative, commercial and services centre in the micro-regional context, but has not been able to achieve significant industrial development. Ecuador's largest oil refinery and the oil export terminal were both built in Esmeraldas in the '70s. Since then, the city has achieved greater economic significance, subsequently boosted by commercial port activities. However, generally speaking, the city offers limited employment opportunities and its economy is subordinated and dependent on the rest of the country, although some sectors, as tourism, have grown significantly in the last period. In addition to oil-related activities, which are not a source of wealth and employment in the local context, the main local economic activities are related to fishing, trade and a few primary industries that process timber and other agricultural produce. Tourism, concentrated in nearby beaches, is also a stronghold that generates limited local jobs. For this reason, tertiary activities (commerce, services) are prevalent in the city, and unemployment and underemployment are especially notorious, linked to the informal sector. Key building projects such as the oil refinery or the maritime port, and other infrastructure projects such as roads, electricity, water, sanitation and other infrastructure have been executed by multinational or national building companies based in Quito or Guayaquil. Local building companies or local individual contractors usually execute smaller public works (parks, schools, bridges, etc.) or housing projects that normally are constructed one by one or do not exceed more than a few units, because large scale housing projects have not been executed in the city until now. The poorer sectors of population usually build their houses under self-construction schemes, with help provided by a few skilled workers, but without technical support of professional builders.

It also has to be said that the Municipality of Esmeraldas was known for a long time for its inefficiency and notorious corruption. It has been only in the last two periods, thanks to changes introduced in the year 2000, that it has experienced some progress, drastically improving its operations and the quality and efficiency of the services it administers. Accordingly to the Mayor, the main priority of the local government is to improve the quality of life of its population and tackle poverty and exclusion. To this end, its strategy includes the generation of jobs, fostering public investment and promoting private investment in sustainable areas and sectors of the local economy, although structural limitations and recent national events have not been favourable to a more comprehensive materialization of these efforts. Data from the last two censuses, conducted in Ecuador in 1990 and 2001 show the evolution of the rate of open unemployment at the national and the local levels. That source of information does not provide specific information for the construction sector.

2.2.2. Local employment situation

At local level, the high levels of unemployment and underemployment in Esmeraldas mean that job creation is one of the major concerns of local authorities, although unfortunately their competences in this regard are not too broad. Anyhow, there are some efforts made by the Municipality to encourage the establishment of new productive activities in the city and also to ensure that the execution of public sector programs and projects includes a component of local labour.

In the Ecuadorian context, land management, urban growth planning, provision of basic services, including water and sanitation, and the execution of several urban infrastructure works are the responsibility of Municipalities. On the other hand, road building and infrastructure works in rural areas are executed by Provincial Councils, while large infrastructure projects of national interest are executed by the Central Government through different Ministries. Therefore, both local and provincial governments and several units of the central government play a significant role in the construction sector, although in recent times their direct participation in the sector has diminished, with the goal of increasing the involvement of the private sector in works and projects through agreements signed with the public sector, which finances and controls their execution. Anyhow, it is usual for public sector entities to have operating units that execute construction projects of different kinds and which therefore have construction workers in their payroll and provide services related to the sector. Unlike what happens in the private sector, these groups of public entity workers are covered by collective agreements and also benefit from all the labour rights provided by the Law.

On the other hand, in compliance with their responsibilities concerning land management and urban growth planning, municipalities exercise certain control over the activities of the construction sector, basically to verify compliance with building regulations and standards in effect in each location. Unfortunately, this competence does not include verifying compliance with labour laws, thus restricting their scope of intervention.

According to the INEC, IN Ecuador, in the year 1999, the Economically Active Population (EAP) was 4'773'150 persons, from which 70% were men, and 30% women. From them, 73% were urban and 27% rural. The INEC also stated that the construction sector employed 5.9% of the total EAP, representing 282'337 persons; from which 97.2% were men and 2.8 % women.

Municipal policies in Esmeraldas strive to encourage the creation of jobs and more generally to foster the sustainable development of the city. The Municipality has competences on the provision of drinking water and sanitation; road improvement; and public facilities (parks, green areas, markets, cemeteries, bus terminals, etc.). However, it does not execute housing or urban development programs, limiting its involvement to regulating these processes. The Municipality also leads initiatives to take over the execution of building and transportation projects that are responsibility of the Central Government, but contribute to urban development, and are also sources of employment that will at least temporarily alleviate the situation of many families in Esmeraldas. A recent example of this effort is the construction of a very important bridge over the Esmeraldas River, which will link the centre of the city with the local airport and which will surely become the hub of urban growth in the near future. Tourist promotion, support to the establishment of new commercial and services companies, environmental protection and other recent municipal initiatives are also framed in the intention of generating temporary or permanent jobs for the local population. This is explicitly admitted by industrial and construction leaders, as well as by the workers themselves. The competences of the Municipality in matters of social protection are limited to complying with its own obligations regarding the staff that works for the institution, even with respect to construction activities. In this regard, it is a fact that the Municipality has no express competences to guarantee

decent work conditions in the city in general and more specifically in the construction sector. However, it is also a fact that eventually it could exercise this control if it is linked to the urban control activities it performs, even if this would require additional funds to allow the Municipality to accomplish this task.

3. Decent work indicators

The key indicators of decent work proposed by the research team consider four specific aspects to be analyzed: Employment conditions, social security, workers rights and social dialogue. The results obtained for Esmeraldas at the city level and for Ecuador at the national level are the following ones:

3.1. Employment conditions

The employment conditions existing in Ecuador and in Esmeraldas can be summarized as follows:

3.1.1. Unemployment rates

Promoting Decent Work in Construction and Related Services			
The key role of local authorities			
Rate of unemployment		Formal & Informal sector	
		1990	2000
National level	All sectors	6.1	9.0
	Construction sector	n/a	n/a
Source: INEC, Census 1990 & 2001.			

In 1990, the unemployment rate in Ecuador was 6.1%, jumping to 9% in the year 2000. This percentage is calculated on the basis of census data which records the number of working age people, people who weren't able to find a job, and people seeking a job for the first time. Information was not found at the Province or city level. However, and according to persons interviewed, the unemployment rate in the city of Esmeraldas is estimated to be between 68% and 73% of the total working age population at the end of the 90's. Thus, 70% of the working population of Esmeraldas works as informal or as self-employer.

3.1.2. Working hours

In the '60s Ecuador passed general regulations included in its Labour Code that govern all the productive sectors of the country¹⁵⁶. These regulations state that weekly working hours may not exceed 40 hours, that is, an 8-hour day shift. This means that any activity that exceeds this weekly working limit must receive extra pay for the additional hours worked.

¹⁵⁶ Art. 47 to 50, Chapter V of the Labour Code.

However, in reality many sectors do not effectively apply this regulation. In the construction sector, the weekly workload often totals 45 hours, extending over an additional half day's work, usually Saturday mornings.

In the local context of Esmeraldas, employment conditions do not usually respect the general regulations established by the legislation. For example, the President of the Esmeraldas Chamber of Construction admits that in the sector it is usual to extend up to 44 or 48 hours the work per week, generally including Saturdays. This is less frequent in other sectors of the economy, but it also happens in the farming sector, in commerce and in services. His explanation is that certain type of building tasks, as for instance mortar laying, can not be abruptly suspended. Indicators obtained from the Census data confirm this situation: Both at the national and the local levels, for all sectors of economy and for the construction sector, there is a significative proportion of workers for whom the weekly work period exceed 40 hours. However, it can be noticed that this situation has increased between 1990 and 2001 at national level, but has decreased at local level. An explanation suggested by most interviewed persons at local level is that the scarcity of jobs probably has influenced that result. It also has to be mentioned that those results relate to both the formal and the informal sectors of economy.

Promoting Decent Work in Construction and Related Services			
The key role of local authorities			
Working hours		Formal & informal Sectors	
		1990	2000
National level	All sectors	27,53	29,47
	Construction sector	28,73	31,06
City level	All sectors	29,47	22,46
	Construction sector	37,52	28,15

Source: INEC, Census 1990 & 2001.

Another explanation for this situation can be that both in the formal and in the informal sector, work activities often assume the form of shift work. In these cases, workers are hired for very short terms to execute a specific activity, and then dismissed immediately after it is finished. This is very common in the case of tasks not requiring special work skills and using intensive human physical labour (i.e. farming activities or the construction sector). Accordingly with some of the informants interviewed in Esmeraldas, it is usual to resort to shift work in the construction sector and in other sectors that require intensive labour (fishing, farming, etc.). In these cases, the salary of workers does not depend on the time required to complete the task, but exclusively on the completion of the task, which can lead to an overload of work required and to the work journey extending beyond the time legally established.

3.1.3. Holidays

Official regulations also state that all workers are entitled to a 15-day paid leave every year¹⁵⁷. Unfortunately, this is only applied in the case of stable jobs, after one year of work effectively done. As a result, most workers in many sectors - such as construction - are not able to enjoy this benefit, because their contracts usually never extend beyond one year. It is only in the private formal economy and in the public sector, which offer greater job stability, that this provision is enforced. The presidents of the local architects and engineers

¹⁵⁷ Art. 69, Chapter V of the Labour Code.

associations explained that most building process in the city last less than six months, producing a permanent rotation of the working groups.

The law also provides that workers who complete the entire 5-day work week must receive the so-called full pay, covering the 7 days of the week, even if there are occasionally mandatory civic or religious holidays during the workweek¹⁵⁸. Annual paid holidays are limited to those who work in the formal sector of the economy. Informal workers lack this benefit and sometimes cannot enjoy legal holidays established each year to commemorate civic or religious festivities.

At the local level those provisions are usually ignored and are only enforced in the formal economy or in the public sector. Both the Municipality of Esmeraldas and the Provincial Council confirmed that all their institutional workers (including those in the construction sector) perceive all the mandatory benefits, including full pay, annual paid leave and paid holidays leave. But in the rest of the city, the rights regarding annual holidays are usually not respected, even if workers are able to rest during legal holidays established throughout the year.

3.1.4. Sick leave

Regarding sick leave with pay - also provided by the Law - workers employed in the formal sector of the economy at the national level and for all sectors are usually able to exercise this right. However, in the informal economy, absenteeism caused by illness is very rarely accepted and paid by employers only when it lasts a short period of time (two or three days); if it extends beyond that, the worker risks losing his job or not receiving remuneration for the duration of the leave¹⁵⁹.

In Esmeraldas, paid sick leave tends to last one or two days only, as longer absences are grounds for dismissal, even if justified by medical certificates. In the construction sector at the local level is also unusual for workers to request sick leave or to receive their pay for more than one day or two, as they are aware that usually they can lose their job for this reason.

Statistical data regarding this issue does not exist both at national or local levels.

3.1.5. Accidents at work

According to the IESS, in the year 1990, 4 404 accidents were registered at the workplace; from which 229 happened in the construction sector, representing 5.1 % of the total number of accidents at work. Thus, in the year 2000, the number of accidents recorded was reduced to 2 223, from which 138 happened in the construction sector (6.2%).

3.1.6. Comfort on site for workers

Although in the formal economy Ecuadorian workers usually can count on elements of comfort at the workplace (dressing rooms, cafeteria, toilets, first aid, etc.), these amenities are very unusual or precarious in worksites located in rural areas or in isolated workplaces.

¹⁵⁸ Art. 53, Chapter V of the Labour Code.

¹⁵⁹ No national statistical data regarding this phenomenon are available.

Only in larger farming businesses or building sites is possible to find dressing rooms, cafeterias and toilets for workers; in most cases these amenities are not available. Workers must put their clothes and personal items in the shed where they keep tools and building materials, they must prepare their own food or buy it from street vendors, and they must tend to their bodily functions in a rudimentary way. In the informal economy, these benefits are a not respected rule.

In Esmeraldas, It is possible to find elements of comfort in workplaces in larger companies such as the oil refinery, the maritime port or the public utilities. In other workplaces, those facilities tend to be minimal or inexistent. It is frequent for workplaces to lack toilets, showers, dressing rooms, cafeteria or first aid centers. In construction sites, for instance, workers interviewed confirmed that they are normally forced to put their personal items in the same storage area where they keep materials and tools, to use precarious means to clean up at the end of the workday, and to prepare their own food or to buy it from street vendors. The explanation provided by the representatives of the employers associations is that the costs required for the provision of those comfort facilities have a negative impact in the general contracting costs.

3.1.7. Salaries and the existence of a minimum wage

The Ecuadorian labour legislation provides a wage system effective nationwide which begins with a minimum wage for all sectors and takes into account variations and increases both according to the kind of work and the geographical location. For this reason, workers doing complex or dangerous tasks, holding positions that require professional training, working in the Coastal or Amazon regions, and in areas isolated or distant from inhabited places, earn higher minimum wages. Generally speaking, the schedule of wages and compensations is usually respected in the formal economy, but in the informal sector this is highly unlikely, more so because employers take advantage of the pressure generated by the job supply to regulate the wages paid to workers, especially to those who lack special qualifications. The basic problem is that productive activities in large areas in Ecuador have a high component of informality, involving not only small businesses but also larger companies, which usually meet their labour needs through outsourcing mechanisms that allow them to circumvent most of their labour obligations¹⁶⁰.

In Esmeraldas, employers relatively respect the existence of the minimum wage scheme provided by Law, although there is always the possibility of lowering it through the outsourcing system. Generally speaking, in the formal economy of Esmeraldas workers with some type of skill (machine operators, plumbers, electricians, etc.) demand payment of the basic wage established for their area of activity and they may also demand additional payment for difficult or dangerous work, as well as when the workplace is isolated or when work is carried out under adverse conditions. However, this is less usual for unskilled workers and in less regular jobs. Again, in Esmeraldas employers take advantage of the scarcity of jobs and resort to outsourcing as a means to elude compliance with these labour obligations.

¹⁶⁰ Nationwide, in the year 2000 42.3% of all workers in all sectors earned wages below national average (\$163 USD per month), according to the National Employment Survey conducted by INEC.

There are not official statistics regarding the minimum wages rate for the years 1990 and 2000. However, estimation can be established taking into account the number of workers in all sectors that worked less than half the working weekly journey during the censuses week. It can be noticed that the percentage of workers facing this situation increased at the national level, including the construction sector.

Statistical data was not found at the local level.

Promoting Decent Work in Construction and Related Services			
The key role of local authorities			
Minimum wages rate		Formal & informal Sector	
		1990	2000
National level	All sectors	8,14	16,04
	Construction sector	4,62	14,61
Source: INEC, Census 1990 & 2001.			

3.2. Social Security

3.2.1. The Public Social Security System

The institutional structure of the Ecuadorian government includes a Ministry of Labour and Employment, in charge of developing and enforcing labour policies. Social protection issues are handled by the Ecuadorian Social Security Institute (IESS), with a national field of action, covering all sectors and offering services both to public and private sector employees. Affiliation to this system is mandatory and it provides that both employers and employees must contribute a specific percentage of the wages paid to sustain the system. The main services provided by the IESS include health care and severance, as well as retirement pensions at the end of the productive life of the affiliate. Nowadays, the IESS faces financial problems and has been forced to suppress some of the services previously provided, such as construction loans. On the other hand, services have also suffered, both in quantitative and qualitative terms. Repeated efforts have been made during the last period to privatize the IESS or to break its monopolistic control over social welfare, but these attempts have failed because of the opposition of the affiliates themselves, who hope that in the future the IESS will be able to overcome the difficulties it is now facing.

Social security contributions - a percentage of the remuneration earned by each worker - are paid both by employers and by workers. Contributions must be paid on a monthly basis and employers are under the obligation of deducting from the monthly wage of their employees the percentage fixed as their contribution to the social security system. Affiliation to the IESS is mandatory for all workers after being three months in the job, but for this reason many employers resort to hire workers for shorter periods of time to elude this obligation. In many sectors where rigorous controls are not executed, it is exceptional to find workers affiliated to the IESS. Those working in the public sector (construction workers of municipalities, provincial councils, ministries and other state agencies), or in larger formal private companies do enjoy these benefits.

In Esmeraldas, the responsibility over work conditions and the social welfare of workers lies with the local office of the Ministry of Labour and Employment, which runs a unit in charge of inspecting work conditions in local companies and verifying compliance with labour obligations. The IESS has an office in Esmeraldas that provides services to all the workers of the province, and it also has a hospital to provide health care in the same context. Workers in Esmeraldas are also in principle covered by the national social security system of the IESS. However, in practice these obligations are avoided through several mechanisms, for example through outsourcing firms or temporary hiring for periods of less than three months. Locally, in farming activities or in the construction sector, outsourcing is widespread and it is very often that workers themselves try to avoid being incorporated to the system, because they feel that the services received are inadequate or inexistent. Therefore, even if the law prohibits this, many companies avoid compliance with these obligations and many workers do not receive benefits. One of the factors that contribute the most to this is the short duration of jobs in many productive sectors, such as the construction sector. Staff turnover is constant, and many builders lack the conditions to ensure labour stability for their workers beyond a few months each year. This phenomenon can also be seen in the agricultural sector, which tends to hire temporary labour in the sowing and harvesting seasons. In consequence, the number of workers who have unemployment, health, accident or retirement insurance in Esmeraldas is very low and almost entirely limited to those who work in public sector entities, where compliance with these obligations is better regulated and controlled (Municipality, Provincial Council, public ministries, etc.)

Obviously, in the informal economy the social security benefits do not exist both at the national and at the local levels. Statistics available at the national level confirm what has been said. In the country as a whole, the proportion of workers insured has descended from 1990 to 2000.

Promoting Decent Work in Construction and Related Services			
The key role of local authorities			
Social Security Rate		Formal Sector	
		1990	2000
National level	All sectors	42.9	44.1
	Construction sector	n/a	n/a
Province level	All sectors	n/a	44.6
Source: INEC, Censuses 1990 & 2001; IESS.			

In 1990 the IESS estimated that 1'430'657 persons were covered by the social security system (representing 42.9% of the total economically active population). This number grew to 12'009'146 in the year 2000, representing 44.1% of the total economically active population. According to the IESS, in the year 2000, 57'152 persons were covered by the social security system in the Province of Esmeraldas, representing 44.6% of the total economically active population working in the formal sector.

Information is not available for the construction sector at the national level neither at the local level. However, the IESS estimated that in the year 2003, 79 workers in the construction sector were covered in the Province of Esmeraldas by the social security system (grouping 0.13% of the total covered population). At the national level, there were 11'192 workers in the construction sector covered by the social security system (representing 0.09% of the total covered population).

3.2.2. Old age pension

This situation is also confirmed by data regarding old age pensions. Accordingly to the IESS, senior citizens living without old age pensions are the majority of that segment of population, both at the national and at the city levels. There are no statistics regarding the construction sector, but as the national rate of social security insurance in that sector is so low, the old age pensions should also be low for that sector.

Promoting Decent Work in Construction and Related Services			
The key role of local authorities			
Old age pensions		Formal Sector	
		1990	2000
National level	All sectors	87,7	85,3
	Construction sector	n/a	n/a
Province level	All sectors	n/a	72,1

Source: INEC Census 1990 & 2001; IESS.

According to the IESS, in the year 1990, 129 611 persons were registered as receiving an old age pension. This number increased in the year 2000, covering 236 501 persons. In the case of the Province of Esmeraldas, and according to available data, 3 710 persons were covered by the old age pension in the year 2000.

3.3. Workers rights

3.3.1. Forced and child labour

In Ecuador, forced labour does not exist, but child labour does exist, even involving children less than 10 years of age. This practice, prevalent in rural areas and in primary activities (agriculture, cattle raising, fishing, etc.), is also detected in the informal urban sector (handicrafts, street vendors and other informal businesses, domestic and personal services, etc.), but it faces special restrictions and regulations in the formal economy, where the work of children under 10 years of age is prohibited, especially in the manufacturing sector.

According to the document "*Erradicando el trabajo infantil en el Ecuador*", presented in 2006 by the Ministry of Labour and Employment, the Ministry of Social Welfare and UNESCO, in 2001, more than 3.7 million children aged 5 to 17 years old were working in Ecuador (2006: 23-39). From them, 60% were working in urban areas. Also, 40% from them were aged 5 to 9, 39% were aged 10 to 14 years old, and 21% were aged 15 to 17 years old. Even if the legal age to work is 15 years old, it is important to highlight that in the year 2001, around 80% of working children were under the working legal age. Information was not found for the construction sector in particular. However, according to the cited study, the majority of working children are employed in agricultural sites, in small businesses, manufactured industries and as private domestic workers. Another essential element to note, is that 65% of working children used to work in their own house, namely in domestic activities. The document also highlighted that in 2001, 84% of persons aged 5 to 17 years also were going to school.

According to the local labour authorities, forced labour is relatively rare in Esmeraldas. Apparently, child and women's labour is usually less frequent than in other provinces of the country, but rather because of local social and cultural reasons. Notwithstanding, it is admitted by them that child labour still exists, and it involves tasks that are not appropriate to their age or gender, especially in the informal economy or in primary productive activities (farming, fishing, forestry, etc.). In any case, that appreciation probably explains why the child labour rate at local level has been lower than in the rest of the country.

3.3.2. Discrimination

Female labour has grown significantly in recent decades in Ecuador, and it tends to be predominant in certain sectors. However, there are clear signs of discrimination against women in the sense that for similar work women receive less pay than men. Accordingly to the INEC, in 2001 the ratio between average wages earned by men and women at the national level in the urban areas is 1.65. In the formal economy this ratio is lower, 1.37, but in the informal economy it is as high as 1.75. Inequalities are much more pronounced in the informal sector. There is no data available for the specific case of Esmeraldas, but only for other cities of the coastal region of Ecuador. In any case, available data confirms that the same situation appears in that region and that wages earned by men in the informal sector almost duplicate those earned by women.

Regarding discrimination generated by born place, it has to be said that since the '90s a growing wave of immigrants from neighboring countries (Peru and Colombia) is causing some distortion in the national labour market. This phenomenon is partly due to the migration of Ecuadorian workers to Spain, the United States, and other developed countries, which has taken place during this period, and which in turn led to a scarcity of labour in some regions of the country and in specific productive sectors. This scarcity has been overcome with the arrival of Peruvian and Colombian permanent or seasonal immigrants. It has been detected that in many cases these groups accept lower wages and poorer work conditions than those demanded by Ecuadorian workers, leading to discrimination. However, although this phenomenon is notorious in Quito, Cuenca and in other cities, which have greater labour demand, it is not common in cities where the demand of workers is rather small.

Promoting Decent Work in Construction and Related Services				
The key role of local authorities				
Gender disparity wages		National Urban	Formal Sector	Informal Sector
		2000	2000	2000
National urban level	All sectors	1,65	1,37	1,75
	Construction sector	n/a	n/a	n/a
Coastal region urban level	All sectors	1,61	1,29	1,80
Source: INEC, Census 1990 & 2001.				

In the local context, authorities consider that the lack of jobs has resulted in a migration flow from Esmeraldas towards other areas in the country and especially to larger cities. However, they also mentioned a factor that limits these flows is the existence of racial prejudices, much deeper in other regions of Ecuador, where the population of African descent represents a reduced minority. From their point of view, this result in less mobility

for the population of Esmeraldas to other regions of the country and it might also have restricted emigration to other countries.

The latest period records cases of workers from other countries, especially Colombia, who have come to the city looking for a job and running away of the internal violence of that country. As they lack professional training, these immigrants tend to find work in farming tasks or in the construction sector, accepting wages below the minimum established by the law for Ecuadorian workers. But as the labour supply in Esmeraldas is already limited, these are rather isolated cases, accordingly with the employers' representatives that were interviewed locally. Unfortunately, there is no statistical data at the national or the local levels to confirm those concepts, as no institution collects information about the born place of workers, at least in the construction sector.

3.4. Social Dialogue

3.4.1. Union density rate

Ecuador workers freedom of association is guaranteed by the Law and more specifically by the Labour Code. However, a new regulation, called "work flexibility" was passed in the last decade, with the aim of increasing the number of jobs but which in reality has served to restrict workers abilities to become organized in unions or professional associations. Thanks to this measure, many companies resort to the so-called "outsourcing" of different tasks and transfer to other companies the labour responsibilities of all or part of the labour force they need (for example, security, maintenance, basic processing of raw materials, etc.). Thus, their own payroll is reduced and it tends to a total less than the minimum number of employees required for the establishment of a workers unions or associations.

In Esmeraldas, as in the rest of Ecuador, the reduction in the number of labour unions and the number of workers affiliated to them in the last 10 or 20 years is notorious. Currently, the strongest labour unions are found in the public sector (in education, and health national services, the Municipality, the Provincial Council, the oil sector, etc.); in the private sector their presence and influence are almost nonexistent.

Unfortunately, there is no statistical data about workers unions that could lead to establish an indicator regarding the density rate of trade unions.

3.4.2. Collective bargaining and platforms for negotiations

The negotiation of collective work agreements between workers and employers (a process where labour authorities can also intervene if necessary), recognized as a right in the Ecuadorian Labour Code for all sectors at a national level is based on the existence of unions or workers associations. Naturally, when such groups do not exist, this type of negotiation is not possible. In consequence, the disappearance of workers organizations has led to a significant reduction in collective bargaining processes, a phenomenon that is perceived throughout the country and in all sectors.

It is usual for collective bargaining processes to discuss, point by point, a series of demands and rights for workers (salaries, payment of extra hours and bonuses, workplace security, etc.). In some cases, especially in the public sector, this has resulted in several distortions, extending labour stability guarantees beyond reasonable terms, even involving for example, the possibility for workers to appoint a relative as their "successor" to take over their job after they retire. Such deformations are now seriously criticized in the

national context and even by workers themselves, as they have contributed to create a hostile climate against the negotiation of collective agreements and against the demands of workers in the public eye¹⁶¹.

Esmeraldas has a history of labour conflicts of significant proportions, which erupted in the city in the early and mid 20th century and which are mentioned as one of the factors that explain the limited number of companies that have set up operations there. Efforts made to encourage the establishment of new industries in Esmeraldas have had limited success. For this reason, the strength of the labour sector in the city is currently limited and almost entirely circumscribed to the public sector. Collective bargaining is therefore a phenomenon that only takes place in this sector and in practice it has been eliminated in the private sector, even if it is provided by the Law.

There is not statistical data about the rate of collective bargaining at the local level. However, national statistics from the Ministry of Labour and Employment show that that rate has dropped considerably during the studied period.

Promoting Decent Work in Construction and Related Services			
The key role of local authorities			
Collective contracts rate		Formal Sector	
		1990	2000
National level	All sectors	5,9	1,5
	Construction sector	n/a	n/a
Source: Ministry of Labour and Employment.			

¹⁶¹ Collective agreements tend to extend over periods of three or up to five years, because one of their main issues is labour stability. For this reason, their general coverage cannot be accurately determined. However, according to Labour Ministry data, in 1990 a total of 97'238 workers exercised this right nationwide. In the year 2000, the number dropped to 34'951, evidencing a significant reduction in this type of negotiations.

3.5. Synthesis: Decent work indicators in Esmeraldas case

The following table presents, in a synthetic format, the decent work indicators for Ecuador and Esmeraldas, according to the four key components. The right hand column of this table shows trends towards (+ve) or away from (-ve) decent work for each of the indicators in all sectors and in the construction sector at the national, provincial, or local levels.

EMPLOYMENT DIMENSION				
Unemployment rate				
		1990	1999	Trend towards DW
National level	All sectors	6.10%	14.40%	-
Low wage rate				
		1990	2000	Trend towards DW
National level	All sectors	8.10%	16.00%	-
	Construction	4.60%	14.60%	-
Hours of work				
		1990	2000	Trend towards DW
National	All sectors	27.50%	29.40%	-
	Construction	28.70%	31.00%	-
Local level	All sectors	29.40%	22.40%	+
	Construction	37.50%	28.10%	+

SOCIAL SECURITY DIMENSION				
Public social security coverage				
		1990	2000	Trend towards DW
National level	All sectors	42.9	44.10%	+
Province level	All sectors	n/a	44.60%	
Old age pension				
		1990	2000	Trend towards DW
National level	All sectors	87.70%	85.30%	-
Province level	All sectors	n/a	72.10%	

WORKERS RIGHTS DIMENSION				
Wage inequality between genders				
		1990	2000	Trend towards DW
National level	All sectors	n/a	1.37%	
Coastal region	All sectors	n/a	1.29	

SOCIAL DIALOGUE DIMENSION				
Collective bargaining rate				
		1990	2000	Trend towards DW
National level	All sectors	5.90%	1.50%	-

4. Decent work in Esmeraldas

In strict sense, there are no examples of good practices about the role played by the Esmeraldas' local authorities regarding decent work in the construction sector.

As already mentioned, the responsibilities of local authorities regarding labour issues have been restricted to the accomplishment of their labour obligations in respect to institutional workers and employees. It can be said that the current administration has conducted the relationship with them properly, attending their demands and sorting out the existing problems without conflict. Efforts have been made, to facilitate the process of retirement of municipal workers and servants which have accomplished the required conditions of age, contributions, etc. Also, efforts of the local authorities have been oriented towards the generation of jobs in general. Thus, two recent examples illustrate the positive influence which the municipal government of Esmeraldas has in the construction sector. The first refers to the recent execution of a large sanitation program in an important fast-growing sector, where some of the poorest and most underprivileged residents of the city live. This project, developed by the Municipality, was divided in several segments and executed by ten local construction companies that were asked to hire local unskilled labour force only from the neighbourhoods that were going to benefit from the project. In addition to the unquestionable improvement of the living conditions in those neighbourhoods, a significant number of neighbours were able to have - at least temporarily - a stable job while the project was being executed.

The second example is similar. As a preliminary step to authorize the building of the first commercial centre that a private business group decided to build in the centre of Esmeraldas, the Mayor proposed to hire the unskilled labour force required by the project exclusively among members of local youth gangs, personally guaranteeing that their behaviour and performance would be exemplary. After negotiating with the gangs, the Mayor succeeded in having their members suspend their criminal activities during the execution of the project, offering them a stable job during this time. The results of these two experiences were entirely satisfactory both from the point of view of the entrepreneurs and for the young people involved, many of who had for the first time in their lives the chance to demonstrate their abilities and to learn a trade, leaving behind their dangerous criminal life. Although these two examples are rather more illustrative of the local government's potential to encourage and create jobs in the construction sector, they also illustrate indirectly the influence that the Municipality of Esmeraldas can have in the promotion of more decent work conditions in this and in other economic sectors. Nevertheless, and even if these two experiences were satisfactory, employment was just temporal and do not imply any time of training for workers involved, neither any type of commitment for employers implicated.

5. Synthesis and recommendations

The high level of unemployment and underemployment affecting Esmeraldas are a priority issue with great social significance for the city. This phenomenon, aggravated by the crisis that has affected Ecuador in the last ten years, means that all efforts have been aimed at trying to create jobs, but that other aspects of the reality of labour have been overlooked. The existence of decent work conditions has been neglected by both local authorities and workers themselves, and it is evident that during the last decade this aspect has suffered setbacks, especially regarding the exercise of the right of workers to associate freely and to collectively negotiate their work agreements. The improvement of work conditions and the promotion of the right to social security or to the provision of health, unemployment and retirement insurance have also been neglected in recent times. The reduction of the State intervention, structural problems in the local economy, and the limited development of the industrial sector and more especially the weakening of workers' unions themselves are other factors that have had adverse consequences and the ensuing setbacks. In this context, it is acknowledged that local authorities have deployed large efforts to encourage the creation of jobs in the city and province of Esmeraldas, and that they might potentially have a certain influence in encouraging the establishment of decent work conditions within their jurisdiction. Furthermore, there is a political will to do so, and also a strong capacity to influence several sectors of local society currently. However, on the other hand, these strengths must face the weaknesses that affect the Municipality, which for the time being would have neither the competences nor the resources to do so. Local stakeholders themselves admit that an initiative of this kind could very well fail because of this.

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List of Respondents

- 21/09/06 **ILO, Sub-regional Office for the Andean Countries**
Fabio Duran Valverde (Social security specialist)
Mario Tueros (Small and associative enterprises development specialist)
- 22/09/06 **ILO, Sub-regional Office for the Andean Countries**
Mr. Franciso Verdera (employment policies specialist)
- 25/09/06 **Ministry of Labour**
Mrs. Yengi Valencia (Representant in Esmeraldas)
- 25/09/06 **Provincial Government of Esmeraldas**
- 25/09/06 **Permanet Women Forum**
Mrs. Dania de Leon (Direction)
Mr. Norman Cabezas
- 25/09/06 **Esmeraldas' Workers Federation**
Mr. Riter Delgado
- 26/09/06 **Esmeraldas' Artisans Federation**
Mr. Carlos Valencia
- 26/09/06 **Esmeraldas' Chamber of Commerce**
Mr. Carlos Santana
- 27/09/06 **Esmeraldas' College of Civil Engineers**
- 27/09/06 **Esmeraldas' Chanber of Construction**
Mr. Marco Estupiñan (President)
- 29/09/06 **Ministry of Labour**
Mr. Luis Balboa, Mrs. Paula Aguirre, Mr. Jorge Viterry and Mr. Walter Tapia.
- 29/09/06 **Secretaira Tecnica del Frente Social**
Sistema Integrado de Indicadores Sociales del Ecuador (SIIESE)
Mr. Santiago Izquierdo

ANNEX 4

GUIDE TO INTERVIEWS

In order to measure the four dimensions of decent work, in a quantitative way a list of indicators adapted to the construction sector is proposed. However, and to better take into account the cultural specificities of each city studied, we must also compile qualitative information. Therefore, it is necessary to interview representatives of the principal institutions and sectors involved: local authorities, workers' union and employers' federation (for all economic sectors, and more specifically the construction sector).

The following pages are a guide for interviewers, who can add any question considered pertinent for the study, even if it has been omitted below. Questions must be adapted to each city studied and each actor interviewed.

This guide is divided in three parts.

- The first part is composed of questions concerning the legal framework for the criteria of decent work.
- The second part deals with any changes that might be significant in the formal and/or informal sector since 1990.
- The third part will register impressions about political commitments, responsibilities of local authorities and examples of "best practices".

The actors concerned by this guide of interview are representative from the principal institutions and sectors involved for all economic sectors and more specifically the construction sector:

- The person responsible of employment policies and programs in the city administration
- The head of workers' union in all sectors at the city level
- The head of workers' union in the construction sector at the city level
- The head of employers' federation in all sectors at the city level
- The head of employers' federation in the construction sector at the city level

PART I - Questions concerning the legal framework for the criteria of decent work

We suggest beginning the interview with this group of questions concerning the legal framework for the four criteria of decent work.

A. *Employment conditions and the legal framework*

1. Is there any national legislation concerning working conditions (such as paid holidays, hours of work per week, remuneration of overtime, night work, shift work, hygiene and comfort in the work place)?
2. Is there any difference in the legislation for the private sector and the public sector?

3. Is there any difference in legislation concerning employment conditions between 1990 and 2000? (Please explain)
4. Do you know about any specific legislation that may be introduced by the local authority to deal with working conditions?
5. Is there any workers' association, cooperatives or NGOs that contribute in some way to improve employment conditions?
6. Is there any specific legislation concerning the construction sector? At the national level? At the city level?

B. Social security and the legal framework

7. Is there any national legislation concerning the legal age of retirement and/or paid sick leave?
8. Is there any difference in the legislation for the private sector and the public sector?
9. Is there any difference in legislation concerning social security between 1990 and 2000? (Please explain)
10. Do you know about any specific legislation that may be introduced by the local authority to deal with social security?
11. Are there any workers' associations, cooperatives or NGOs that contribute in some way to promote social security?
12. Is there any specific legislation concerning the construction sector? At the national level? At the city level?

C. Workers' rights and the legal framework

13. Is there any national legislation concerning discrimination at work (owing to age, gender, health status or nationality)?
14. Is there any difference in the legislation for the private sector and the public sector?
15. Is there any difference in legislation concerning workers' rights between 1990 and 2000? (Please explain)
16. Do you know about any specific legislation that may be introduced by the local authority to deal with workers' rights?
17. Is there any workers' association, cooperatives or NGOs that contribute in some way to promote workers' rights?
18. Is there any specific legislation concerning workers' rights in the construction sector? At the national level? At the city level?

D. Social dialogue and the legal framework

19. Is there any national legislation concerning social dialogue (owing to union density rights, collective bargaining rights or right to strike)?
20. Is there any difference in the legislation for the private sector and the public sector?
21. Is there any difference in legislation concerning social dialogue between 1990 and 2000? (Please explain)
22. Do you know about any specific legislation that may be introduced by the local authority to deal with social dialogue?
23. Is there any workers' association, cooperatives or NGOs that contribute in some way to promote social dialogue?
24. Is there any specific legislation concerning the construction sector? At the national level? At the city level?

PART II - Changes that might be significant in the formal and/or informal sector since 1990

In this second part we propose to emphasize changes in the formal and/or informal sector since 1990.

1. Have there been significant changes in the formal and/or the informal sector between 1990 and 2000? If there have been, explain them
2. Would you describe those significant changes in the formal and/or the informal sector concerning the four components of Decent Work, during this period?:
 3. Have employment conditions changed? If there have been, explain them.
 4. Has social security changed? If there have been, explain them.
 5. Have workers' rights changed? If there have been, explain them.
 6. Has the social dialogue changed? If there have been, explain them.

PART III - Political commitments, responsibilities of local authorities and examples of “best practices”

The third part will highlight impressions about political commitments, responsibilities of local authorities and examples of “best practices”.

7. Do you have any (political) commitment to promote stable employment in the formal and/or the informal sector in your city?
8. Do you have any (political) commitment to promote decent work in the formal and/or the informal sector in your city?
9. Is decent work realistic in the policy agenda?

Do you have any example of promotion of decent work in the formal and/or the informal sector in your city? If there is, this should be presented as an example of “best practice”.

10. If there is an example of promotion of decent work in your city,
When was the policy introduced?
Evidence why it has been achieved successfully?
If not, what were the obstacles?
11. How large can be the roles and responsibilities of the local authorities in the promotion of decent work?
12. According to the national and the regional context, there are obstacles and/or supports to the local authorities’ action?¹⁶²
13. Did you get any external support to implement decent work either from international funding, national initiatives, or through partnerships with the private sector?

¹⁶² This question concerned the level of decentralization at the national and at the regional level.

