

***Decent working
conditions in
labour-based
programmes:
a hands-on
development strategy***

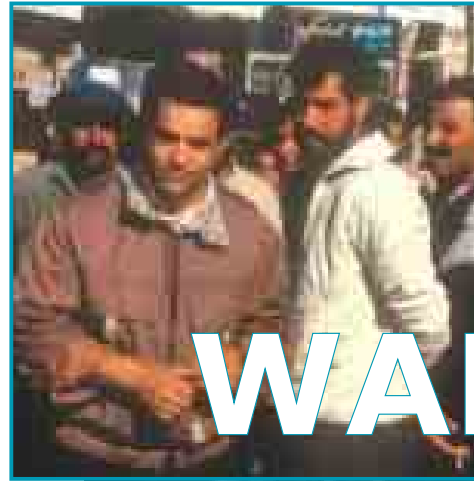


***Recovery and
Reconstruction Department
International Labour Office
Geneva***

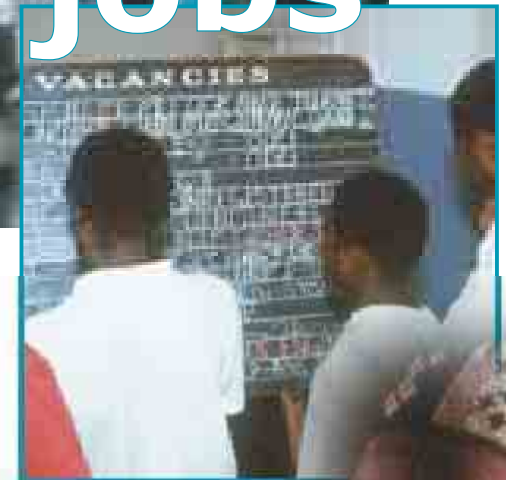
The long, long road to peace and prosperity

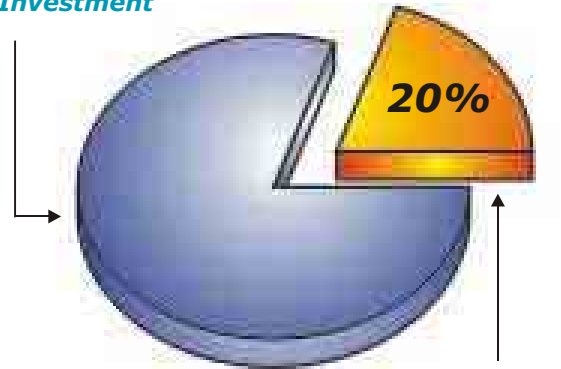
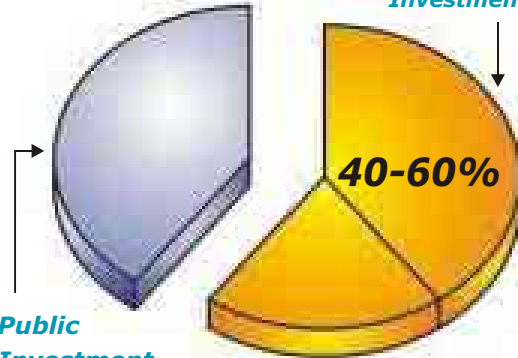
For millions of people throughout the developing world, the long road to peace and prosperity must seem never-ending. Recurrent economic and structural crises - the debt crisis in Latin America and Africa in the 1980s, the international financial crises in the 1990s in Asia, Latin America and European countries in transition - have set millions of people back, destroying the livelihoods of some, trapping others in underemployment and reducing yet more people to absolute poverty.

Un- and underemployment on this scale are not only a squandering of economic resources and a tragic waste of people's gifts, energy and creativity, they have led to sharply worsening poverty and social insecurity. The paradox is grim and cannot be ignored: how come there are so few jobs to be had in the very countries where so much work needs to be done to ensure people a decent standard of living? The answer lies with one-track investment policies that have not made the distribution of wealth a priority alongside its creation, an omission which people throughout the world are increasingly restless to have rectified. Economic growth with job creation is easily the No. 1 challenge facing today's development policy-makers.



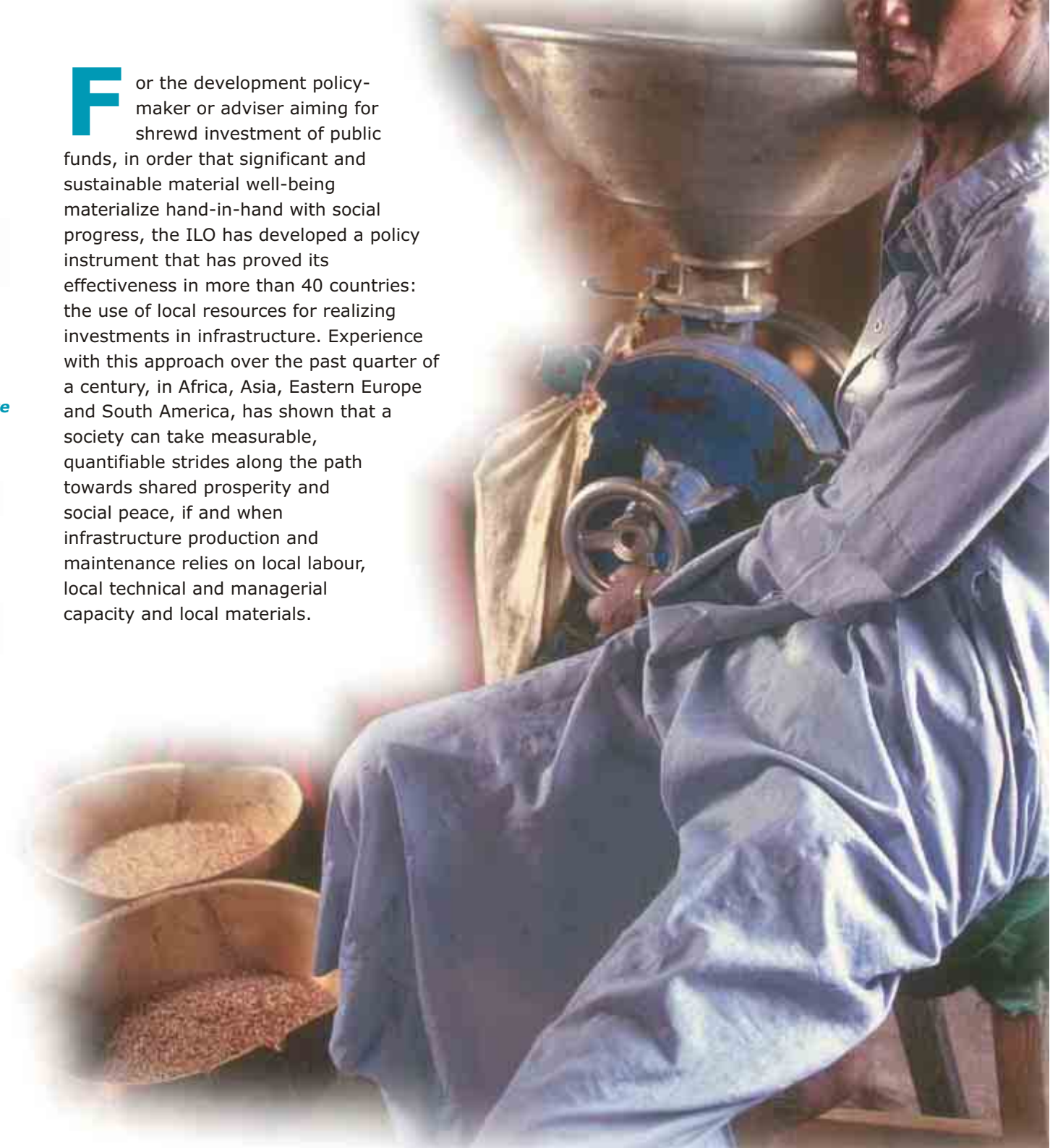
**WANTED:
decent jobs**



Total Investment**Infrastructure Investment****Public Investment**

Infrastructure typically represents about 20% of total investment of developing countries and 40-60% of public investment. According to World Bank estimates, developing countries invest some \$200 billion a year in new infrastructure. Such investments in infrastructure represent an enormous and largely untapped potential for job creation.

For the development policy-maker or adviser aiming for shrewd investment of public funds, in order that significant and sustainable material well-being materialize hand-in-hand with social progress, the ILO has developed a policy instrument that has proved its effectiveness in more than 40 countries: the use of local resources for realizing investments in infrastructure. Experience with this approach over the past quarter of a century, in Africa, Asia, Eastern Europe and South America, has shown that a society can take measurable, quantifiable strides along the path towards shared prosperity and social peace, if and when infrastructure production and maintenance relies on local labour, local technical and managerial capacity and local materials.

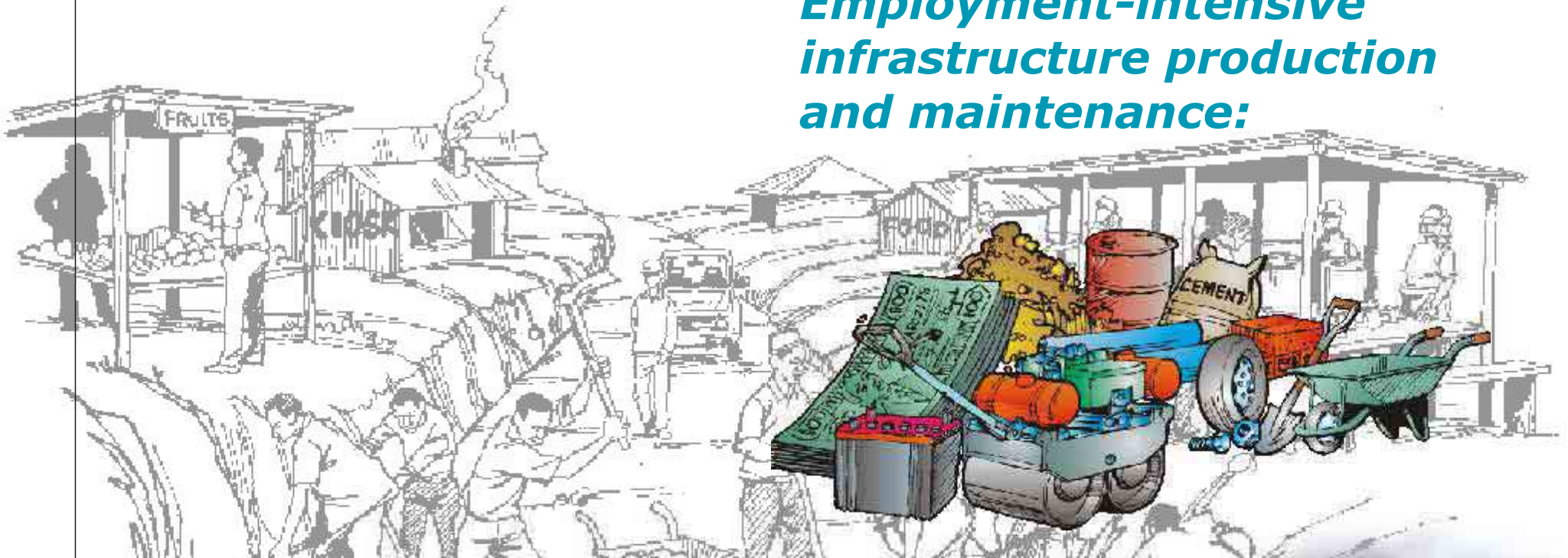


Shortening the distance: more development for the same investment



Although developing countries have invested hundreds of billions in infrastructure down the years, these investments have usually had a disappointing impact on employment creation and the distribution of wealth, because of the bias towards expensive, labour-saving, imported equipment-intensive technology which prevailed in infrastructure construction. Employment-intensive and labour-based technologies on the other hand, represent a more astute development strategy. For countries with low wages (generally below US\$4 per day) and high un- and under-employment, comparative studies of the two approaches have demonstrated the superior macro-economic advantages of the employment-intensive approach.

Employment-intensive infrastructure production and maintenance:

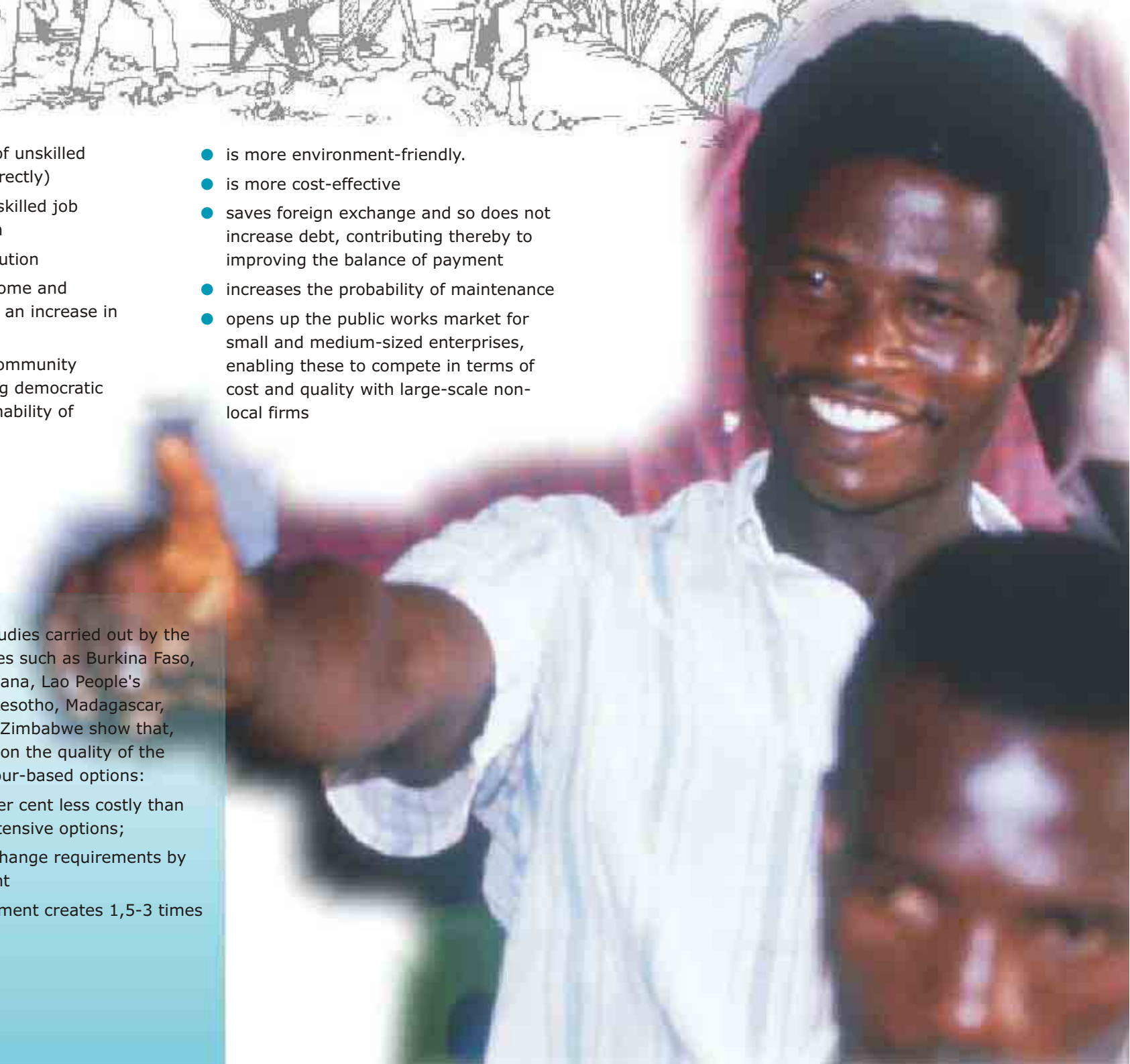




- has higher absorbency of unskilled labour (directly and indirectly)
- opens up skilled and unskilled job opportunities for women
- improves income distribution
- increases household income and consumption, leading to an increase in national income
- can be undertaken on community initiative, thus enhancing democratic participation and sustainability of interventions
- is more environment-friendly.
- is more cost-effective
- saves foreign exchange and so does not increase debt, contributing thereby to improving the balance of payment
- increases the probability of maintenance
- opens up the public works market for small and medium-sized enterprises, enabling these to compete in terms of cost and quality with large-scale non-local firms

Comparative studies carried out by the ILO in countries such as Burkina Faso, Cambodia, Ghana, Lao People's Democratic Republic, Lesotho, Madagascar, Rwanda, Thailand and Zimbabwe show that, without compromising on the quality of the infrastructure, the labour-based options:

- is between 10-30 per cent less costly than more equipment-intensive options;
- reduces foreign exchange requirements by some 50-60 per cent
- for the same investment creates 1,5-3 times more employment.



A high-performance strategy...

Such development performance results from implementing a unique and comprehensive policy approach, that the ILO, with donor support and in collaboration with member states, has developed over the years.

The approach succeeds in linking:


- employment promotion and private sector development, with
- wealth creation and social equity, and
- social progress and application of labour standards to provide good and fair working conditions throughout the labour-based construction industry.

Poverty alleviation merely lightens poverty. Given the choice, who would not prefer being better off to being "less poor"? **Employment intensive investment actually starts a process of creation, distribution and reinvestment of wealth in its broadest sense: business start ups, healthier people, technical**

innovation, rural people discovering that they have human rights, loan repayments, higher school attendance, and even increased tax receipts are just some of the value added through labour-based programmes.

It has proved to be one of the more successful strategies for our times. Independent evaluations have concluded that approximately **one million direct jobs and close to two million indirect jobs have been generated** in investment programmes to which the ILO, with donor support, was directly linked. There are national labour-based programmes in many countries.

Three countries (Madagascar, Togo and Uganda) have set up national policy units for linking employment and investment. A Presidential Decree in the Philippines requires all public investment programmes in the infrastructure sector to apply labour-based technology wherever it makes sense.



**Wealth
creation
versus
poverty
alleviation**

... anchored in today's realities

The basic principles of policy implementation stress **an enabling and regulatory role for government, along with private initiative and execution.** The ILO:

- **assists governments with policy advice** and in creating the managerial capacity and the administrative and legal environment to incubate a competitive domestic construction industry in which decent working conditions apply;
- **sets up training programmes** for small and medium contractors in running labour-based construction businesses so that they can tender for the newly available markets and execute the works profitably, satisfactorily and within the law; and
- **assists communities, rural and urban, to organize** themselves to become partners in "community contracts" with the whole range of development partners, to initiate, seek funding for, plan build and maintain much needed infrastructure.



Clearly, it is on the execution of public infrastructure investment by viable local entrepreneurs and active communities using labour-based technology, that hope rests for employment creation and wealth distribution on a large and significant scale. In this context of rapidly expanding, privately-executed labour-based programmes however, a most important key lies in the **guarantee of decent working conditions on labour-based sites.** Governments and each of the social partners have their role to play in this.

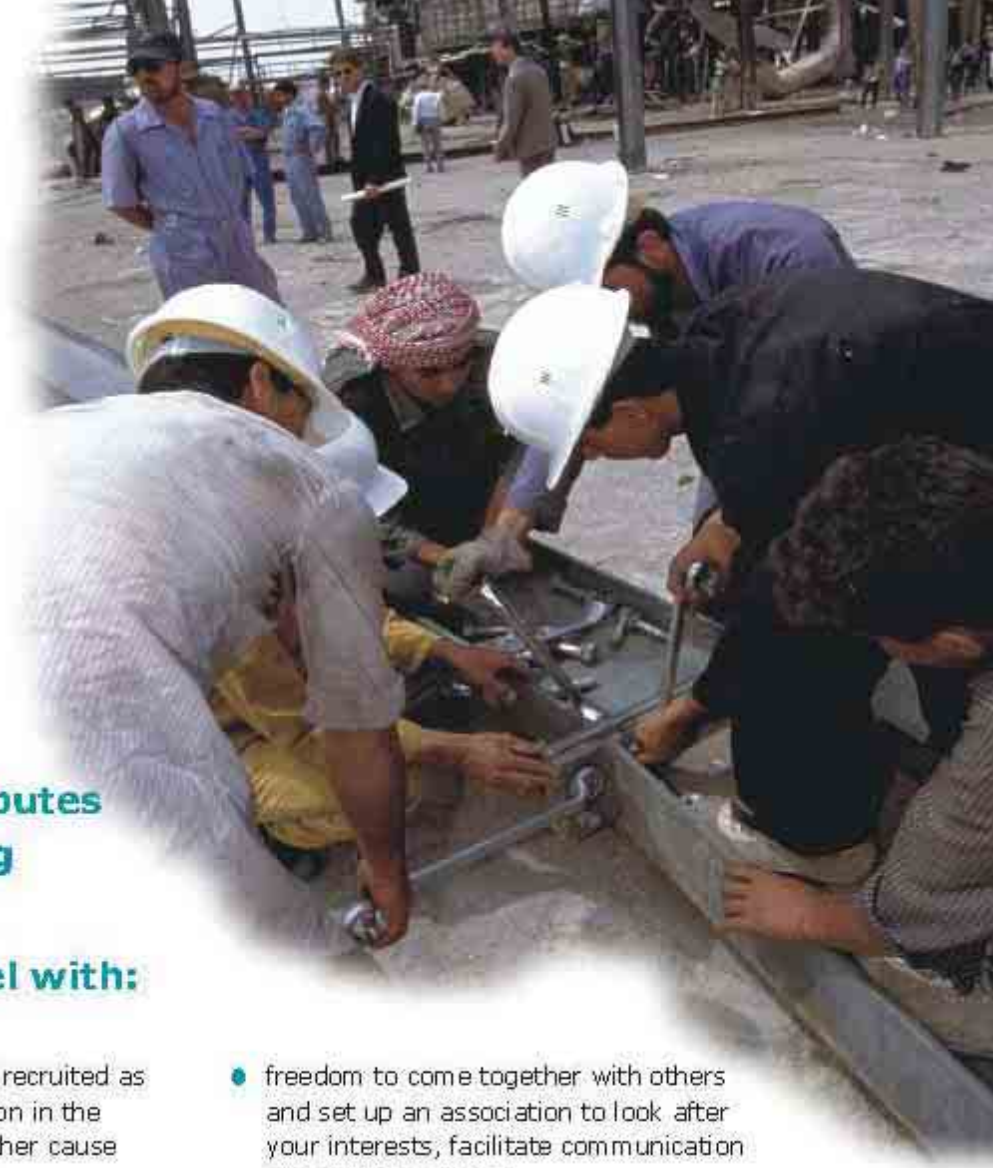
Ensuring decent working conditions throughout the construction industry

The labour-based sector is just one sector of the construction industry, the sector in which people, not machines, produce the output. The programmes' experience is unanimous on this: give people decent working conditions and they will produce high quality output on time, and within the budget. Contractors' will be ensured of profit margins and the viability of an expanding domestic construction industry. And they will support labour-based programmes and the government policy that proposes them, ensuring the credibility and sustainability of one of the government's more effective development instruments. Decent working conditions make for contented, motivated and productive people, successful labour-based programmes, and sustained progress towards society's economic and social goals.

What then contributes to decent working conditions?

Who could quarrel with:

- the same chances of being recruited as anyone else, and no coercion in the name of self-help or any other cause
- a proper wage paid on time
- accident insurance in case the capacity to work is lost on site
- incentives and rewards for better than average performance
- correct information on attendance, discipline, termination, etc.
- freedom to come together with others and set up an association to look after your interests, facilitate communication and put ideas across
- protection from exploitation of the under age
- a safe and healthy worksite?



The law, tradition, accepted practices in different countries may or may not lead to these conditions being provided automatically. The legal minimum wage could be below the market wage in the project area. Or it might be accepted practice for children to work alongside their parents. And job opportunities and treatment at work are different for men and women in most countries. What's the best way to proceed? The easiest way to arrive at effective procedures and measures to ensure decent working conditions in all labour-based programmes, is to apply international labour standards, as translated into national labour law, in these programmes. International labour standards cover the whole range of work issues pretty comprehensively and constitute collective experience and wisdom.

A collective body of wisdom

International labour standards are hammered out and adopted through international collective negotiation at successive International Labour Conferences, by representatives of workers' and employers' organizations and governments from all ILO member States. The ILO's standards represent one of the world's more successful attempts at reconciling individual interest with the common good. International labour standards are contained in conventions, which, when ratified, become binding international obligations, to be translated into national law.

The ones most relevant to labour-based programmes say things like:

Freedom from forced labour

Work or service shall not be exacted from any person under the menace of any penalty. Forced labour convention, 1930 (No. 29)

Equality

Men and women shall receive equal pay for work of equal value. Equal remuneration convention, 1951 (No. 100)

Minimum wages

Minimum wages shall be established and enforced for groups of wage earners. Minimum wage fixing convention, 1970 (No 131)

Protection of wages

Wages shall be paid in cash money. Where wages are paid partially in the form of allowances in kind, such allowances should be appropriate for the personal use and benefit of the workers, and fair value shall be attributed to such allowances. Protection of wages convention, 1949 (No. 95)

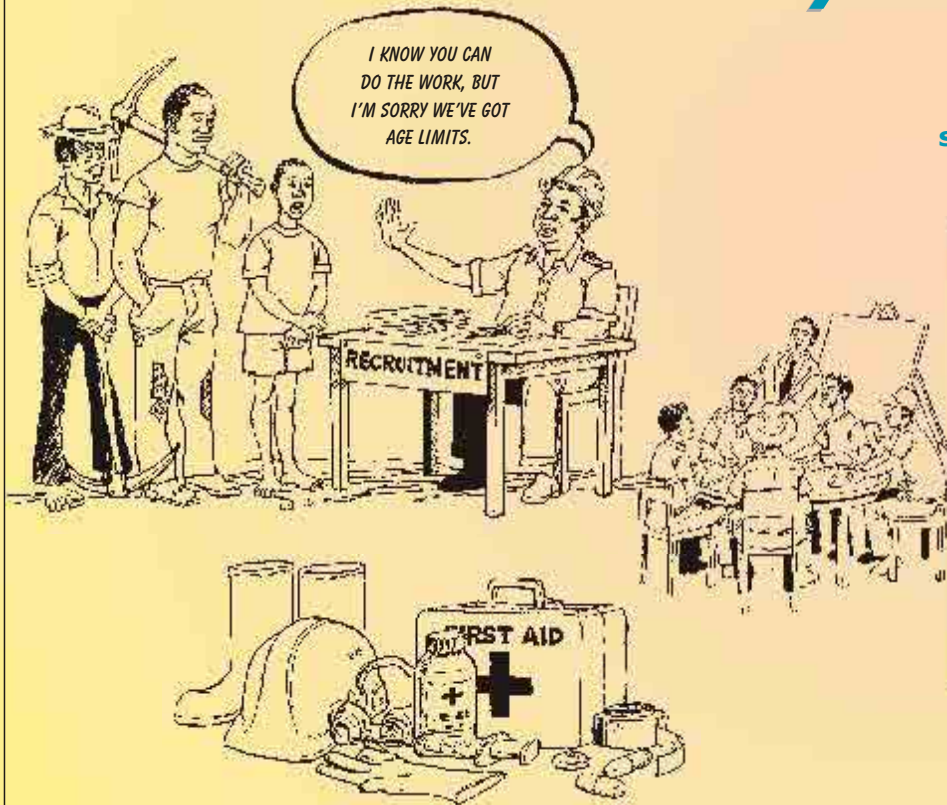
Minimum age

No person under the age of 15 shall be employed or work. No person under the age of 18 shall be employed or work in hazardous circumstances. Minimum age convention, 1973 (No. 138)

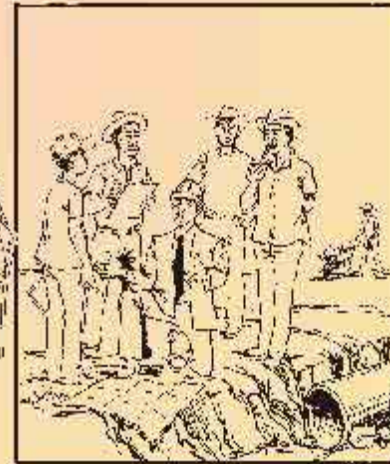
Freedom of association

Workers and employers shall have the right to establish and join organizations of their own choosing, without prior authorization. These organizations shall be independent and voluntary in character, and shall be free from all interference, coercion or repression. Rural workers organization convention, 1975 (No. 141); Freedom of association and protection of the right to organize convention, 1948 (no. 87); Right to organize and collective bargaining convention, 1949 (No. 98).

A handy road map



Management and supervisory training in the classroom and on site



These and other relevant conventions provide essential guidance for the proper design of each stage of implementation of a labour-based programme. A new ILO Guide (see back page of this brochure), *Employment-Intensive Infrastructure Programmes: Labour policies and practices*, presents a highly readable account of key issues, project experience and step-by-step recommendations to help practitioners successfully approach each stage. The key stages and issues are summarized here:

- recruitment,
- protection of wage payment,
- other regulations,
- safety and health,
- management and supervisory training,
- attendance, rights of association,
- remuneration in kind.



**Food is fine,
but we also need cash!**

Cutting corners will cost your policy!

Strikes, lynching of contractors, storming of government offices... one of the things that makes workers really angry is not receiving their pay at the end of the month - or being paid with maggot-filled maize, or feeling that one of theirs has been unfairly disciplined... Non-respect of international labour standards will lead to poor working conditions, unmotivated and unproductive workers and failed construction businesses. Particularly labour-based programmes, can suffer, getting such a bad name that they can no longer be used and all their benefits are lost for society. The real cost concern is not what it takes to implement good and fair working conditions - this may be considered as an investment in creating a new, **formal** sector - but the cost of what must be foregone if they are neglected.



Insisting on international and national standards in labour-based programmes up and down the country establishes labour-based programmes as simply another way of carrying out infrastructure investments. Applying the standards also cuts down on time-consuming trial and error, and steers policy implementation away from damaging mistakes. Labour standards are basically about what it pays to do, and what it pays to avoid in the workplace. They are about how to bring out the best in all partners to the task. Familiarity with them can give astute decision-makers the confidence to explore a wider and more inventive range of policy initiatives for simultaneously achieving much desired economic and social objectives.



A new policy instrument

One of the administrative measures necessary to permit small contractors to tender for public contracts is the simplification of contractual procedures and tender documents. In the process of revising these, **the ILO assists governments to include socio-economic objectives, clauses and appropriate specifications stipulating labour intensity, the introduction of fair working conditions and the use of good employment practices. This is called targeted procurement.**

Specifications/clauses can be as simple as requiring contractors to provide drinking water and first aid kits on site. Or they can seek to use the opportunity provided by the labour-based sites for social programmes. In South Africa's National Public Works Programme, for example, labour-based construction projects were used as a vehicle for reaching illiterate South Africans by providing relevant skills training during construction. Costs were met by contractors (covered in their bids) and NGOs and community organizations arranged the training efforts.

Co-navigators in development

Over the years, the ILO has been the partner of such astute policy-makers, supporting their attempts to diversify and maximize the yields from what is usually the largest sector in their investment portfolios.

The partnership started on the ground two decades ago, **working** with ministries responsible for civil works and progressive employers' and workers' organizations, **demonstrating** the technical viability of labour-based methods, **implementing** the basic administrative changes necessary to open up public markets to small contractors and **building capacity** in both

the government and the private sector. As programme after programme demonstrated that labour-based technology could make investments in rural and urban infrastructure yield sound structures, as well as income distribution and much more, the main thrust of the ILO's inputs began to shift towards institutionalization of the approach, with added emphasis on fair working conditions in the sector.

The employment-intensive infrastructure investment programme now has 2 clearly distinct functions:

- firstly, to contribute to mainstream development policy
- secondly, to respond to rehabilitation and reconstruction needs in various post crisis situations.

The partnership now additionally includes ministries responsible for development planning and programming, labour/employment ministries, and the social partners at all levels.

Your development process in higher gear



**HUMAN
DEVELOPMENT**



UNEMPLOYMENT



Through advisory missions, workshops, high-level meetings and seminars, the ILO will provide advice and support on:

- mechanisms to integrate economic investment planning with social and employment policy, e.g. employment and investment planning units, or inter-ministerial task forces
- implementing the administrative and legal changes to permit a domestic construction capacity to emerge using labour-based methods and applying fair working conditions
- promoting consultative mechanisms between labour and employment ministries and their finance, planning and civil works counterparts, to incorporate employment and social concerns into investment planning, find practical solutions for labour
- issues that crop up, and review labour legislation where necessary.
- promoting sector-based associations of workers and labour-based contractors, and community organizations, so that people can join efforts in structuring the sector
- overcoming the resistance of conventionally-trained technical staff to the new technology, and promoting vocational and university education on technology choice.

Of course development strategy is not all: to start of with, the mix of productive and social infrastructure has to be judicious. Productive infrastructure should ideally include telecommunications, roads and power, only some of which lend themselves to labour-intensive realisation. Producing social infrastructure, be it school buildings and clinics can permit significant employment gains, moreso when using local materials. Is it just possible that by striking the right balance, the end of the first decade of the third millennium will see people in developing countries and countries in transition, so busy building themselves a decent future that un- and underemployment will everywhere be under 5 per cent? The longest journey begins with a single step. You are invited to take it with the ILO.



Order the Guide!

Specifically on the question of labour issues in employment-intensive programmes, the ILO has produced a Guide called:

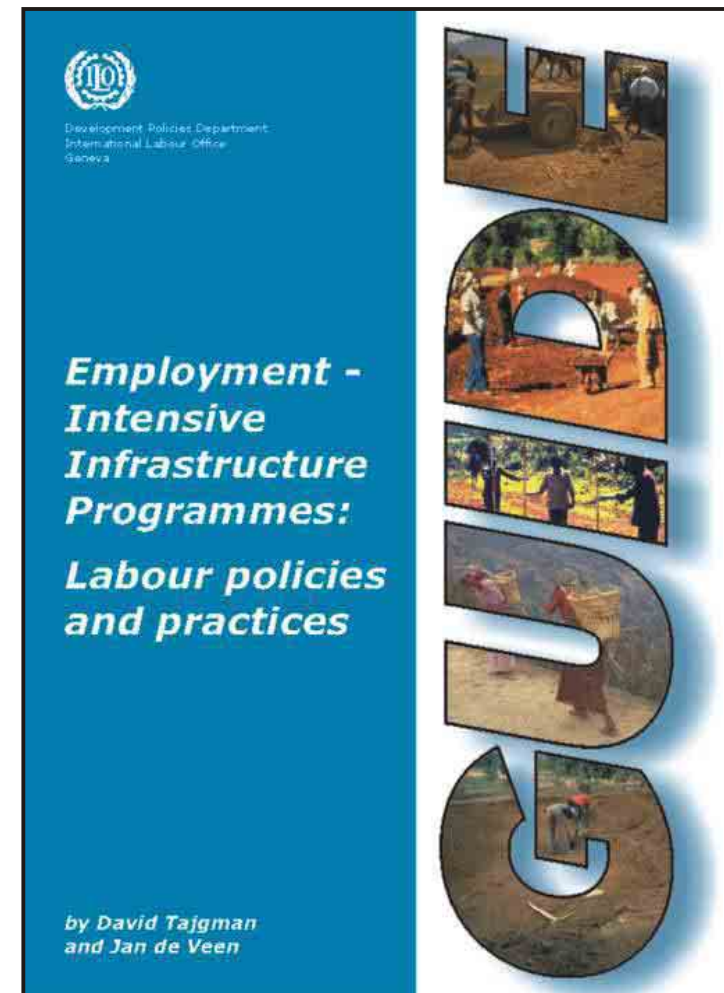
Employment-Intensive Infrastructure Programmes: Labour policies and practices

a first, comprehensive and hands-on treatment of the subject, with illustrations throughout, and a wealth of practical guidelines drawn from the ILO's experience in the 40 or so countries with which it has run programmes. The Guide sets out labour policies and practices in relation to the different aspects of the labour-based construction process, and the standards relevant to them. It contains separate recommendations to government ministries, workers' and employers' organizations, from which it is easy to initiate action appropriate to country circumstances - its that practical.

The English version of the Guide: ISBN 92-2-111.34-6

The Guide may be obtained from any of the addresses below, at a cost of US\$20.

Also available on the subject are a series of 13 technical leaflets, each introducing one of the labour issues treated in detail in the Guide and presented here, a video, posters and other information and educational material.



"Everything you (n?)ever wanted to know about labour issues in labour-based programmes, but were afraid to

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Contact the ILO!

Your Context

- Minimum wage under \$4 a day
- Massive needs for small and medium-scale infrastructure in rural and urban areas

Your Problems

- Economic growth without growth in employment
- Massive underemployment
- Rehabilitation and reconstruction after conflict
- Need to provide safety nets for vulnerable groups

Your Solutions

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