Employment - Intensive Infrastructure Programmes: Labour policies and practices

by David Tajgman and Jan de Veen
The International Labour Organization was founded in 1919 to promote social justice and, thereby, to contribute to universal and lasting peace. Its tripartite structure is unique among agencies affiliated to the United Nations: the ILO’s Governing Body includes representatives of government and of employers’ and workers’ organizations. These three constituencies are active participants in regional and other meetings sponsored by the ILO, as well as in the International Labour Conference - a world forum which meets annually to discuss social and labour questions.

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Employment-Intensive Infrastructure Programmes:

Labour Policies and Practices
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by David Tajgman and Jan de Veen
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Illustrations by D. Amayo, Nairobi, Kenya

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Foreword

Labour-based approaches to infrastructure works have become an important element of job creation strategies in many low-wage developing countries with an oversupply of underemployed labour. Well-managed labour-based methods have proven to be a viable and cost-effective alternative to equipment-based methods because they produce good quality results, allow cost savings – particularly in terms of foreign exchange – and can generate high levels of outputs, provided that they are introduced in an appropriate institutional setting. Moreover, in an enabling environment which allows regular and timely payment and which applies simple and transparent contract systems, labour-based methods offer a good launching pad for small contractors to enter the public construction market. They can make an important contribution therefore to the development of a sound domestic construction industry and enable effective participation by local communities and entrepreneurs in the design and implementation of infrastructure works.

However, there are risks involved with the introduction of labour-based methods. To simply introduce them without considering labour issues may lead to abuse and worker exploitation. This, in turn, will jeopardize the large-scale application of programmes of this nature in the long term, unless relevant labour regulations are developed and applied. Particularly when the private sector is involved, efforts should be made to safeguard basic labour standards. A strategic use of the tendering and contract system will enable the promotion of improved conditions of work for the large numbers of unskilled, temporary workers employed in these programmes by small-scale firms.

This Guide presents the current experience on how labour issues are being dealt with in the context of employment-intensive infrastructure programmes and gives guidance on how progress on standards and working conditions can be made with the involvement of the social partners. Separate sections contain advice for the government ministries responsible for civil works, labour and employment, workers’ organizations and employers’ organizations.

We are confident that the application of this advice will lead to a healthy and sustainable growth of labour-based approaches to infrastructure works in developing countries with acceptable standards and conditions of work for the temporary workers employed in such programmes. The full involvement of the social partners in the joint definition of labour standards and working conditions will be an important means to achieve this objective.

Samir Radwan
Director, Development Policies Department
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<td>ASIST</td>
<td>ILO Regional Programme of Advisory Support Information Services and Training for labour-based infrastructure and transport planning</td>
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<tr>
<td>CBO</td>
<td>Community-based organization</td>
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<td>CDT</td>
<td>Contractor Development Team</td>
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<td>COSATU</td>
<td>Congress of South African Trade Unions</td>
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<tr>
<td>CTP</td>
<td>Construction Technology Programme</td>
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<tr>
<td>DANIDA</td>
<td>Danish International Development Agency</td>
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<tr>
<td>DFR</td>
<td>Department of Feeder Roads</td>
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<td>DRIMP</td>
<td>District Road Improvement and Maintenance Programme</td>
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<tr>
<td>EIP</td>
<td>Employment Intensive Programme (ILO)</td>
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<tr>
<td>FIA</td>
<td>Farmers’ Irrigation Association</td>
</tr>
<tr>
<td>HIMO</td>
<td>Haute intensité de Main d’oeuvre</td>
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<tr>
<td>HMG</td>
<td>His Majesty’s Government</td>
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<tr>
<td>IDA</td>
<td>International Development Agency (World Bank)</td>
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<td>ILO</td>
<td>International Labour Organization</td>
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<tr>
<td>IRP</td>
<td>Integrated Road Programme</td>
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<tr>
<td>NGO</td>
<td>Non-governmental organization</td>
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<tr>
<td>NORAD</td>
<td>Norwegian Development Agency</td>
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<td>NORMES</td>
<td>International Labour Standards Department of the ILO</td>
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<td>NPWP</td>
<td>National Public Works Programme (South Africa)</td>
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<tr>
<td>RARP</td>
<td>Rural Access Roads Programme</td>
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<tr>
<td>SIDA</td>
<td>Swedish International Development Cooperation Agency (formerly Swedish International Development Authority)</td>
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<tr>
<td>SPWP</td>
<td>Special Public Works Programme</td>
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<tr>
<td>UNCDF</td>
<td>United Nations Capital Development Fund</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
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<tr>
<td>WEP</td>
<td>World Employment Programme</td>
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<td>WFP</td>
<td>World Food Programme</td>
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<tr>
<td>WUMC</td>
<td>Water Users’ Management Committee</td>
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## Currencies Referred to in the Guide

- (P) Botswana Pula
- (KS) Kenyan Shilling
- (N$) Namibian Dollar
- (P) Philippine Peso
- (US$) United States Dollar
- (Z$) Zimbabwean Dollar
Acknowledgements

This Guide is based on studies and experience of technical cooperation projects in the field of employment-intensive infrastructure, supported by the ILO since the mid-1970s. It was prepared by David Tajgman, Labour Law and Development consultant, and Jan de Veen, Senior Engineering Adviser with the Development Policies Department, International Labour Office, Geneva, with financial support from the ILO Regular Budget Technical Cooperation fund and the Government of Denmark.

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These include D. Amayo, who has produced the illustrations, F. Périot, J. Aspin, E. Fortarezza and V. Morra, responsible respectively for the typing, editing, graphic design and production of the Guide, and all our colleagues at the ILO listed below in alphabetical order whose comments and assistance have been particularly helpful in producing the final version of this work: F. Blokhuis, A. Chite, J. Clifton, M. Dombo, W. van Esch, J. Fransen, W. van Ginneken, M. Gupta, C. Hedström, A. Kabiru, J. Majeres, D. Mason, S. Miller, N. Phan-Thuy, M. Prieto, M. Shone, D. Stiedl, T. Tessem and J. Tournée.

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A report of proceedings¹ describes the approach of this meeting and observations of the participants, which have been incorporated in this final version of the Guide.

¹ Tripartite review of the guide on labour management policies and practices for employment-intensive infrastructure works: Report of proceedings, Kampala, Uganda, 6-7 October 1997.
Introduction

PART 1
1. Introduction

1.1 Why develop this Guide?

Background: An international resolve

An important resolution¹ of the Copenhagen World Summit for Social Development concerns the expansion of work opportunities and productivity in both the rural and urban sectors in developing countries. This is to be done by investing in human resource development, by promoting technologies that generate productive employment, and by encouraging self-employment, entrepreneurship and small and medium-sized enterprises. The Summit’s Programme of Action states that labour-intensive investments in infrastructure should be encouraged. The Programme of Action lays emphasis on the creation and growth of private sector enterprises, on facilitating their access to credit, markets, training and technology, and on progressively extending labour standards and social protection.

The ILO’s contribution: Employment-Intensive Programme

The International Labour Organization (ILO) created its Employment-Intensive Programme (EIP) in the mid-1970s as part of its response to the deteriorating employment situation in developing countries. Most developing countries faced, and still face, high levels of unemployment and underemployment, and rapidly growing populations. This socio-economic context has resulted in decreasing wage levels, particularly for unskilled labour. Generally, governments in these countries also allocate a high percentage of their investment spending to infrastructure creation and maintenance. By demonstrating how such infrastructure can be created and maintained in a cost-effective manner with labour-based methods, the EIP has had a major impact on creating sustainable employment with locally available resources. Its principal means of action is capacity building at various levels in both the public and private sectors. The Programme has established a very good reputation with governments and funding agencies such as the World Bank, which acknowledges the ILO as a leader in this field.

The EIP responded - and continues to respond - to the needs of workers in the unorganized sectors and of the unemployed. The Programme brings employment to these workers, and helps to establish capacity in the domestic construction industry by developing small enterprises, which are able to apply labour-based, “employment-intensive” construction and maintenance methods.

¹ Commitment 3 of the Copenhagen Declaration and Programme of Action, on the promotion of full employment, made at the World Summit for Social Development, 6-12 March 1995.
1. Introduction

1.1 Why develop this Guide?

EMPLOYMENT THROUGH INFRASTRUCTURE

Key Definition: Labour-based
This Guide discusses the use and management of locally available human and material resources for the construction and maintenance of infrastructure. For a number of activities, an appropriate mix of labour and equipment is required to provide products of adequate quality in a cost-effective manner. A labour-based technology aims at applying a labour/equipment mix that gives priority to labour, but supplements it with light equipment where necessary for reasons of quality or cost. This is the case, for example, with certain construction activities, such as long distance hauling, compacting, rock works or high quality surface work that are difficult for labourers. The term “labour-based” thus indicates that a flexible and optimal use is made of labour as the predominant resource, while cost-effectiveness and quality aspects are ensured.

The degree of employment- or labour-intensity of a certain project indicates the share of the total project cost spent on labour. In the strict sense of the term, employment- or labour-intensive projects are therefore all those projects where labour is the dominant resource. In the related English literature, however, as in the French, Spanish and Portuguese literature, the terms “employment-intensive” or “labour-intensive” are generally used as synonyms to the key definition “labour-based”, given above. Nevertheless, it is important to distinguish between an optimal (and efficient) and a maximum (and possibly inefficient) use of labour. The latter may occur in projects where income generation and job creation are the principal objective. This category includes, for example, disaster relief or food for work projects which are temporary and where quality and productivity are usually low. These projects generally depend on “special” external funding and are not sustainable in the long term. They make a maximum use of labour. The ILO emphasizes the sustainability of labour-based or employment-intensive approaches by optimizing the use of labour, and ensuring that employment-intensive programmes do not degenerate into “make-work” approaches where cost-effectiveness and quality aspects are ignored.
Experience with workers, employers and labour standards

Not only government agencies, but also employers’ and workers’ organizations and the international community have interests in this field. The EIP has provided ministries of labour with a practical tool with which to convince finance, planning and technical ministries - as well as municipal and local government authorities - of the importance of policies aimed at employment creation and social protection.

EIP-supported projects have also provided a unique opportunity for introducing, on an incremental basis, a number of the ILO’s fundamental social standards. This has been feasible, for example, through developing and introducing jointly with the responsible government agencies, employers’ and workers’ organizations contract documentation with appropriate clauses relating to minimum age, minimum wage, non-discrimination and work injury insurance. Technical training programmes have provided opportunities to discuss and introduce these subjects.

Furthermore, the Programme has supported workers in unorganized sectors in their efforts to organize themselves and to negotiate more substantial participation in the national development process. For example, in the case of South Africa, the original request for ILO assistance in the framework of the country’s National Public Works Programme came from the Congress of South African Trade Unions (COSATU). Associations of informal sector workers, community contractors and local development committees are some of the groups through which the workers’ movements have extended their membership and social initiatives to unorganized workers.

Finally, the Programme has served as an instrument for employers’ associations to become partners in generating new sources of employment. Through the involvement and training of small-scale contractors in the use of labour-intensive approaches, a new link has been made between employment creation and development of the domestic construction industry. ILO-supported small-contractor training programmes in Ghana, Lesotho and Zambia have led to the creation of associations of labour-based contractors.
Part 1

Why develop this guide

As much as 70 percent of national public investment goes to infrastructure

Private Sector involvement

The role of the Government in respect of infrastructure development and maintenance is changing. New approaches to civil works are being introduced in many developing countries, shifting the responsibilities for the execution of civil construction and maintenance works to the private sector. This implies different roles and responsibilities for Government Agencies, which are becoming increasingly concerned with policy formulation and the creation of an enabling environment (legal and administrative) within which the private sector can develop. Rather than executing works directly, the Government Agencies now have to guide, administer and control contractors in a new market-oriented environment.

Employment-intensive programmes contribute to increased and effective participation from local contractors by:

- introducing cost-effective, labour-based methods;
- training and capacity building of public and private sectors in technical subjects; business management and contract management;
- developing and introducing simple and transparent contractual and payment procedures.

An enabling environment means support for capacity building and clear, simple regulations
The purpose of this Guide: Sharing this experience

Employers, contractors, consultants and supervisors alike see the management of large numbers of workers as one of the major challenges of employment-intensive infrastructure programmes. Hundreds of workers per worksite need to be organized, administered and controlled, motivated and paid, and measures need to be taken to ensure their well-being and productivity. Organizing them requires several layers of well-trained supervisory staff, able to determine gang size and balance, and to set tasks. Other management tasks include the procurement and distribution of well-designed, good quality hand tools and light equipment, hiring and firing, ensuring reasonable working conditions, arranging insurance coverage, as well as overseeing safety, health and accident prevention precautions. These are not easy tasks. But they have been proved feasible and can be carried out in ways that contribute to profitable private enterprise - provided that they are performed by trained staff in an environment that does not place major obstacles in their way.

The ILO’s employment-intensive infrastructure projects in over 30 countries have been carried out in a wide variety of conditions and national contexts. For example, in most countries the enabling environment for both small enterprises and labour-based civil works still needs to be developed to permit an efficient and large-scale implementation of such works. Equally, national rules regulating the temporary employment of village workers and small contractors working in programmes of this nature are either irrelevant or need to be developed from the ground up. Official minimum wages may be above or below the going market rate for unskilled rural labour in this type of employment. Job opportunities and treatment at work are different for men and women. Children working alongside, or instead of, parents may be traditional. So-called “voluntary” contributions by village workers may technically be forced work under existing international conventions. Formal schemes for even the most elementary social protection, such as accident insurance, do not exist or do not work. In all these areas steps have to be taken - with the full involvement of the social partners - to ensure progress and avoid a situation where employment-intensive infrastructure programmes either fail, or only succeed at the cost of worker exploitation.

For whom is this Guide written?

This Guide is a first step in bringing together and sharing experience on how best unorganized workers and small-scale employers can be served by existing national institutions and how relevant labour standards can be progressively introduced into employment-intensive infrastructure programmes. It is written for the following target readership: government ministries1 responsible for labour matters and for infrastructure construction and maintenance, workers and workers’ organizations, employers and employers’ organizations, and practitioners and technical advisers involved in the design and implementation of urban and rural infrastructure projects, particularly in developing countries.

1 For simplicity of expression, the term ministry of labour is used for the ministry or other government authority responsible for labour and labour matters, whatever its designation. Ministries responsible for civil works is used for the ministries or other government authorities responsible for infrastructure construction and maintenance, whatever their designation.
ILO supports employment-intensive projects and services in Africa, Asia and Latin America

The social partners all have a role to play in defining the framework and conditions for employment-intensive infrastructure programmes

For further information

There are several publications which describe the subjects mentioned in each section in more detail. These subjects include, for example, the mechanics of estimating labour availability, the details of calculating wage payments, or the quantities workers can produce during a day’s work. At the end of the section on the right-side pages, we list these publications as they relate to each section.

References for the boxes in this section

The citation is given. At the end of each section, on the right-hand page, the title and other bibliographical information on the sources of the examples are given.
1.2 The format and use of this Guide

Format

This Guide has been arranged in **two coordinated halves** in order to meet the wide variety of demands placed on it, by a wide variety of audiences. One half - a more formal, more succinct half - is on the left-hand page. The other half - a more popular, more detailed and practice-oriented half - is on the right-hand page. Sources for further information and references are shown at the end of each section on the right-hand page. Both halves are correlated so that the subject dealt with on one side is addressed at the same time on the other.

The Guide is divided into seven main parts:

- **Part 1** gives an introduction to the subject. It places the remainder of this Guide in the context of the major issues surrounding labour-based infrastructure. For example:
  - Are not the wages of labourers too high to employ people instead of machines?
  - Why is it important to address labour issues as such in labour-based programmes?
  - Is the use of private contractors the best way to implement a labour-based policy?
  - Why is the use of labour-based methods important for development?
  - According to what standards should workers be employed in labour-based infrastructure?

- **Part 2** gives some guidelines for labour policies and practices in labour-based infrastructure. This is divided into **subject sections** linked to personnel functions and major issue areas, including recruitment, wage setting, motivation and discipline.

The format for each subject section is the same. It:

  - states the **key issue**;
  - indicates the **information required** and important **considerations** for action and decision-making; and
  - gives **project experience** from the field.

Project experience is elaborated in more detail on the right-hand pages, including reasons for success or failure, examples of applications, qualifications, and exceptions.

- **Part 3** gives practical advice to government ministries responsible for labour matters and for infrastructure construction and maintenance. Much of this part focuses on the special issues faced by these ministries in relating to the other parties, groups and interests operating in this sector.
1.2 The format and use of this Guide
Part 4 gives practical advice to the second group of targeted readers: workers and workers’ organizations. The most important section in this part explains productivity-based wage systems, their importance, the benefits for workers, and detailed methodologies for preventing abuses. Organizational issues are also considered here.

Part 5 gives practical advice to the third group of targeted readers: employers and employers’ organizations. Here, emphasis is placed on explaining the potential benefits of organization and on issues confronting new labour-based employers’ and contractors’ groupings.

Part 6 provides a series of annexes on documentation and Part 7 is an index to this Guide.

Possible uses of this Guide

This Guide has been written for the practitioner in need of advice on this subject. It aims to be as practical as possible. It also aims to be usable in a range of situations, for example:

- By ministries responsible for civil works and ministries of labour/employment in:
  - considering policy issues;
  - training emerging contractors;
  - sensitizing and training labour inspectors;
  - considering labour regulations reform; and
  - liaising with counterparts in the sector.

- By workers and workers’ organizations:
  - in developing policies and programmes;
  - as an authoritative source for explanation of concepts;
  - in education for workers in the sector;
  - in consideration of national labour-based employment policies; and
  - in liaising with counterparts in the sector.

- By employers and employers’ organizations in:
  - considering the benefits of organization;
  - developing personnel practices;
  - drawing up contract documentation; and
  - liaising with counterparts in the sector.
**Introduction**

Project experience indicates that:

ILO and international project experience gives indications of what can go right and wrong in relation to the decisions and action taken to resolve the key issue.

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<td>• in taking decisions which</td>
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<td>• will lead to a resolution of the key issue.</td>
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**Key issue:**

The fundamental question or point of interest of the section.

**Project experience indicates that:**

• ILO and international project experience gives indications of what can go right and wrong in relation to the decisions and action taken to resolve the key issue.
1.3 The cost of employment-intensive works

The first major issue which almost always comes up in any discussion of labour-based infrastructure works is cost. The issue is often discussed in connection with the quality of work, particularly compared with the quality that can be achieved by using machines.

Old and new research on the matter and project experience concludes that in virtually all cases, labour can substitute for machines in developing countries in significant aspects of infrastructure production and maintenance. Examples are provided on the opposite pages. In some cases labour may be more effectively substituted in a fairly narrow range of construction or maintenance processes, for example, only in excavation work. Mostly, however, the range is quite broad, including (in the case of roads) clearing, topsoil and root removal, excavation, some haulage and spreading. This decision must be based on an individual analysis of the situation. Recent analysis (World Bank Technical Paper No 347, 1996) shows that in countries where wage rates are below US$4 per day, large-scale labour-based programmes are economically viable.

A national policy favouring the use of labour as often as possible can be important where such a choice is available. This is an important part of a government’s enabling environment for labour-based methods. Such an enabling environment includes suitable, simple regulations and procedures to allow, for example, timely and regular payments, a measure of decentralized decision-making and appropriate management support.
1.3 The cost of employment-intensive works

Comparative studies carried out in countries as different as Cambodia, Ghana, Lao People’s Democratic Republic (Lao PDR), Lesotho, Madagascar, Rwanda, Thailand and Zimbabwe show that the labour-based option:

(i) was, in financial terms, about 10%-30% less costly than the more equipment-intensive option;
(ii) reduced foreign exchange requirements by 50%-60%; and
(iii) created, for the same amount of investment, two to five times more employment.

Ghana

In Ghana, small contractors were trained to rehabilitate and maintain feeder roads using employment-intensive methods. The programme created some 20,000 work-years of employment between 1989 and 1996 for the construction of some 1,400 km of road, and assisted in the establishment of 93 domestic contracting firms, of which 54 were equipped with appropriate light hauling and compacting equipment. About 600 managerial and supervisory staff were trained. Each contractor reconstructed some 15-20 km of gravel roads per year at an average cost of US$ 10,000. Comparing the employment-intensive approach with similar works carried out by contractors using conventional equipment-intensive methods, it was found that the former:

- created 320% more employment (on average some 2,500 workdays were required to construct 1 km of high quality gravel road);
- were, in financial terms, on average approximately 10% less expensive;
- reduced the foreign exchange required by about 50%; and
- were in all respects comparable in terms of quality standards.

Madagascar

An independent study was conducted in 1996 to examine the impact of the labour-based (HIMO - Haute Intensité de Main-d’Oeuvre) programmes mentioned below on the national economy and to compare the former with equipment-intensive programmes:

- multisectoral infrastructure programme (funding by UNDP and UNICEF);
- social development fund (Fonds d’Intervention pour le Développement - World Bank);
- urban minor works programme in the suburbs of Antananarivo (Travaux HIMO urbain - World Bank, WFP with ILO as executing agency);
- rural roads programme in Antsirabe (NORAD);
- area-based development project in Ambato-Boeny (funding by UNDP and UNCDF);
- area-based development project in the drought-stricken area of the South (UNCDF, WFP, UNDP);
- AGETIPA (urban works programme in Antananarivo - World Bank).

It was found that labour-based programmes:

- created two to five times more employment;
- were in financial terms at least 30% less expensive; and
- reduced the foreign exchange required by about 30%.

See list of acronyms for the full forms.
In respect of quality, there is no doubt that the quality of infrastructure made by hand and small mechanical means can rival that of large machines. This is particularly true where care is taken in site selection, supervision of the production process and application of proper production techniques.

Sometimes there are difficulties with legislated (or regulated) minimum wages. In some cases the rate is too high, as compared with prevailing unskilled market wages for similar work in the areas concerned, for the project to be economically viable, while in other cases the minimum rate is too low to attract and motivate workers. There is no easy generalization about the impact of legislated minimum levels for costs and cost comparisons with machine-based production. This subject is discussed in more detail in Part 2, in the section *Basis of remuneration*. 
Lesotho

In 1995, an ILO comparative analysis of labour- versus equipment-based techniques in the road sector of Lesotho showed that the labour-based option in the construction of rural roads in remote mountainous areas was 37% less expensive than the equipment-based option, even at the relatively high wage rate of US$ 4.90 per day (i.e., the set minimum wage at the time of the study). The break-even wage rate for Lesotho, i.e., the wage level up to which the labour-based technique remained more competitive than the equipment-based technique, was US$14.50 per day, which is exceptionally high (in most countries the break-even wage would not be higher than US$ 4). The large margin is due to the high mobilization costs and operational difficulty for equipment in the highlands of Lesotho. As the Lesotho construction sector depends almost entirely on foreign contractors, a local labour-based industry should be very competitive compared with foreign equipment-based contractors.

Zimbabwe

The same study showed a rather narrow margin for Zimbabwe. While the minimum wage rate at the time of the study had just been increased to US$ 2.82 per day, the wage of US$ 1.14 was still applied in rural areas. At this latter "supply price of labour", the labour-based approach was 38% less costly than the equipment-based approach. However, at the minimum wage rate of US$ 2.82, the labour-based approach was only marginally advantageous (i.e., 4%), the break-even wage rate being US$ 3.30. In this case, the study concluded than any substantial increase in that wage rate would make the labour-based approach more costly, unless of course there was an equivalent increase in equipment costs. In the meanwhile, the devaluation of the national currency in 1997/98 has made the labour-based approach much cheaper in US Dollar terms.
Part 1

Introduction

The cost of employment-intensive works

For further information

ILO/ASIST Nairobi: The Labour-based Technology Source Book, A catalogue of key publications


Martens, B.: Etude comparée de l’efficacité économique des techniques à haute intensité de main-d’oeuvre et à haute intensité d’équipement pour la construction de routes secondaires au Rwanda, Série “Etudes et débats”, avril 1991

Taylor, G., IT Transport Ltd: Cost comparison between labour-based and equipment-based methods for roadworks: A case study from Ghana (Draft, 1998), DFID Technology Development and Research Programme R6239


References for the boxes in sections 1.1 to 1.3


1.4 The importance of labour in employment-intensive activities

Labour is fundamentally important in employment-intensive activities because it is the principal means of production. Good labour policies and practices are therefore critical for productive work and quality production.

An increasing number of countries make intensive use of labour in infrastructure development and maintenance. This Guide aims to establish a framework for dealing with labour issues in infrastructure development, and thus improve on established labour policies and practices. It also provides ideas for improving productivity and monitoring, and for ensuring better compliance with national and international labour standards.

In general, workers’ motivation and productivity are influenced by a variety of interrelated factors. Important factors include conditions of work, organization and management of the worksite, use of incentive schemes, availability of good tools and light equipment, and effective communication between the workers and various management levels.

Minimum acceptable conditions of work concern measures to ensure safety and health, such as measures to prevent worksite accidents and to obtain insurance coverage for such accidents, the availability of first aid items and the provision of drinking water. Worksite organization and management include well-trained supervisory staff able to establish fair work tasks\(^1\) for the different activities and to organize the workforce in such a way that each worker can function effectively. Incentives for workers may come in different forms: bonuses for quality and regular work outputs, shorter work times gained by the completion of an agreed task, payment per unit of output and rewards for best performance. High quality, well-designed hand tools are essential to enhance productivity, while quality can be assured by the availability of the necessary items of light equipment. Finally, one of the most important motivating factors is a good communication flow on the worksite between workers and supervisors, and off the worksite between supervisors and higher levels of management. Regular monitoring and feedback procedures, leading to corrective measures as necessary, will contribute a great deal to the well-being and sense of belonging of all concerned and, consequently, to the effective functioning of the site.

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\(^1\) Tasks that an average worker may reasonably be expected to complete in six or seven hours of continuous work.
1.4 The importance of labour in labour-based activities

- Site organization and management
- Incentive schemes (bonuses, rewards, task work, piece work)
- Safety and health
- Accident prevention and insurance coverage
- Design and quality of tools
- Environmental conditions
- Regular and timely payment
- Effective communication

low cost, high quality output

Worker motivation and productivity

Communication

Labour-based works need motivated workers

For further information
1.5  Contract work versus force account, construction versus maintenance

There are important differences between work carried out by a private contractor or directly by a government agency (“force account”). Private contractors are able to act in a flexible, unbureaucratic manner and are therefore able to reward good performance and operate efficiently. This approach reduces the direct role of the government, but increases its responsibilities for contract management and administration. Force account, on the other hand, means working in a well-regulated, often inflexible environment with fixed regulations.
Contract work versus force account, construction versus maintenance

**Contractor or employee? A lesson from Kenya**

In Kenya, rural access roads are maintained through a “lengthman system”. It is described below.

“The system used is to contract one labourer to maintain a certain stretch of road for a fixed monthly salary. He is provided with the required tools by the Rural Access Roads Programme (RARP) and his work is inspected at least one a month by a Maintenance Inspector appointed by the Rural Access Roads (RAR) engineer. Payment is made monthly. Before the salary is paid the road is inspected. If the road has not been satisfactorily maintained, payment is withheld until the road is restored to an acceptable condition.

Each man supposed to work half-time is paid for 12 working days a month at the current RARP rate for casual labour. As the amount of work required per kilometre differs between roads or even between sections of one road the stretch contracted to each worker is adjusted so as to require roughly 12 days of work per month. In most cases, this means that one man is responsible for between one and two kilometres of road. The country-wide average so far is 1.7 km per man.

The basic idea is that the maintenance workers are former employees of an RAR construction unit. This ensures that they have a knowledge of road construction and the standard to which the road should be maintained. In addition this also makes it possible to offer the job to those workers who have shown responsibility and worked well. Workers living along the road are chosen which, apart from eliminating the need for transport of the worker, has an additional advantage in that they can be put under pressure from their neighbours to keep the road in good shape.”

Is the “worker” in this case a government employee or a contractor?

The intention is that he is a contractor. This relieves the “client” government agency of a certain amount of responsibility it might otherwise have as an employer - social security and other benefits - and ought to provide the “worker” with opportunity for growth as an entrepreneur.

Aspects of the description above give cause for concern, however. The worker is not as supervised on a day-to-day basis, yet we are told he is paid for 12 working days a month. Nothing seems to require the worker to do the work himself (as opposed to hiring someone else to do it) but it seems to be assumed that he will. He is provided with the required tools and loses them if he loses the “contract”.

**Lesson:** Experience suggests that it is best to develop a contractor as a contractor and not as an employee or quasi-contractor. To do this:

- Provide a loan (if necessary) for him to buy tools.
- Do not explicitly base the price paid for the contract on a minimum wage (although this could be a factor when considering what to pay the contractor).
- Tell the contractor the specifications he must meet before payment, and make training available to him if those specifications are not understood.
- If desired, give opportunity for growth - by allowing the employment of others as employees, or by allowing the good contractors to take responsibility for longer stretches of road.
The advantages of force account usually include regulated working conditions, timely and guaranteed wages, and security for the workforce. With a private contractor, these advantages must be ensured through contractual procedures, appropriate contract documents and adequate monitoring and control by the client. The complexity and level of these measures vary with the size of the contract (construction or maintenance) and the number and type of workers involved. The construction of infrastructure combines one-time high level investments with short-term employment of many workers. Maintenance, on the other hand, combines constant low level investments with longer-term employment of few workers.

Different implementation strategies affect the management and productivity of workers employed in labour-based activities, and thus the acceptability of employment-intensive investment policies. Such different strategies also change the responsibilities and roles of government line and planning staff, project\(^1\) and policy advisers, labour ministries and contractors, as noted above. The different sections of the Guide indicate which issues have to be considered and dealt with, so that these responsibilities and roles can be assumed by the project partners in the context of a particular project.

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\(^1\) In this Guide, the term “project” refers to any labour-based construction or maintenance activities, by force account or private contractor, with or without international assistance.
Colombia: Road maintenance by contract

The Ministry of Public Works and Transport (MPWT) in Colombia initiated in 1984 a project on the maintenance of roads through micro-enterprises. In 1993, some 400 of these enterprises maintained the greater part of the 25,000 km of Colombia’s road network and employed approximately 5,000 unskilled workers for this purpose. Micro-enterprises established themselves as an association with a legal status recognized by the National Cooperatives Department. MPWT signs work contracts with the established companies for the maintenance of a defined road section during a one-year period. The price per km/year is decided by the National Roads Institute. An advance payment is made for tools and additional payments are made on a monthly basis, provided that the maintenance standards and targets have been met.

For further information


References for the boxes in this section


Colombia, Road Maintenance by contract: Choy-Sanchez, J. y Pait Volstein, S., IPES Lima: Estudio de resultados en programas de mantenimiento rural en Colombia, Peru y Uruguay, OIT Lima (1997)
1.6 Development policy

Labour-based activities, contractor development and decision-making on labour issues all relate to general development policies.

- A labour-based policy (and the implementation of labour-based works) should not be viewed in isolation of broader objectives when its development impact is considered. For example, the employment of women in labour-based works in non-traditional ways can have an influence on other sectors of the economy.
1.6 Development policy

Employment-intensive works programmes should lead to the development of the local productive capacity through cost-effective investments targeted at the poor and be placed in the perspective of longer-term economic growth. Investment policies should thus be steered towards employment creation and social objectives, and - most importantly - be accompanied by measures to ensure cost-effectiveness, quality results and local capacity building in both public and private sectors.

South Africa:
Green Paper on Public Sector Procurement Reform

Targeted procurement (socio-economic targets specified in tender documentation):
- can be an important instrument of government policy;
- value for money is not only monetary;
- specifications relate to human resource development, but also to socio-economic development and technical aspects; and
- ensures participation by target groups to provide works.

Requires:
- development of enabling environment; and
- structured participation.

Concerning the potential economic impact of the labour-based approach, it is of great interest to estimate what proportion of total infrastructure investments can be executed with labour- and local resource-based methods. Based on certain rather conservative working hypotheses, the potential impact in selected countries has been estimated as follows:

Ghana

In Ghana, if only 20% of public investment and 10% of private investment in infrastructure was executed with labour-based methods, this would amount to a labour-based investment budget of about US$ 100 million per year; this would create 50,000 direct and 75,000 indirect jobs more than those that would be created by conventional construction methods. These figures should be compared to the country’s employment creation objective of 50,000 jobs per year, for the whole economy.
Political decisions on technology choice are likely to be taken or implemented in a different manner than is the case currently if broader development impacts are taken into account. When making decisions on technology choice, the development of human resources and institutions is the main developmental benefit to be considered. A reliance on short-term economic analysis in isolation for decision-making on technology choice is not usually appropriate.

Can contractors be encouraged to respond to development objectives? Experience has shown that promotional public policies - as part of an enabling environment - can be developed in respect of procurement, and private sector development and management.
Senegal, Burkina Faso and Ivory Coast

In January 1994, 13 member states of the CFA region of West Africa decided to devalue their local currency, the CFA franc, by 50%. This measure, doubling the prices of imported goods and making local products more competitive, was expected to have important consequences in the field of investment policies in the infrastructure sector of these countries. An ILO study indicates that in these three countries:

- alternative construction methods exist which would save 50% of the foreign exchange costs and which would allow the creation of approximately twice as many jobs;
- in 1994, the labour component in infrastructure projects was estimated at 15% of the total investment cost. An increase of 10% over the medium term in the building and public works’ sector would generate an additional 95,000 jobs in the three countries together: 38,000 directly and 57,000 indirectly; and
- if imported materials were reduced by 10%, the favourable impact on the trade balance would amount to about 23 billion CFA francs (US$ 45 million).

Madagascar

In Madagascar, the amount spent on labour-based infrastructure projects in 1995 amounted to 70 billion Malagasy francs (about US$ 20 million), creating 35,000 additional jobs, two thirds indirectly through the multiplier effect of the monetary injection in the local economy. The importance of these indirect effects resulted mainly from the fact that a large proportion of family income is consumed and that only a minor proportion of household consumption consists of imported goods.

The 3,500,000 workdays created in 1995 through labour-based infrastructure programmes, equivalent to 13,600 full-time jobs, were equivalent to 30% of non-agricultural employment generated in the secondary and tertiary formal sectors.

For further information


References for the boxes in this section


**Ghana:** *EC/ILO Study on structural adjustment and employment in Ghana*, ILO/European Community (1993)

**Senegal, Burkina Faso and Ivory Coast:** Bynens, E.: *Politiques d’investissement et utilisation intensive des ressources locales: Perspectives pour la création d’emplois et l’économie de devises dans les pays de la zone CFA* (septembre 1994)

1.7 International labour standards

This Guide is inspired by the international labour standards agreed upon by employers, workers and governments in the member States of the ILO. The Guide’s suggestions conform with relevant ILO standards: it also gives practical ideas about how to give effect to those standards in employment-intensive infrastructure.

ILO standards take the form of Conventions and Recommendations. Conventions are treaties which can be ratified by a country; when ratified, they become legally binding upon the country which obliges itself to follow their content and which is subject to monitoring and review by the ILO. Recommendations supplement Conventions and are not subject to ratification; they provide detailed and varied additional information which can assist a country in giving effect to a Convention.

There are a number of reasons why international labour standards are taken as a source of inspiration for this Guide.

First, the Guide is a publication of the ILO, which has the express mandate of promoting the implementation of labour standards adopted by the tripartite delegations of its member States at the annual International Labour Conference.

Second, and perhaps more importantly, experience shows that much of the wisdom in international labour standards also makes sense for long-term labour-based strategies. This is particularly so where even the most basic social objectives are sought, along with infrastructure construction and maintenance.

Third, virtually all countries which undertake labour-based policies have also committed themselves to one (or more) pertinent international labour standard. It is only natural therefore for this Guide to point out how these voluntarily assumed obligations can be better implemented - and particularly so when international donors are involved in activities. Furthermore, labour-based activities should in all cases respect basic human rights, for example, by not adopting means amounting to forced labour.

Of course, it may be more difficult in the short term to implement labour-based works in line with international labour standards. Investments are required in terms of cost and energy. However, the long-term experience of previous projects, as described in this Guide, strongly suggests that operations consistent with these standards are more likely to achieve longer-term success and development objectives.

The workers employed on labour-based infrastructure projects are generally temporary village workers. In addition, the contractors are frequently one-person operations. These categories of workers are usually neither organized nor represented, and can be considered as special for these reasons. Nevertheless, the size of employment-intensive programmes and their share of the market are rapidly increasing, as are the numbers of workers involved. This implies that there are new requirements for modified and appropriate labour regulations, and new opportunities for workers’ and employers’ organizations to become involved in their development as well as to extend their own membership. These regulations will need to safeguard basic workers’ rights and working conditions, at the same time as stimulating workers’ productivity.
1.7 International labour standards

Labour legislation appropriate for temporary village workers and “one person” contractors
Some of the relevant ILO standards which are discussed in this Guide - and which should be respected as dealing with fundamental rights - are briefly summarized in the following paragraphs.

### Equality

Men and women should receive equal pay for work of equal value.

**EQUAL REMUNERATION CONVENTION, 1951 (NO. 100)**

Persons should be given equality of opportunity and treatment in employment and occupation. There should be no discrimination against persons in their employment and occupation on the basis of their race, colour, sex, religion, political opinion, national extraction or social origin, or on any other basis set out in national legislation.

**Discrimination (Employment and Occupation) Convention, 1958 (No. 111)**

### Freedom from forced labour

Work or service should not be exacted from any person under the menace of any penalty or under circumstances where the person has not offered himself or herself voluntarily.

**FORCED LABOUR CONVENTION, 1930 (NO. 29)**

Work or service should not be exacted from any person:
- as a means of political coercion;
- as a method of mobilizing and using labour for purposes of economic development;
- as a means of labour discipline;
- as a punishment for having participated in strikes;
- as a means of racial, social, national or religious discrimination.

**ABOLITION OF FORCED LABOUR CONVENTION, 1957 (NO. 105)**
INTRODUCTION

FREEDOM FROM FORCED LABOUR

EQUALITY

Some systems of work and pay are more equal than others

FREEDOM FROM FORCED LABOUR

Yes, but the quality and precision of different tasks are also very important. It is essential to take this into account when putting a value on jobs, particularly the so-called “lighter ones” carried out by women.

Don’t we have equal pay for work of equal value when we pay on the basis that one unit of work means one unit of pay?

We will use this presidential decree to mobilize the masses to build a new dam.

There must be some limits...

There must be some limits...
Freedom of association

All rural workers - persons engaged in agriculture, handicrafts or related occupations in a rural area - whether wage earner or self-employed, shall have the right to establish and join organizations of their own choosing. Such organizations shall be independent and voluntary in character, and shall be free from all interference, coercion or repression. It shall be an objective of national policy concerning rural development to facilitate the establishment and growth, on a voluntary basis, of strong and independent organizations of rural workers. A national policy shall be adopted and carried out to actively encourage these organizations and eliminate obstacles to their establishment, growth and pursuit of lawful activities.

RURAL WORKERS’ ORGANIZATIONS CONVENTION, 1975 (NO. 141)

Workers and employers should have the right to establish and join organizations of their own choosing, without previous authorization. These organizations should have the right to draw up their own rules, elect their representatives in full freedom, and organize their administration, activities and programme without interference from public authorities.

FREEDOM OF ASSOCIATION AND PROTECTION OF THE RIGHT TO ORGANIZE CONVENTION, 1948 (NO. 87)

Workers should be protected from acts of anti-union discrimination. Workers’ and employers’ organizations should be protected from interference by each other. Appropriate measures should be taken to promote voluntary negotiation between employers or employers’ organizations and workers’ organizations with a view to setting terms of employment by means of collective agreement.

RIGHT TO ORGANIZE AND COLLECTIVE BARGAINING CONVENTION, 1949 (NO. 98)

Minimum age

No person under the age of 15 should be employed or work. No person under the age of 18 should be employed or work in hazardous circumstances.

MINIMUM AGE CONVENTION, 1973 (NO. 138)
FREEDOM OF ASSOCIATION

Associating means strength and improved negotiation through unity and representation

MINIMUM AGE

Mozambique
A 1997 review mission of an urban roads project in Mozambique involving female workers found that the project employed some girls below 14 years of age, and also that some women worked while carrying children on their backs. Measures proposed that (i) underage children should be immediately removed from the workplace and, if at all possible, supported in attending school; and (ii) the women should be assisted with some support for child care through an advance on their wages which were to be paid monthly and on time.
Other relevant ILO standards examined in this Guide. Experience shows that they can contribute to the development of employment-intensive infrastructure.

**Minimum wages**

Minimum wages should be established for groups of wage earners where, in consultation with employers’ and workers’ organizations, the competent national authority finds it appropriate. Minimum wages, where they exist, should have the force of law and should not be subject to abatement; failure to pay minimum wages should be subject to penal or other sanctions.

*MINIMUM WAGE FIXING CONVENTION, 1970 (NO. 131)*

**Protection of wages**

Wages should 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 worker and his or her family, and fair value should be attributed to such allowances. Employers should not limit in any way the workers’ freedom in using wages. Workers should be informed of any deductions made from wages, and national regulations should set down conditions for deductions from wages. Wages should be paid regularly. Wages should be paid on working days, at or near the place of work.

*PROTECTION OF WAGES CONVENTION, 1949 (NO. 95)*

**Safety and health**

All appropriate precautions shall be taken to ensure that all workplaces are safe and without risk of injury to the safety and health of workers. Workers shall have the right and the duty at any workplace to participate in ensuring safe working conditions to the extent of their control over the equipment and methods of work and to express views on the working procedures adopted as they may affect safety and health.

*SAFETY AND HEALTH IN CONSTRUCTION CONVENTION, 1988 (NO. 167)*
**MINIMUM WAGES**

The legislated minimum wage is $3.00 a day. But, the wage at which people in this area are willing to do a day’s work is not more than $1.00. The economic-efficiency price of a work-day is thus $1.00 rather than $3.00. We should therefore plan our activities on this wage rate.

Yes, Mr. Economist. But if we pay $1.00 per day and the workers find that it is below the minimum wage, the project will be discredited and our efforts threatened. Another approach should be considered.

**PROTECTION OF WAGES**

Food is fine, but we also need cash!
Other employment conditions

As a matter of principle, the forty-hour work week is approved, and is to be applied to prescribed classes of employment.

FORTY-HOUR WEEK CONVENTION, 1935 (NO. 47)

Employed persons should receive a holiday with pay of at least three weeks duration for one year of service. A country may set a minimum qualifying period of employment for entitlement to the holiday (and rules of its calculation), but this shall not be more than six months.

HOLIDAYS WITH PAY CONVENTION (REVISED), 1970 (NO. 132)

Before being subjected to disciplinary action, the worker concerned should have the opportunity to defend himself or herself.

The employment contract of a worker should only be terminated on the basis of operational requirements of the workplace.

The employment contract of a worker should not be terminated because of:

- union membership or participation in union activities outside working hours;
- acting as a workers’ representative;
- filing a complaint against the employer;
- race, colour, sex, marital status, family responsibilities, pregnancy, religion, political opinion, national extraction or social origin;
- absence from work during maternity leave.

TERMINATION OF EMPLOYMENT CONVENTION, 1982 (NO. 158)

Steps should be taken to ensure that workers who are injured on the job, or their dependants, are appropriately compensated.

WORKMEN’S COMPENSATION (ACCIDENTS) CONVENTION, 1925 (NO. 17)
OTHER EMPLOYMENT CONDITIONS

WE ARE GOING TO BE LAID OFF TOMORROW AFTER FOUR MONTHS OF WORK, AND WITH NO NOTICE. WE SHOULD HAVE BEEN TOLD OF THE CONDITIONS OF EMPLOYMENT WHEN YOU RECRUITED US.
Women employed in industrial undertakings, including building and civil engineering work, should be entitled to:

- a period of maternity leave of at least 12 weeks, including a period of compulsory leave after confinement of not less than six weeks; and
- cash and medical benefits while absent from work on maternity leave (provided that in no case shall the employer be individually liable for the cost of such benefits).
- It is unlawful for the employer to give notice of dismissal during absence on maternity leave.

**MATERNITY PROTECTION CONVENTION (REVISED), 1952 (NO. 103)**

Contracts to which public authorities are party, which involve the employment of workers by the other party to the contract for the construction or repair of public works, should include a provision which ensures to the workers concerned, conditions of labour which are not less favourable than those established for work of the same character in the industry concerned, in the district where the work is carried on, by collective agreement, arbitration award, or national laws.

**LABOUR CLAUSES (PUBLIC CONTRACTS) CONVENTION, 1949 (NO. 94)**

Working hours should not ordinarily exceed eight hours in a day and 48 in a week. Workers should ordinarily have at least 24 consecutive hours rest every seven working days.

**HOURS OF WORK (INDUSTRY) CONVENTION, 1919 (NO. 1)**

**WEEKLY REST (INDUSTRY) CONVENTION, 1921 (NO. 14)**

ILO standards set important benchmarks for what should and should not be done in the management of labour on employment-intensive works. This is true even if the practices are not always in accord with them, for ILO standards nevertheless represent the target to be aimed for and the situation towards which policies should be oriented.

In some cases discussed in this Guide, the relevant international obligations - ILO Conventions ratified by the country concerned - must be known, as part of **Information required and considerations**, before decisions can be taken. In these cases the international standards are very clear and particularly useful in mandating what can and cannot be done at the national level.


References for the boxes in this section


Employment-Intensive Infrastructure Programmes: Labour Policies and Practices

Labour Policies and Practices

PART 2
2. **Labour Policies and Practices**

2.1 **Recruitment**

**Key issue:**

How can sufficient workers for labour-based activities be engaged, avoiding forced labour and ensuring equality of opportunity?

**Information required and considerations:**

- personnel requirements at different stages of worksite activities;
- type and level of remuneration (cash or kind);
- seasonal fluctuations in local labour market (agricultural work requirements, cash crop/industrial employment opportunities);
- traditions influencing particular groups’ participation in wage employment generally, and certain types of work;
- relevant national laws and regulations;
- relevant international obligations;
- desired gender mix in workforce;
- social targeting objectives;
- interest in spreading employment opportunities around community;
- desired level of productivity in workforce;
- ensuring full participation of community;
- ensuring that labour is voluntary.

**Project experience indicates that:**

- even at relatively low remuneration levels, there is often sufficient surplus labour for labour-based activities;
- lowering remuneration in an attempt to reduce the number of jobseekers leads first to a shift in the characteristics of jobseekers (i.e., from men to women) and then only at extremely low remuneration levels to a decline in overall labour supply;
Reducing the task size and creating more jobs

In any particular construction or maintenance activity there is a set amount of work. Assuming that the work is well organized and productive, the set amount of work will be done in a certain number of work-days at a given daily productivity. If the productivity requested per work-day is lowered, more work-days will result. This creates the need for more workers or a longer project-time. If the project also has a set price, this strategy will lead to a reduced wage per work-day and an increased requirement for supervisors as the same amount of money must be spread over more work-days. Nevertheless, more people will have had the opportunity to work. In some cases this might be a desirable strategy.

On studies, recruitment and migration

Although surplus labour availability and population studies may suggest that there is not enough population to support local recruitment to large-scale labour-based activities, experience in Botswana, Ghana, Mozambique, Namibia, Nepal and Thailand - to mention a few countries - shows that the scarcity of wage employment is often so great as to make wages paid in labour-based activities extremely attractive (even when the wage is paid in the form of food). Studies should therefore take into account the willingness of workers to walk certain distances for a given wage, or even to make arrangements for temporary shelter. Labour-based approaches thus can often be used, even in areas with a low population.
work productivity tends to decline as remuneration is reduced;

shifting recruitment responsibilities to third parties can lead to abuse, including charging workers for job opportunities;

lottery systems can be an effective and fair means of distributing scarce employment opportunities within a community, provided that procedures are transparent and fair;

community meetings must be organized during the design stage. The issue of the paid/non-paid community inputs for the subsequent maintenance of the infrastructure should be taken up at this stage.

Some guidelines

Projects should be selected in areas where labour is sufficiently abundant to enable labour-based activities. If labour is not readily available, labour-based project activities may not be possible - or may have to be reorganized to depend less heavily on labour inputs. The availability of surplus labour relates to the local wage labour market as well as the non-wage activities of people in the area.

There are formal - and less formal - methods for finding out if labour is sufficiently available. These include:

1. formally surveying households, focusing on the activities of household members and their willingness to take up wage employment at certain pay rates, at certain periods;
2. quick participatory assessments which involve community meetings aimed at finding out if a sufficient number of workers can be secured in the communities involved; and
3. simple site visits involving an informal observation of the locality involved, the patterns of habitation, and the levels and types of economic activities engaged in.

Small-scale contractors may not be able to engage in these sorts of assessments. Ordinarily they would not need to as labour-based contracts would typically only be used in labour abundant areas. Where no special provisions have been made for labour-based contractors to do the work, informal methods for determining availability should be sufficient.

Where labour is not sufficiently abundant, migration may be anticipated if the wage is attractive.
Under regulations in Ethiopia, unskilled labourers could be recruited locally through Farmers’ Associations. Gang leaders and supervisors, paid a higher rate and placed in a different job classification, had to be recruited through Labour Offices. This created difficulties where the practice was to fill gang leader and supervisor vacancies by promoting the best leaders from the ranks of unskilled labour.

**Lack of sense of ownership: Uganda**

In an urban community-based infrastructure project in Kalerwe, Uganda, a drainage system comprising a 2.4 km main drain and minor (community) drains was to be built using labour-based techniques. The minor drains were of direct identifiable benefit to the communities, which were carrying out maintenance from their own resources (paid through cash community contributions or voluntary, unpaid labour by the beneficiaries). The main drain remained under the ownership of the local government authorities, which were to allocate funds for maintenance, to be used to pay maintenance contracts for members of adjacent communities. Despite the construction work being done successfully within the one-year time frame planned, the hoped-for “sense of ownership” did not materialize and maintenance efforts were unsuccessful.

As for the main drain, the local authorities did not disburse the funds needed for maintenance, so no paid maintenance works were carried out as originally envisaged. The reasons suggested to explain the negative result for minor drain maintenance include: (i) the work was originally done by paid labour and the local population was now interested in doing maintenance work for a wage; (ii) the benefit to the local population of the maintenance effort was not clear enough; (iii) urban populations are more likely to reject expectation of their unpaid labour contribution than rural populations; and (iv) insufficient time was given to allow the community organization - generally less cohesive in urban than in rural environments - to grow and understand its partnership with the local government authorities.
Migration can occur even if there is sufficient local labour:

- There may be a preference by employers to hire workers from other areas.
- Local workers may not come forward for the work, even at relatively high wages.

For programmes executed by government agencies (direct or force account works), a range of methods for rationing jobs in light of an overabundant labour supply can be suggested (but these methods must not threaten broader considerations see next point). For example, reducing wages to reduce demand for jobs should not lead to reliance on forced labour, and this step should only be taken after all parties concerned have been fully consulted.

- Examples of these rationing methods include lowering remuneration, lotteries, job rotation, staggered recruitment, reducing the size of the individual’s task to create more days of work, etc. Rationing systems should be transparent.
- It is important to note that the need to ration jobs can result in pressure to reduce the wage to lower than the national legislated minimum. Any final move to do this should have the full support of the ministry of labour and should be taken in consultation with the social partners. Also, market mechanisms for rationing, i.e., hiring the “best suited”, can have discriminatory results.

Methods for ensuring sufficient labour should not threaten broader considerations. For example, recruitment should not rely on forced labour and precautionary steps should be taken when recruitment occurs through intermediaries.

- Forced labour occurs where work or service is exacted from persons under the menace of penalty and is not offered voluntarily. Forced labour has many forms, for example:
  1. where unemployed city dwellers are transferred, against their will, to rural areas as part of a population redeployment plan and are put to work on public works activities;
  2. where a village elder insists that community members provide their labour (even if paid) in building a nearby road, if a penalty is imposed on those who do not come forward;
  3. where those in prison are hired out - against their will - to private contractors working for the central government to work on the construction of infrastructure.
## Undesirable side effects of migration

When migration for labour-based jobs occurs, this is not usually a cause for concern if the local population is otherwise occupied and is not interested in taking the labour-based jobs. In other situations, migration is often viewed as undesirable by the local population, particularly when the local population is targeted for employment or when migration would cause undesired social consequences. In Ghana, for example, some incoming migrants had difficulties finding housing among local population groups who were against the migration inflow. For contractors who want to benefit from the skills brought with workers who migrate with them from job to job, these issues can pose important practical difficulties. Mixing locals with migrants at the workplace - at a 90% / 10% ratio - may be a possible solution to the problem. As a general rule, the recruitment of local workers is desirable to avoid unforeseen social implications as well as for developing a sense of ownership for the infrastructure among the local population.

### The Lottery System - Well-Tested Method of Job Rationing

**Under this system:**
- The opening of recruitment is widely advertised by signs, word of mouth, etc.
- A date and place is set for the recruitment.
- All persons who would like to have a job during the project place their name on a piece of paper.
- All names are collected in a container.
- A neutral person selects the names out of the container one at a time and the names are written down in the order in which they are drawn.
- Persons are then offered a job in the order in which their names were selected.

**Adaptations:**
- **Limit those who can participate** in the lottery based on such things as where they live (close to the project), previous unemployment, households with single adult heads, etc.
- **Household** names are used instead of individuals.
- Names are drawn and written on **two lists, by sex**. To ensure a desired balance, jobs are then offered taking sex into account.

### Another lottery system

1. The number of workers needed is determined (A).
2. The number of jobseekers is counted (B). Ballot papers are prepared as follows: “yes” papers equal to the number of jobs (A) and “no” papers equal to B minus A. These papers are folded and placed in a container.
3. Each person who wants a job draws a ballot.
4. The workers drawing yes will be recruited.
Steps can be taken to prevent forced labour problems:

1. ensure that the workforce has offered its services of its own free will. A workforce that does this can never be seen as a forced labour problem. This is true whether workers receive wages or not (in food or in cash), and without regard for the size, nature or beneficiaries of the work project;

2. problems begin when an element of penalty is introduced into recruitment. Ask the question “Will anything happen to this person if he or she decides not to work - besides the possibility of losing the job?” If the answer is yes, there may be a problem;

3. avoid recruitment through intermediaries, particularly when their methods are not clear.

Recruitment through intermediaries - done in situations where labour is not abundant, or where responsibility for hiring workers is transferred to a third party - can lead to practices that prevent workers from receiving employment entitlements. It may also contribute to poor project management or a sub-standard finished product.

Measures that can be taken to secure correct entitlements include:

1. contract clauses which oblige such intermediaries to provide certain conditions to their workers;

2. signs displayed on the worksite showing employment conditions to be provided;

3. inspection of the labour situation on site; and

4. workers’ organization on site.
Reducing the wage and letting the market do the rationing

Reducing the wage in labour-based works will affect the characteristics of the persons coming forward for a job before it reduces the numbers looking for a job. Experience shows that able-bodied men will offer themselves at higher wages, less so at lower wages. Women are sometimes discriminated against (in favour of able-bodied men) when they offer themselves for high wage jobs. As the wage is lowered in an attempt to stem the surplus, fewer men apply for jobs and women will take them. Eventually the most vulnerable groups take the jobs. These groups tend to have lower than average productivity; throughout the wage reduction process overall average productivity will decline. Only at extremely low wage levels will the number of applicants be reduced.

Job rotation spreads jobs around

If there is a desire to keep the wage level fixed and daily productivity high, the fixed number of jobs can be rotated by putting a limit on the duration of employment. However, this approach is likely to be inefficient and entails administrative costs.

Forced labour = Short-term results (?) + long term waste (!)

"Popular participation", "community mobilization" and "voluntary (unpaid) labour contributions" are all laudable ways of getting infrastructure built. Their application in practice, from country to country and from village to village, differs. Experience shows:

- In most cases it is very difficult and costly to mobilize adequate numbers of unpaid workers on a sustained basis. Shortfalls in labour supply lead in turn to costly management, supervision and backup services, often outweighing the savings made by not paying the workers.
- Where these practices result in something less than voluntary effort on the part of workers - where the labour is forced - this will result in: (i) very low motivation and productivity; (ii) often low-quality results; (iii) no real involvement by the community workers leading to the view that the infrastructure belongs to someone else; (iv) exploitation contrary to the International Convention on Forced Labour. There is thus a substantial risk of infrastructure falling into disrepair, wasting the resources (bricks, concrete, roofing, machinery time, etc.) which have complemented the labour input.

Wage labour usually removes this problem. However, infrastructure created by this means must also have a long-term arrangement for maintenance. Wage labour in construction does not automatically mean that infrastructure will be maintained.

At the most local levels in villages there may be real desire for improving local infrastructure and a willingness to volunteer labour to make it happen. It may also be that resources are scarce for paying wage labour to create infrastructure at the grassroots. How do you make sure that labour is not forced in such a situation?

- Make provision so that the workers involved are members of the community concerned and are able to decide themselves, or through their representatives, on the need for the work and the work to be done.
- Make sure that the work to be done benefits the community directly, to the exclusion of others.
- Make sure that beneficiaries of the work include the workers.
- Make sure that the work to be done is minor e.g., the construction of a small community clinic, community pathways, village wells, etc.
- Avoid "incentive payments" which look like wage payments. Call a wage a wage if it is one!
Recruitment for jobs should not be based on distinctions such as gender, political opinion, ethnic or social origins or any other criteria not related to the ability to do the job.

- Experience shows that virtually any able-bodied person can perform unskilled labour. Even people with some disabilities can effectively do certain types of jobs.

- Where recruitment is ordinary, i.e., done by sending the word around that jobs are available, and job applicants are of a single ethnic group, geographical origin or sex, steps in line with broader policy objectives may need to be taken to diversify the applicant pool. These may include changing the remuneration, setting quotas, or reorganizing the content of the work, as well as ensuring broad communication of information about the job opportunities.

- Quotas may be used for employing people with certain characteristics, e.g., heads of household.
### Recruitment

**Organizing work appropriately for voluntary labour: Nepal**

A labour-based irrigation project in Nepal, begun in the early 1980s, involves setting up, constructing, and maintaining local irrigation schemes through local communities, Farmers’ Associations and petty contractors.

The **construction of the main channels** where many people benefit from the irrigation was accomplished by petty contractors using paid, hired labour from the surrounding communities.

The **construction of the branch channels** was left to the voluntary labour of the farmers who would directly benefit from the new water sources being created.

The **maintenance of the main channels** became the responsibility of the Government Authority, while the **maintenance of the branch channels** was left to the voluntary labour of the benefiting farmers.

A **difficulty** developed related to the central government’s involvement. Villagers and farmers in certain areas came to expect that the government would build and maintain the entirety of the irrigation system. In some areas this was a major problem, leading to the failure of maintenance efforts. In other areas it was less of a problem.

A **discrimination** problem also occurred. According to some accounts, women in households were disproportionately involved in contributing free labour, while the men in the households took up the wage labour jobs with the petty contractors. According to other accounts, petty contractors hired women, at wage rates lower than those for men. Indeed, contractors were said to favour the cheaper female workers.

**Lessons learnt** (see references): 1. The success of the project is due to major organizational, community development, and educational support to promote community involvement, particularly the contribution of labour. 2. Constant monitoring of community involvement remains necessary to ensure that programme objectives, and not just free labour inputs, are being achieved.

<table>
<thead>
<tr>
<th>Construction of the Main Channels</th>
<th>Construction of the Branch Channels</th>
<th>Maintenance of the Main Channels</th>
<th>Maintenance of the Branch Channels</th>
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<tr>
<td>Difficulty</td>
<td>Discrimination</td>
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<td>Accountability</td>
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### Recruitment intermediaries

Sometimes employers use people or organizations to act as intermediaries between themselves and their workers. There is nothing inherently wrong with this. The practice in labour-based works, frequently operating in poor areas where unemployment is high, has, however, revealed two important problems.

The first is that workers may not receive the full wages intended for them because the intermediary takes a portion. The second is that workers may, for one reason or another, become bonded labourers to the intermediary and are, in fact, forced labourers.

Steps can be taken to prevent this.

- Explicitly pay the intermediary for his services and make this fact public.
- Tell workers exactly what they should be getting in wages, in understandable terms.
- Educate workers directly to ensure they can double-check to ensure proper payment of wages.
- Promote the existence of workers’ organizations which can protect the interests of workers.
- Do not ignore signs of unfree labour: notify authorities, as this is a violation of both basic human rights and, probably, national law.
- Workers may be employed directly by the project or their conditions of employment guaranteed by the project.
Special efforts should be taken to achieve the desired gender mix. This has been recognized as necessary as there are often biases in the methods of recruitment against women’s involvement. Experience suggests that if special efforts are not taken, women’s participation remains low.

- If few women are employed, consider whether women have had the opportunity to take up employment. If there has been a blockage on women taking jobs, consider ways of removing it.

Persons below the minimum age for employment in the country should not be recruited. Nor should children be allowed to work unofficially, or assist in activities.

At the end of the recruitment process the employer and each worker should know that one is obliged to the other: the worker to perform certain work under certain conditions, and the employer to provide the necessary inputs to get the work done and to pay the worker.

- Two things are implied by this. First, that the employer knows what sort of work will be needed, at what time and where. Planning is therefore required. Second, that these requirements are communicated to the worker, as well as the terms of work.
Recruitment

**Special steps to attain gender mix**

- Advertise jobs in places where women are found, for example, in women's community groups.

- Be careful not to set requirements which can discriminate, for example, that job applicants must have a birth certificate or identification card, which needs to be obtained from public agencies. In practice, in most rural areas, most women have neither. Access to these documents is also likely to be extremely difficult or costly.

- Ensure that women are fully aware of their terms of employment and not subjected to "special terms" which have the effect of discouraging their participation. Example: A "special tax" on women's earnings in excess of the minimum wage.

- Ensure that terms of employment make appropriate accommodation for other activities in which only women are involved. For example, consider allowing exceptions to a work rule that says that work must start at a particular time in the morning when this rule may exclude women who are engaged in collecting water for household use at that time. Consider the possibility of "half-tasks" (not smaller tasks) which would leave people with other responsibilities free earlier in the day.

- Promote the use of female gang leaders and forewomen, especially if this would encourage women's participation as labourers.

- Avoid setting quotas for female employees. They can become maximums in practice as they may be regarded as limits not to be exceeded.

- Avoid requirements which can discriminate against promotion to higher positions. Formal qualifications for gang leader jobs are not necessary if the person has the required skills for the job.

- Discuss realistic requirements with the government agency concerned if the work is carried out through force account.

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The channels used for informing the local population about available jobs - often the traditional village meeting - exclude women to a large extent.
The obligations may differ depending on the situation:

1. For example, consider the situation where a lottery is used and a list of potential workers is drawn up. The obligation of the employer is to offer a job, as one becomes available, to each person in order on the list. At that time - perhaps weeks or months after the lottery - the potential worker is free to take up the offer or not. This process should be understood by all concerned. It should also be understood that there may be people towards the end of the list who may not be given a job offer for lack of work. This situation does not reduce the need either for planning human resource requirements or for communicating working terms to the potential workers during the lottery process.

2. In another situation, where a single day for recruiting is set one week before work is to begin, the employer would want to communicate this fact in advance in order to have the workforce established at the end of the day. Recruitment forms signed by the hired workers and setting out the agreement of each worker to the terms of work should be the outcome of the day’s exercise.
Depending on the law of the country involved, a signed employment contract can be very important for the rights and obligations of the employer and the worker.

At the operational level, a paper setting out the terms under which the worker will be employed, read (or read to), understood and signed by the worker, is important as an indication that the worker knew these terms when he or she was hired. For this reason, a form specific to the country and project should be used, setting out terms of employment and giving a place for the worker to sign in acknowledgement.

**Important:** The form must use concise, easy to understand language that the workers use, preferably their mother tongue. Each item should be explained if the worker cannot read.
A clear description of the recruitment process and the terms of employment should be made widely available prior to actual recruitment:

1. Many methods should be used to distribute information, i.e., not just a single local leader or community group.

2. Information should be given in several forms (word of mouth, leaflets, posters, mailings, radio broadcasts, etc.), at several locations, aimed to ensure that everyone is aware of the job opportunities, including women.

3. The community leadership (village committees) should be involved to target and organize recruitment.

The relevant international labour standards are the Forced Labour Convention, 1930 (No. 29), the Discrimination (Employment and Occupation) Convention, 1958 (No. 111) and the Minimum Age Convention, 1973 (No. 138).
For further information


References for the boxes in this section


**The lottery system Well-tested method of job rationing.** Labour-based roadworks manual, Volume I, Road rehabilitation works, Recruitment. Integrated Road Programme (IRP), Ministry of Works, Republic of Tanzania (July 1996). Many other sources refer to this system in many countries.


**Organizing work appropriately for voluntary labour: Nepal.** (1) Final project evaluation, The Dhauligiri irrigation development project, Main Report, ILO Geneva (May 1996). (2) See also discussion in From want to work - job creation for the urban poor on page 39, "Defining a wage payment system according to major and minor works", ILO Geneva. (3) Contractual approaches for investing in the poor: Construction contracts for irrigation development in Nepal, by V. Nebuloni, ILO Geneva (November 1996).


2.2 Wage setting

Key issue:
What is the appropriate remuneration for unskilled labourers?

Information required and considerations:
- minimum wage regulations for this group of workers;
- comparable minimum wages, i.e., public sector unskilled rates;
- collectively bargained wage rates for this group of workers;
- comparable collectively bargained wages, i.e., private sector construction industry;
- going (i.e., market) wage, for unskilled labour in the project area;
- availability of labour (i.e., surplus active population) in the project area;
- remuneration basis, i.e., productivity or time;
- avoidance of sex discrimination;
- social targeting objectives, if any;
- acceptable level of daily absenteeism (daily no-shows for work);
- acceptable level of overall turnover (leaving work voluntarily).

Project experience indicates that:
- regulated wages used as comparators can be either too high compared with prevailing unskilled market wages for similar work in the areas concerned, or too low to attract and motivate adequate numbers of workers;
- where legislated minimum wage levels are used, they are often considered a maximum, and so can hold down wages where they should be raised;
- where no regulated or collectively bargained wages cover the workers, the starting point for wage setting is the going agricultural wage in the area;
- where extremely low relative wages are offered in an attempt to reduce the number of jobseekers, average productivity is reduced because the type of job applicant changes (to less productive workers) before the numbers fall;
- wages must be reviewed frequently to ensure their continuing attractiveness.
2.2 Wage setting

Botswana District Roads Programme:
Setting the “right wage”

An instructive case involves a pilot programme which developed into a very large scale use of labour-based methods in Botswana. Expert work was done from the beginning of the pilot project (1981) to set the “correct” wage level. The experts noted that the “project was in the enviable position of being able to define an appropriate wage rate” because the Government had through regulation excluded these workers from the scope of any minimum wage legislation. It was necessary therefore to set a wage which would attract an adequate number of workers while ensuring a low level of absenteeism and a sufficiently high level of productivity. It was decided at the outset that it would not be correct to set a wage level and then adjust it as necessary according to the resulting labour supply and productivity. The entire issue of wages was considered too sensitive for such an exercise. A more scientific approach was taken.

7 First • it was found to be too difficult to determine the local agricultural wage an approximation of the level which is typically recommended for rural labour-based works. Why? Because the project was to operate in areas where traditional agricultural activities were remunerated in kind or in reciprocal arrangements which were difficult to quantify in cash terms.
7 Second • there was a review of comparable prevailing unskilled labour rates in the public and private sectors.
7 Third • there was an assessment of comparable levels of daily productivity in nearby relief work programmes and a general assessment of desired worker pool characteristics (i.e., what percentage of women and men should be attracted to the work, what level of absenteeism and turnover would be acceptable).

The wage selected

As a result of the exercise, a daily wage of Pula (P)2.10 was set. This was “a little above the upper end of the wage rates applied in those sectors where no minimum wage regulation applied” and amounted at that time to 78% of the Government’s minimum wage rate for people employed in the public sector. This “high rate” was justified by a number of factors.
7 First • “the project aimed to attract the equivalent of about 50% of the local surplus male labour.”
7 Second • the relatively high rate would be an incentive to higher productivity.
7 Third • work on the project would be more difficult than in “alternative activities.”
7 Fourth • the project did not want to be confused with local self-help or relief work projects which had poor productivity and high worker absenteeism.

Technical results

At the established wage of P2.10 the labour supply was adequate and productivity results acceptable for the project were achieved.
7 First • average overall voluntary turnover of workers per month was 15.3% - about 15 workers out of 100 who had started work in a particular month would have quit work by the end of the month.
7 Second • there was a high number of applicants for work. Care was taken to ensure that there was not undue migration to worksites by operating sites in relatively well-populated areas.
7 Third • the overall attendance rate was about 89% - on any one work day, with 100 persons due to
Some guidelines

Where they exist, legally established **minimum wages should be respected**, but refined and/or reviewed where necessary, in consultation with the social partners, to respond to the characteristics of the work and categories of workers concerned. The sustainability of a labour-based policy can be threatened if minimum wages are disregarded and no effort is made to rationalize the situation.

- A decision can be made early on, on the basis of desired implementation policy (public or private sector, etc.), as to whether minimum wages exist which are meant to cover labour-based workers.
- Even where minimum wages are not legally binding on these groups of workers, they stand as a rate to which labour-based wages can be compared.
- The relevant ILO recommendation concerning minimum wage fixing with special reference to developing countries (No 135) allows for the setting of various levels of minimum wages, reflecting differences in cost of living.

Where applicable **minimum wages are clearly too high**, i.e., too many people consistently apply for too few jobs, or workers with high skills or high productivity are consistently drawn away from other full-time pursuits (where policy prefers otherwise), **or are too low**, i.e., too few people apply for the jobs, steps should be considered to alter the effective remuneration rates:

- This may be done through formal exemptions. However, even when one is given, the minimum wage will remain in workers’ minds as a comparator. Depending on perceptions of fairness, this may have an impact on productivity, attendance, turnover and other behaviour of workers.

**Collectively bargained wages** may exist for private sector construction workers. Where they do, the collective bargaining agreement should be consulted to determine if the labour-based sector is included. If it is included, the wage rates should be applied.

- Typically, a collective bargaining agreement applicable to the civil construction industry does not take into account the production technology used, i.e., labour or equipment. This oversight should be considered in light of the history of the sector. An effort should be made to bring the labour-based sector to the attention of those responsible for negotiating the collective agreement for the civil construction industry; employment in labour-based construction may well be greater than in equipment-based construction, thus warranting the attention of employers’ and workers’ representatives.
- Where the existing collective agreement excludes labour-based works, consideration should be given to negotiating an agreement for the labour-based sector.
Later results of the Botswana District Roads Programme

Despite the fact that “at the wage rate of P2.10 it proved possible to obtain an adequate supply of willing and efficient labour”, by the end of the pilot project workers had made several attempts to obtain higher wages. Why had this happened?

The workers were well aware that significant wage increases (well over 50%) had been paid on other government projects and did not understand why wages had not yet been increased on the pilot project.

A study showed that the wage rate at that time - close to one third of the public sector statutory minimum - was causing problems with worker morale. This was so even though sufficient numbers of workers were applying for and coming to work, and productivity was satisfactory.

In 1986 (after the mainstream labour-based programme began), the wage was increased to P3.00, then representing 54% of the government minimum for construction workers (down from 78% at the start of the project).

Although further increases have been made, the disparity with the minimum wage continues and productivity has slipped over time. The proportion of women employed has gradually increased to become approximately half of all workers. In this case, the engagement of women reflects more the situation of the relatively low-waged job going to women rather than equality of opportunity. Supply of labour is still adequate.

Collective bargaining results and the labour-based construction sector

It is not uncommon in less developed as well as developed countries that collective bargaining results aim to cover the entire construction industry. Thus, representatives of employers and workers in the capital-intensive construction sector negotiate with those they represent, without considering the specific characteristics of an employment-intensive construction industry. The result is a collective agreement which claims to cover all work in construction or civil works, but does not relate to the specific situation of the labour-based sector. This can present important difficulties, particularly where the labour-based sector is significant in size. In most cases, those involved in labour-based programmes ignore the applicability of collective bargaining results to the labour-based sector. This threatens the legitimacy and sustainability of the sector. In other cases, the issue is addressed directly.

In South Africa, for example, a formal attempt was made to maintain and spread the benefits and working conditions from the capital-based sector into the labour-based sector. Account was taken of differences in wage levels in the various geographical areas of the country.

**Lesson learnt:** Where possible, collective bargaining and involvement of the social partners in setting wages and other employment conditions specifically for the labour-based construction sector should be considered.

Mozambique

In 1997, a review mission examined working and payment conditions in public works programmes in Mozambique, where food was used as (partial) payment or incentive for a wide range of projects (urban upgrading, health centres, schools, feeder roads, irrigation, rural water and peri-urban sanitation).

The range of payment went from workers receiving the equivalent of three times the minimum wage (on the feeder roads project) to workers receiving no payment (on a community schools project in the capital, Maputo). The mission called for a standard national wage to be established for World Food Programme (WFP) - supported food for work projects in the country, whether paid fully in food or partly in cash and partly in food.
Where there are no minimum wages or collectively bargained wages, wages may be set freely by the employer. A number of reference points have typically been used:

- the going wage for unskilled agricultural labour in the area;
- the most comparable regulated wage, whether in the public or private sector, collectively bargained or legislated;
- the “cost of living” index, though theoretically a consideration, can be highly deceptive in a rural economy and social structure;
- account should be taken of the availability of other wage labour in the area:
  1. where wage employment is not generally available, downward pressure is placed on wages, particularly if there is little or no occupation in subsistence agricultural activities, i.e., a remittance economy. Excessive downward pressure can be avoided: poverty-reinforcing wage levels should be considered a form of worker exploitation to be avoided;
  2. where wage labour is available, an attempt is often made to avoid disruption of the existing labour market by temporary employment in labour-based works. Wages are thus set lower than the going wage in the area. Private contractors may pay very competitive wages to secure a highly productive workforce. Evidence suggests, however, that workers also consider such non-wage factors as duration of employment in their decision to change jobs. Thus, all the facts of the labour-based employment should be given to potential workers, including both the wage offered and the anticipated duration of work.
## Wage setting

### AVOIDING WAGE SYSTEMS WHICH DISCRIMINATE BETWEEN MEN AND WOMEN

<table>
<thead>
<tr>
<th>Avoid different wage rates for different jobs</th>
<th>If women tend to take certain jobs and men tend to take other jobs - and both jobs have equal value but different pay - the result is discrimination. For example, the wage given to an earth carrier (often a job done by women) and the earth digger (often a job done by men) should be the same. Both types of work are essential to completing the excavation job.</th>
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<tbody>
<tr>
<td>Set single-day task rates</td>
<td>With this system, a wage is offered for an amount of production which can be accomplished in a working day. Two elements are fixed: the wage and the amount of production. The time it takes for either a person or a group of persons to finish the task varies. By setting a task which can be finished by most groups or persons within six to eight hours the problem caused by one sex taking home substantially more at the end of the day is eliminated, although individual workers may have to work longer for the same wage. Each person or group must leave the site when the task is completed and may not do more work.</td>
</tr>
<tr>
<td>Insist on the mixing of sexes in group task work</td>
<td>By combining sexes in group task work, more and less able persons depend upon each other to complete the task. Practice shows a tendency to arrange work within the group with this in mind. The practice can eliminate the possibility of discrimination.</td>
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</tbody>
</table>

There may be valid reasons why women do not wish to carry out certain tasks. For example, in Madagascar women were embarrassed to excavate on higher slopes. Such inhibitions should be respected without prejudicing the job opportunities for women.
Work norms and remuneration rates should be arranged so that men and women are paid equally for work of equal value. When this does not happen, development opportunities can be lost, productivity can be adversely affected, and human resources squandered.

- The application of a project-wide daily wage rate (either on a time or productivity basis) eliminates the possibility of job-based gender discrimination, where “women’s work” is less well remunerated than “men’s work” despite its equal value.

Where remuneration is based on productivity, i.e., a unit of remuneration for a unit of output, undesirable discrimination can occur unless preventive steps are taken, such as:

- establishing task work (a given output to be completed usually during a single day with a time bonus for early completion) rather than piece work;
- limiting workers to single-day tasks;
- blending different types of work within the task; and
- setting group rather than individual tasks and mixing workers of different ages and abilities, and of both sexes. (See the section Basis of remuneration, below, for further details.)

Contractors can be bound to pay appropriate wages through collectively negotiated agreements and labour clauses in contracts, in addition to any national laws that already oblige them. (See also Practical advice on management of labour and use of labour clauses, in Part 3.)

The relevant international labour standards are the Labour Clauses (Public Contracts) Convention, 1949 (No. 94); the Protection of Wages Convention, 1949 (No. 95); the Equal Remuneration Convention, 1951 (No. 100); and the Minimum Wage Fixing Convention, 1970 (No. 131).
Guide to the assessment of rural labour supply for labour-based projects, by K.G. Vaidya, ILO (1983). This details the process of determining labour availability, setting wage rates and the implications of labour-based activities on the local economy.

**N.B.** Vaidya assumes that usually established minimum wages are higher than what would be appropriate for labour-based works. This may be, but is certainly not always the case. A more useful approach is (1) to start by determining if there is an established minimum wage rate for unskilled construction workers and (2) then determine if it is excessive. The example from Botswana shows the possible longer term implications of total delinkage from the established wage setting system.


### Reference for the boxes in this section

**Botswana District Roads Programme.** (1) Management and supervision of labour-intensive road construction and maintenance, personnel regulations: Training course notes for technical staff of the district council road units, Government of Botswana, Gaborone (1988).


**Avoiding wage systems which discriminate between men and women.** (1) Republic of Tanzania, Ministry of Works, Integrated Road Programme (IRP) Labour-based road works manual, Volume I, Road rehabilitation works, section entitled “Participation of women” (Draft, July 1996).

**Mozambique.** M. Shone: Towards the development of operational guidelines for the use of food aid in rehabilitation, WFP/ILO (1997).
2.3 Basis of remuneration

Key issue:

What basis of remuneration should be used, that (i) allows the prevention of abuse, and (ii) optimizes productivity?

Information required and considerations:

- range of worker productivity in response to different types of remuneration;
- work “ethic” of unskilled workers;
- value placed on having wage employment, i.e., as a means of self-enforced productivity;
- skills of supervisors to implement the selected method;
- relevant international obligations.

Project experience indicates that:

- for employment-intensive works, productivity-based remuneration is preferable to time-based remuneration;
- abuses can occur under productivity-based remuneration, but such abuses can be prevented or minimized;
- it is possible to combine on the same site work paid on a productivity basis with work paid on a time basis. Workers paid under these two systems may still earn the same daily wage, provided that the task size is correct in terms of average daily working hours and that the jobs are different;
- workers may prefer productivity-based remuneration, particularly where it is organized into single-day tasks.
## 2.3 Basis of remuneration

### TWO FUNDAMENTAL SYSTEMS OF REMUNERATION

<table>
<thead>
<tr>
<th>Description of typical methods of application</th>
<th>Time Based</th>
<th>Productivity Based</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily paid</td>
<td>Worker is paid on the basis of how much time he or she is present at the place of work.</td>
<td>Worker is paid on the basis of how much he or she produces.</td>
</tr>
<tr>
<td>Piece work</td>
<td>The worker is paid a fixed sum each day in return for working a fixed number of hours during that day. The number of hours, number of breaks, start and finish time are established.</td>
<td>The worker is paid on the basis of small quantities of output. There is no reference made to the amount of time it takes to accomplish one piece.</td>
</tr>
<tr>
<td>Task work</td>
<td>The worker is paid a fixed wage in return for a fixed quantity of work, or task. The size of the task is usually set to be accomplished in six hours. The size of a task may be smaller and more tasks may be given in a single day; the smaller the task the more like piece work. The size of the task may be large, set to be accomplished over several workdays and perhaps with several other workers.</td>
<td></td>
</tr>
</tbody>
</table>

| Means of assuring production | Production is assured by supervision and by disciplinary measures for workers who do not produce. | Production is assured as payment is made only upon production. Adaptations are common. |
| Units of work per day | One day’s worth; no assurance of quantity. | Many pieces, usually unlimited. | Usually one task. Where the task is small, usually 2 or 3 per day; where the task is larger, a fraction of one task a day. A rule may limit the number of tasks which may be done in one workday. |
| Major advantages | Easy book-keeping, simple to organize. | Pay relates to output and output can be maximized each day. | Where task is set properly, allows typical worker to finish task and go home. |
| Major disadvantage | High amount of supervision required to maintain reasonable output. Rate of progress can be extremely variable. | Tendency to self-exploitation as no limit is placed on the amount of work a worker can do. Difficult to control by government administration. | Requires close supervision and monitoring in the daily laying out of work and overall setting of task size. When deviations are made from the usual model, particularly as regard the amount of work (number of tasks and portions of tasks) which can be done every day, possibility for exploitation. |

### Chart

<table>
<thead>
<tr>
<th>Piece work</th>
<th>Time-based payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1</td>
<td>$2</td>
</tr>
<tr>
<td>$3</td>
<td></td>
</tr>
</tbody>
</table>
Some guidelines

Remuneration *based on productivity* ensures cost predictability, minimizes supervision, maximizes productivity and, if applied correctly, maximizes income and flexibility for workers.

- Experience shows much higher daily productivity where labourers are paid under productivity-based remuneration.
- There are different productivity-based systems and different circumstances where they are best applied.

1. Daily *task work*, where the labourer is paid a daily wage for a clearly defined amount of work to be completed to a specified quality, is particularly appropriate in rural areas where workers are engaged in other activities and therefore prefer to complete tasks quickly. Where workers do not have other activities competing for their time, e.g., in an urban setting or highly monetized economy, there may be pressure to allow multiple tasks each day, or small tasks akin to piece work.
Policies and Practices

Task payments not matching organization of work

In Bangladesh the amounts of production which would result in a wage payment were spelled out on a sign board. This was done for the information of workers. The types of work included basic earthwork, compaction, benching, bailing out of water, and levelling/dressing/turfing. Each type of work was assigned a quantity, which was considered a task. One of the problems with the system was that labourers worked in groups, sometimes doing a variety of these types of work, usually not being set out in advance as daily tasks. It was very difficult for these individuals or groups of workers to accurately determine how much of each type of work had been done, and therefore whether they were being paid accurately.

Lesson: Match the quantity and quality of work and amount of remuneration with the one worker or group of workers who will do the work and receive the pay.

Basis of remuneration

Task rates should be described and written in terms which are relevant to workers as well as engineers. The implications of task rates on the organization of work and workers need to be understood fully by those setting the rates. Here are some examples of difficulties.
With *piece work* each individual worker is paid per unit of output. The “pieces” may be large or small, but are usually set to allow easy monitoring and payment, i.e., US$0.50 for 1m³ of earth dug or 50 pegs produced. Examples of piece work include production of survey pegs, collection of stone and sharpening of tools. Piece work can also be used for activities where daily task work can be used. However, piece work is more difficult to organize and more complicated to monitor, administer and pay (workers are likely to produce different daily outputs and will thus have different pay). In addition, the system is difficult to implement outside a private sector setting, as government agencies do not usually have the required flexibility. It can also lead to abusive labour practices.
Confusion over the daily wage and effective hourly wage

Under a one task a day productivity wage rate workers can earn significant sums for each hour of their work. Why is this? Under this system, the task is set out with the average worker in mind - he or she should finish the task in about six hours. If a fast worker or group of workers finishes the task in three hours, they earn twice as much per hour as the average worker who takes six hours. At the end of the workday, however, both groups have earned the same amount of money, but one group for fewer hours of work.

It is important that no direct link is made between an amount of pay and a single hour of work - this is left to the worker or group of workers to manage on his, her or their own.

Confusion can occur at several levels. At the level of the work rule, the box to the right illustrates that when the concept of time-based payment creeps into the system, worker discipline related to time-based payment must also creep in to ensure productivity. A clearer formulation of this rule would omit any reference to “payment for 8 hours”.

Another confusing situation occurs when a comparison is made with a typical minimum wage. These minimums are usually expressed in relation to time-based remuneration and an eight hour working day.

The appropriate one task a day system does not necessarily consist of eight hours’ work. In making a comparison with a legislated minimum wage or other wages, the first thing which must be considered is the effective hourly wage workers can earn under the different payment systems.

Lesson: Set the daily wage and then set the task size, ensuring that most workers can complete it within six hours and that the wage is not less than the legislated minimum.

“Taskwork will be the basic method of organising the work. Tasks will be set in accordance with internationally accepted standards, modified to take full account of local conditions. An average experienced labourer working well should finish a task in 6 hours, and be paid for 8 hours. Particularly good workers should be able to complete their task in as little as 5 hours. If a worker tries but fails to complete the task after eight hours, he/she will still be paid for having worked 8 hours. Repeated failure to achieve the task out of personal choice will, however, lead to disciplinary action and eventual dismissal.”

3 Bonus systems can be used to supplement earnings and increase productivity. Systems can be set up giving bonuses for production in excess of the daily task, good attendance, or particularly quick completion of the daily task.

- In a properly designed and operating productivity-based system, workers benefit from working time flexibility and income maximization.

Where productivity-based remuneration is used, steps should be taken to protect against abuse under different implementation strategies.

- Workers and their representatives should understand what their remuneration is based on. They should also understand how the payment of wages is organized. If they do not, steps should be taken to make sure that they understand both. Experience shows that workers with such an understanding can more easily make productivity gains, benefiting both themselves and the employer.
Mexico: Recruitment and remuneration

The Mexican Roads and Labour Programme of the 1970s and 1980s adopted a labour-based approach for the construction of some 150,000 km of minor roads, both to create employment and to ensure community participation in the construction process. The communities themselves recruited the labour, ensuring that all who wished to work were given the opportunity. Of the workforce, 26% worked for more than three months, 20% between one and three months and the remainder for two to four weeks. A memorandum of agreement was signed between the Resident Engineer’s office of the Secretariat for Public Works and an elected community committee clearly spelling out the obligations of both parties. The committee undertook, among other things, to provide the necessary workers. The workers were paid by the committee, which was also responsible for all labour relations. Payment was the rural minimum wage with one paid rest-day per week. At its peak, the programme provided 105,000 temporary jobs per month.
To gain workers’ and community confidence, work norms can be established with their participation. This will require information about workers’ productivity, i.e., the size of different tasks in different circumstances. This information too should be gathered with the workers’ cooperation. General guidance on task rates for different activities is given in a number of World Bank and ILO publications (see For further information on page 77).

The remuneration system must be understandable and related to the way work is actually organized.

Where contractors are competing among themselves for a limited number of contracts, pressure is often put on the workers to produce more, effectively bringing down the labour costs for any particular project. It may be desirable for the contractors, preferably through a contractors’ association - together with the workers - to find a way to limit competitive pressure by, for example, collectively bargaining over the wage and task rates. This would help to ensure higher worker morale as well as foster trust and collaboration between contractors. Other methods of increasing productivity remain open to the employer.

Establishing task rates centrally and publicizing them (e.g., on notice boards) can help to ensure that workers receive what they are entitled to.
Afghanistan: A self-help approach

In the early 1980s, a tertiary road construction programme in Afghanistan relied entirely on labour-based methods and self-help to construct roads connecting villages and market centres to the primary and secondary road systems. The responsible government agency (Rural Development Department - RDD) provided assistance to villagers to carry out schemes which they felt to be of direct benefit to them and to which they were prepared to give their labour and other resources. The planning process, socio-economic survey and technical survey were carried out in close consultation between the villagers and the RDD. The RDD provided technical and material assistance only when an agreement was reached with the village (or villages) concerned regarding its contribution in terms of voluntary labour, local materials and, sometimes, cash. In some cases, food rations were supplied to supplement the village contributions. Three types of employment were possible: voluntary labour, voluntary labour supplemented by food rations, and labour remunerated by food rations plus a small cash payment (the total value always being less than the market wage).

The motivation of the purely voluntary labour was the desire for access to the national transport system. Workers were farmers who were fully aware of the price differences between the farm gate, the district market, the provincial market and the national market, and the effect of transport costs and middlemen’s margins on these differences. In the case of roads which serve a number of villages, the incentive to provide purely voluntary labour varied with the location of the actual worksite relative to the location of the village. For example, in the case of a bridge those villagers living on the near side of the river had little or no incentive to construct the bridge when the benefits would go to villages located on the far side of the river. However, the villagers living on the far side of the river who stood to benefit from the bridge might live a considerable distance away and it might not be feasible for them to travel to the worksite each day. In such cases an additional incentive was provided to the villagers on the near side of the river to provide labour for the construction. This incentive usually took the form of food rations provided by WFP. In some cases, where this incentive did not produce the necessary labour, a cash incentive was paid in addition to the food. The cash incentive usually amounted to about 20% of the rural market wage rate.

Thus, on a particular site, all three types of labour might be working in the same gang at the same time, the proportion of each type depending on the benefits which that particular length of road would provide to each individual group.
Many technical papers and manuals have been written explaining the details of task size and the calculation of quantities in labour-based works. They include:


International Course for Engineers and Managers of Labour-based Road Construction and Maintenance Programmes, Course Notes: 2 volumes, Course Curriculum and Lecturer’s Notes: 1 volume, ILO Geneva.


References for the boxes in this section


Task payments not matching organization of work. (1) Report on work norms and wage rates in food-assisted works in Bangladesh, ILO/WFP (May 1997).


2.4 Remuneration in kind

Key issue:

Is remuneration in kind an appropriate form of wage payment?

Information required and considerations:

- existing minimum wage or going wage;
- national law or regulations on the subject;
- relevant international obligations for the country concerned, i.e., ratification of ILO Protection of Wages Convention, 1949 (No. 95);
- food security, including seasonal variation, in the worksite area;
- availability of food in the area concerned;
- capacity of food to motivate workers;
- difficulty of food storage and transport;
- social targeting objectives;
- implications of remuneration in kind (at whatever level) on gender mix of job applicants;
- proposed content and modalities of payment in kind.

Project experience indicates that:

- payment in kind usually poses delivery and administrative challenges;
- payment in kind is most appropriate where food or selected consumption items are scarce and market mechanisms unresponsive;
- payment in kind is least appropriate where prices are stable and food is available to workers for purchase;
- payment in kind can serve as emergency remuneration where administrative difficulty slows or prevents timely payment in cash.
2.4 Remuneration in kind

**Is food being given because:**

(1) it is desired by the workers?

Or

(2) it is available and can be exchanged for work?

<table>
<thead>
<tr>
<th>Desired by workers</th>
<th>Available and can be exchanged for work</th>
</tr>
</thead>
<tbody>
<tr>
<td>In this situation, steps must be taken to ensure that there is a fair value placed on the food given to workers and that an appropriate share of wages is given in food.</td>
<td>Sometimes donors to developing countries give food instead of money. And sometimes the recipient governments want to use this food to pay workers to build infrastructure using labour-based methods, despite the preferences of the workers. Here, governments consider food simply as a substitute for money and want to pay workers fully in food. In this situation the limitations set by the ILO are particularly meaningful. In other situations, there is sometimes a tendency by recipient governments to want to use food not as a form of paying a wage, but as a sort of incentive to help get infrastructure built or maintained. This is acceptable provided that the people are working not for the benefit of someone else but for their own benefit. (See Annex 3).</td>
</tr>
</tbody>
</table>

**Food ... or cash?**
Some guidelines

Remuneration should preferably be wholly in cash. Where partial payment in kind is made, safeguards should be undertaken to ensure that its character and quantity meet agreed criteria.

- The ILO and the World Food Programme (WFP) have agreed on a general guideline that the value of the cash component should be at least 50% of the applicable minimum wage or, where there is no minimum wage, 50% of the market wage for work of a similar nature.

- The following are steps to maximize the quantity of food to be given (Method 1):
  
  **I** Determine the existing minimum wage or the market wage for work of a similar nature. If this has not already been done, calculate the wage as a daily wage (i.e., divide the monthly minimum by 30).

  **II** Divide the daily minimum by 2. This amount must be paid in cash.

  **III** Determine a value for the food to be given as partial payment.

  **IV** Determine the quantity of food which could be purchased for the amount established in Step 2, at the value determined in Step 3. Give that quantity as partial payment, in addition to the cash amount established in Step 2, as the daily wage.
**Remuneration in kind**

### Method 1

<table>
<thead>
<tr>
<th>Country A</th>
<th>Country B</th>
</tr>
</thead>
<tbody>
<tr>
<td>The minimum wage in Government Order 47 of 1996 is €225 per month for unskilled labourers. That would be €7.5 per day.</td>
<td>There is no minimum wage. The going wage for unskilled construction workers is ₩250 per day.</td>
</tr>
<tr>
<td>€7.5 x .5 = €3.75</td>
<td>₩250 x .5 = ₩125</td>
</tr>
<tr>
<td>€3.75 will be paid daily in cash.</td>
<td>₩125 will be paid daily in cash.</td>
</tr>
<tr>
<td>Rice will be given. One kilo of rice costs €.75 at the market place.</td>
<td>Wheat will be given. One kilo of wheat costs ₩250 at the market place, but has an official (government set) value of ₩100 per kilo.</td>
</tr>
<tr>
<td>Five kilos of rice can be purchased with €3.75 at the price of €.75 per kilo. Five kilos of rice will be given daily.</td>
<td>½ kilo of wheat can be purchased with ₩125 at the market place; 1¼ kilos of wheat can be purchased at the government price. Because of the difficulty in finding labour, the government price is decided upon. 1¼ kilos of wheat will be given daily.</td>
</tr>
<tr>
<td>Wage for one task per day is paid as €3.75 and 5 kilos of rice.</td>
<td>Wage for one task per day is paid as ₩125 and 1¼ kilos of wheat.</td>
</tr>
</tbody>
</table>

### Food as an incentive - Mozambique

In Mozambique, food has been used as a true bonus incentive, in addition to the payment of a difficult-to-determine market wage. Workers were entitled to use up to 50% of their cash wages to buy food at government-fixed prices (lower than the market value). The maximum entitlement was a five-person family ration defined by the WFP. The use of this system in a food-scarce, low-wage situation has enabled a workforce to be attracted and retained. The proceeds of the local funds generated were placed in a revolving fund enabling the National Directorate of Roads and Bridges to purchase handtools, spare parts and other items for the Feeder Roads Programme.
The following are steps to ensure that a predetermined food ration does not exceed the ILO/WFP guideline (Method 2):

I. Determine the quantity of the food ration.

II. Determine the cash value of the predetermined food ration.

III. Determine the existing minimum wage or the market wage for work of this kind. If this has not already been done, calculate the wage as a daily wage (i.e., divide the monthly minimum by 30).

IV. Divide the daily minimum in Step III by 2. This amount, at least, must be paid in cash.

V. Compare the value of the food ration (Step II) with the amount established in Step IV. If the value of the food ration is less than the amount in Step IV, the difference must be paid in cash in addition to the cash amount established in Step IV. If the value of the food ration is more than the amount in Step IV, no adjustment may be made to the cash amount established in Step IV. The size of the food ration may be reduced, but the value of the new quantity may not be less than the value established in Step IV. If the reduced quantity is less than the value established in Step IV, the difference must be paid in cash.
### Remuneration in kind

<table>
<thead>
<tr>
<th>Method 2</th>
<th>Country A</th>
<th>Country B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I</strong></td>
<td>Based on the quantity of donated food and the amount of roads and buildings the Government would like to see built, a daily food ration of 1 kilo of rice has been decided upon.</td>
<td>Based on studies of household size and basic needs, the Government has decided that a daily food ration of 6.75 kilos of wheat a day must be paid.</td>
</tr>
<tr>
<td><strong>II</strong></td>
<td>One kilo of rice costs ₪.75 at the market place.</td>
<td>One kilo of wheat costs ₪250 at the market place, but has an official (government set) value of ₪100 per kilo. At the market place, the wheat has a value of ₪1687.50. At the government price, the wheat has a value of ₪675.</td>
</tr>
<tr>
<td><strong>III</strong></td>
<td>The minimum wage in Government Order 47 of 1996 is ₪225 per month for unskilled labourers. That would be ₪7.5 per day.</td>
<td>There is no minimum wage. The going wage for unskilled construction workers is ₪250 per day.</td>
</tr>
<tr>
<td><strong>IV</strong></td>
<td>₪7.5 x .5 = ₪3.75 At least ₪3.75 will be paid daily in cash.</td>
<td>₪250 x .5 = ₪125 At least ₪125 will be paid daily in cash.</td>
</tr>
<tr>
<td><strong>V</strong></td>
<td>One kilo of rice costs ₪.75. The amount is ₪.3 less than ₪3.75. Because the Government would like to maintain the labour market stability achieved through minimum wage regulation - and it sees no good reason for paying labour-based workers less than the minimum wage - it decides to pay ₪6.75 daily in cash in addition to the kilo of rice.</td>
<td>Using both the market price and the Government’s price of wheat, the ration’s value exceeds ₪125. The Government has decided that because of the drought situation in the country the size of the food wage will be maintained.</td>
</tr>
<tr>
<td><strong>Conclusion</strong></td>
<td>Wage for one task per day is paid as ₪6.75 and 1 kilo of rice.</td>
<td>Wage for one task per day is paid as ₪125 and 6.75 kilos of wheat.</td>
</tr>
</tbody>
</table>
Resource Constraints when employing labour

**Situation:**
Resource constraints force consideration of broad use of self-help initiatives as part of infrastructure development policy.

1. Selective use of self-help, e.g., projects of direct interest to the community, selected by the community
2. Involve stakeholders with economic/social interests (through financial/material participation)

**Possible problems:**
1. Low quality infrastructure
2. Infrastructure unmaintainable
3. Potential for forced labour

**Possible solution:**
Properly develop self-help policy and practice to avoid problems.

**Possible solution:**
Reduce programme size to equal available resources.
Good and bad sides to using food for (partial) payment

1. The value of food can fluctuate, sometimes dramatically. See the box on the right. Where there is fluctuation, there is often a question about the proper value to assign to the food.

2. Food is often used to guarantee food security in times of emergency as seen in the case of Country B, Method 2. Related to this, “Food for Work” is often seen as relief work - even when an emergency situation does not exist and relief work is not the intention. Experience shows that the result can be lower productivity and quality than that achieved when wages are paid wholly in cash.

3. The practical difficulties in making payments in food on a large scale are significant. Both logistical and storage problems can be expected when food is used as payment. Furthermore, the greater the quantity of food, the more difficult it is for the worker to take it home and the more likely it will be transformed into cash before it even leaves the storehouse.

4. Decision-makers do not always take the sort of decisions used in the examples, but may opt for cheaper, “food only” solutions. The long-term result is that project management becomes very difficult, productivity is likely to be low and the reputation of labour-based activities may be damaged.

Additional points:

5. Delivery costs for food to the workers are often high.
6. The quality of food can be inconsistent.
7. Paying wages in food can distort local food production and markets.

In Ethiopia in 1988 each worker in the programme was paid 3 kgs of grain and 120 millilitres of oil a day. The food was given directly to the individual workers. These would in turn sell some of it to buy other necessitates. When other organizations started giving relief food the market value of the grain went down to about half of the previous selling price. The workers began clamouring for a corresponding increase. This could not be done as the food was provided at an established food pay scale. An impact assessment concluded that “Payments in cash, if possible, should be considered at this stage in order not to disrupt the smooth operations.”
Food assistance in Paying Labour

**Situation:**
Food assistance is available in abundance and there are calls for its use despite its not being wanted as remuneration by workers.

**Possible problems:**
1. Food used as remuneration may not properly motivate workers, resulting in low quality product.
2. Resources may not be available for maintenance and food may not suffice.
3. Incorrect application of self-help policy and use of food as incentives can produce unmaintainable, low-quality infrastructure.
4. Proper self-help policy ensures that communities select a project from which they are the exclusive beneficiaries and in which they have a firm interest and commitment.
5. Proper policy acknowledges that self-help workers are not employees at all, and the incentive is not a wage.

**Possible solution:**
Allocate food assistance to be used as incentive in bona fide community self-help activities and ensure proper policy on this.

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**Possible solution:**
Allocate food assistance to be used as incentive in bona fide community self-help activities and ensure proper policy on this.
Some Considerations

**The valuation problem.** When the price of food fluctuates, deductions representing the most recent value of a fixed food ration can be made from the full cash wage. This can be done so long as the cash portion of the wage remains higher than 50% of the minimum or market wage.

**Workers' preferences.** Where some workers would prefer not to receive wages in the form of food and others would, it is recommended to pay wages fully in cash and make quantities of food available at subsidised prices for those workers who would like to buy it.

**If food is in short supply on the open market,** limits can be placed on the amount of food which may be purchased (see Mozambique box on page 81). This will help to prevent workers from buying at a subsidized price and selling at the higher open market price.

**Disadvantage:** It is more difficult to forecast required quantities in situations where subsidized prices are equal to or higher than market prices. This may lead to additional food management problems, storage and transport.
“Wage employment” means that workers receive remuneration in exchange for work performed. Wage employment should always apply where infrastructure works are of general interest and only indirectly benefit the workers (transit roads, primary or secondary irrigation canals, etc.). This is essentially different from the provision of “incentives” and “self-help”. Infrastructure construction and maintenance works normally only qualify for incentives or self-help approaches if the workers clearly and directly benefit from them. In line with the ILO/WFP agreement referred to above, incentives and self-help should therefore not be used for public works of general interest.

As described on the opposite page, where work is arranged so that the direct beneficiaries of the resulting infrastructure are workers, consideration may be given to offering an incentive for the work and not a wage. Extreme caution should be used when this is done, because if a wage labour culture has substantially developed, an incentive will be inappropriate and wage labour should be used.

Infrastructure construction and maintenance work normally only qualify for self-help approaches if the workers clearly and directly benefit from them. In making a distinction between wage labour projects and self-help schemes, the main points to be considered are:

1. The distinction between people working for their own benefit and those working for the benefit of third parties. This is important mainly in connection with work relating to land, such as schemes for soil conservation or improvement, irrigation and afforestation. When such work has been undertaken by the owners or users of the land (whether held under individual or communal tenure), there would be no objection to providing them with food as the sole incentive, and no cash remuneration.

2. The distinction, in local communal works, between the members of the community to benefit from those works and others.

3. The distinction between local works in the direct interest of the community concerned and works of general public interest. Questions relating to this distinction have most frequently arisen in connection with projects involving roads. Where relatively short stretches of link roads or feeder roads are concerned, which are intended to meet the specific needs of the local community, their execution on a communal basis with food as the sole incentive does not give rise to any objection. The situation is different where more important components of the national road network, and particularly main highways, are involved. Even if the communities providing labour are likely to derive some benefit from such projects, the specific local interest is outweighed by the benefit accruing to the wider community, and provision should accordingly be made for payment of a partial cash wage.

1 See Annex 3 for a definition of “self-help”.
Food as an incentive in self-help activities

If people are working for their own benefit - not employed by anyone - anything they might receive during that period of work should not be considered a wage. The use of payment in kind (food or other items) would not then be subject to the limitations discussed in the sections above. Consider the following example:

A community wants to build a drainage system so that water is taken away from where people live and into a nearby river during the rainy season. The members of the community get together and decide that they will build such a drainage system. They decide that they will ask the local government engineer for design assistance. One wealthy member of the community offers to purchase the concrete needed, another the metal bars needed to reinforce the drain. Other members of the community - about 50 - see the benefit of the drain and offer to do the work needed. A group of farmers offer to contribute food for the meals of the people working, and another group offers to prepare these meals over the construction period of some two months. When other members of the community hear that meals will also be served during the work period, they offer to do some work swelling the number of people contributing labour to about 70.

In this situation, the people working cannot be considered to be employed. They are engaged in self-help. They are bringing the available resources together to improve their own situation. Likewise, the meals they receive cannot be considered as wages. Therefore, these people should not receive wages for the labour they offer under these circumstances. It is a tremendous task in many developing countries to try to build and maintain infrastructure with locally available resources. Self-help plays an important role, and food incentives offered outside an employment relationship in situations where people are contributing their labour for their own benefit, can also play an important role.
In certain projects, remuneration in kind has been justified even though they did not appear to be self-help projects. One category relates to emergency situations where the existence or well-being of the population is endangered, such as projects to combat the effects of drought or famine or for reconstruction in the wake of war or natural catastrophe. The duration and extent of such a justification should, however, not exceed what is reasonably required to meet the demands of the situation.

The type of payment in kind should be **appropriate**.

Payment in kind (in food or basic consumable items) has an impact on local markets (and tastes). The food or items should therefore be selected very carefully, following an impact assessment of their supply.

The **relevant international standard** is the Protection of Wages Convention, 1949 (No. 95).
For further information

See Annex 3.


**References for the boxes in this section**

**Method 1, Method 2 and Food as an incentive in self-help activities.** *Report of the ILO Director-General to the Fourth Session of the Inter-Government Committee of the ILO concerning the application of international labour standards to WFP activities (WM/IGC/4/10).* See also *International labour standards and WFP projects: The distinction between wage-labour schemes and self-help projects*, note by the ILO, presented by K.T. Samson (undated); *Distinction between self-help and wage-labour projects*, WFP/ILO (NORMES) Meeting, Rome, 17 February 1992, document no. 2.

**Food as an incentive - Mozambique.** *Summary of main conclusions and recommendations of management review cum appraisal mission for project Mozambique 4720 (15 April - 3 May 1996).*

**Good and bad sides to using food for (partial) payment.** Coukis, B.: *Labor-based Construction Programs, A practical guide for planning and management* (p. 68), op cit.
2.5 Protection of wage payment

Key issue:

What steps should be taken to make sure that workers get the timely and full remuneration to which they are entitled, and that they can freely spend it?

Information required and considerations:

- basis and method of remuneration;
- level of decentralization for payment;
- local wage labour payment practices;
- relevant international obligations;
- the source of potential problems, e.g., intentional fraud, unskilled bookkeeping and traditional payments for job opportunities;
- literacy and numeracy of workers and supervisors.
2.5 Protection of wage payment

WAGE PAYMENT ON TIME
voted MOST IMPORTANT for keeping works going and workers happy

(Labour-based roads experts, Ghana, 1996)

"Labourers must be paid on time and in full; the importance of this cannot be over-emphasized."

(Labor-based construction programs, World Bank, 1983, p.67)

"It is vitally important that labour should be paid on time and in full every payday." This sounds obvious, but it is not uncommon to find sites where labour is paid neither on time nor in full. Labourers are upset by delays in payment and are liable to leave, to reduce output, to strike, or even to riot."

(As above, p. 164)

Experience shows that often problems in wage payment occur not because management wants to avoid payment, but because the money to pay wages is not available in a timely and regular manner. Frequently, the problem involves lengthy procedures and a cumbersome central administration of finance, as well as late and/or irregular disbursement of funds. In the situation of contractors, a problem which often arises is that the small employer is paid with long delays, even when he has delivered the work and this has been certified.

Lesson: It is essential that proper arrangements are made to ensure that the employer has funds to at least pay the workers their due in a timely manner.
Project experience indicates that:

- workers must be paid on time if they are to be expected to continue to work;
- contractors are particularly vulnerable to work stoppages and labour problems resulting from late payment, i.e., they do not have the legitimacy of a government in attempting to justify delayed payment;
- measures should always be taken to streamline payment procedures and remedy payment difficulties when they occur;
- for large-scale programmes, decentralization of approval and payment responsibilities is essential;
- for administrative, organizational and cash-flow reasons, short payment intervals can be more difficult to meet than longer intervals.
### Protection of wage payment

**Payment should be made according to an agreed schedule, as soon as possible after the work period has finished**

In Ethiopia, an attempt was made to pay workers at the end of the month, for the work done during that month. This was very difficult because the bookkeeping for the month's work was due into the central office by the 15th of the month. This was regular practice because Government workers were paid non-varying monthly salaries. This was not the case in the labour-based programme where people were paid for the days worked. The payment system had to be adapted. To avoid misunderstandings, workers were advised that they would be paid at the end of the month for all work completed only up to the 15th of the month (two weeks in arrears). This approach respected the administrative system and made payment deductions in the field for days not worked unnecessary.
Some guidelines

Workers should be **paid on time**. The progress of work is threatened when the contractor or force account programme does not do this.

- Resolution of a payment problem starts with the identification of its source. There can be many, for example:
  1. delay in determining amounts due to workers;
  2. delay in communicating the amounts due to the provider of funds;
  3. delay in accessing funds to pay wages;
  4. delay in moving cash to the worksite;
  5. contractor has insufficient funds to pay labourers.

- When payment to workers is delayed because of late or insufficient funds received by the contractor, a number of solutions can be suggested. For example:
  1. arrangements can be made with financial institutions to set up a revolving fund or provide soft loans guaranteed by the client;
  2. the client can provide an advance on the contract or monthly advances deductible from work certificates to cover wages.

- Where, in “force account” projects, payment delays are caused by administrative bottlenecks, different measures can be taken. During a pilot phase, trials should be conducted to determine the time interval required to process the payments. The workers should be informed on recruitment day about the timing and regularity of their payments. Where possible, a revolving fund could be established at a decentralized level to minimize delays.
In a recent study of constraints on small labour-based contractors in Ghana, it was found that labour-based technology continues to be an attractive choice for small contractors. A major constraint, however, was found to be the structure of the contractor market. In addition to confirming that crucial elements of a successful labour-based programme are the training of site managers and establishing a productivity-based remuneration system, this study found that not being paid on time drives small labour-based contractors out of business, because they are particularly vulnerable to cash flow problems. The result is that contractors trained to work with labour-based methods have a tendency to want to shift to more equipment based approaches.

**Lesson:** Care must be taken to ensure that the working environment does not undermine contractors’ willingness to use labour-based methods, and that clients fulfil their contractual obligations.

### Record-keeping for two reasons

Records showing workers’ time inputs and outputs (production) are absolutely necessary for two important reasons:

1. accurately calculating wages; and
2. accurately calculating productivity and production.

**Elements of good records**

1. **Daily muster rolls** showing, for each day, who worked and for how long even if workers are paid on a daily task basis.
2. **Monthly pay sheets** showing the name of each worker, the days during the month when that labourer worked and, for those days when the labourer was expected to work but did not come, why. At the end of each labourers’ entry a calculation indicates the amount of gross pay for that month. If pay periods are shorter than a month, i.e., a week or two weeks, records must be kept according to that time period.
3. **Weekly records** describing the daily progress made on the different construction activities by different gangs or individual workers.

### Training is not everything for the small contractor

In a recent study of constraints on small labour-based contractors in Ghana, it was found that labour-based technology continues to be an attractive choice for small contractors. A major constraint, however, was found to be the structure of the contractor market. In addition to confirming that crucial elements of a successful labour-based programme are the training of site managers and establishing a productivity-based remuneration system, this study found that not being paid on time drives small labour-based contractors out of business, because they are particularly vulnerable to cash flow problems. The result is that contractors trained to work with labour-based methods have a tendency to want to shift to more equipment based approaches.

**Lesson:** Care must be taken to ensure that the working environment does not undermine contractors’ willingness to use labour-based methods, and that clients fulfil their contractual obligations.
Workers should be paid in conditions that ensure that they receive **remuneration to which they are entitled**. They should also be in a position to freely dispose of their remuneration as they choose.

- Attendance and/or output records should be kept so that the worker can know the amount which he or she will be paid and the basis upon which the remuneration has been calculated, i.e., the number of days worked or the production accomplished.

- Work norms (expected productivity and outputs) and wage rates should be made known to the workers, preferably in a simple manner and in the local language.

- Workers who are paid remuneration in the form of an advance, particularly for a long period of employment, risk being subject to forced labour if they spend this advance too quickly and therefore owe the employer this amount. Consequently they are unable to change their employment because of the debt.

- Where applicable, the client or employer should publish special information of interest to the workers, for example, that payment will be made in cash, not in kind.
Target wages, actual wages and small contractors:
The pakyaw contract system in the Philippines

A study of labour-based road construction in the Philippines was done in 1983. Its discussion of the pakyaw contracting system (small contractors) is instructive of the usual system.

"Typically a pakyaw contractor was responsible for completing an agreed amount of work for which he was paid a previously agreed sum on completion. Recruitment of workers, establishing the wage rate and timing of payment and supervision of workers on site were the contractor's responsibility. Traditionally, pakyaw contractors operate as middlemen who seek to retain for themselves a margin between the total contract payment and the wage bill for their services (which include labour recruitment, supervision of work and pre-financing wage payments).

"For the labour-based project, the number of mandays required to do the work under a pakyaw contract was estimated and the amount to be paid for the contract was calculated on the basis of a target wage rate of P20 per manday. This rate was chosen as a general bench-mark figure in line with the government minimum wage rate. When the target wage rate was set there was uncertainty about the labour productivity for the different tasks and therefore the actual wage rate that would be earned by workers.

"Under the pakyaw contract system, the administration sets a limit on the size of the wage bill but has limited control over the actual wage rate paid to the workers. A sample survey of workers (500 workers sampled) obtained information on the actual wage rates paid to the sample worker. The mean daily pay was P18.35, but there were wide variations within regions as well as between regions (from P14.92 to P25.65). The differences are largely explained by the actual output per manday being different from the estimated output per manday upon which the pakyaw contracts were based."

The report writer observes that in all cases the target wage rate of P20 was not received by the workers. He also suggests in the last sentence that actual wages differed because productivity was actually lower than anticipated. This is impossible to determine without closely examining the number of actual workdays on a project and the number of workers hired - information typically only available to the contractor. Evidence from studies elsewhere suggests that worker productivity can often be higher than the modestly set estimates used for setting contract prices, leaving a larger margin between the total contract payment and the wage "bill".

Lesson: Where it is desired by the client (often the government agency) that workers actually receive a certain wage daily, steps should be taken to ensure this. One of the most effective and simple methods is informing the workers (e.g., through notice boards on site) what the minimum wage to be paid by the contractor is. Another is inserting a "labour clause" in construction contracts which stipulates the minimum wage to be paid. Another is making the principal employer, i.e., In this case, the one who employs the pakyaw contractor, jointly responsible with the contractor for the payment of the fixed daily wage. Note: In these situations, the contractor remains free to reduce the number of work days needed to complete the job and maintain or increase their margin by attaining greater productivity.
The **relevant international standard** is the Protection of Wages Convention, 1949 (No. 95).
Protection of wage payment

For further information


References for the boxes in this section

- **Wage payment on time.** Survey conducted at a Regional Seminar for Labour-based Practitioners in the road sector in Sub-Saharan Africa, Accra, Ghana, 22-26 April 1996.

- **Payment should be made according to an agreed schedule, as soon as possible after the work period has finished.** Interim progress report (covering period 1 October 1982 to 31 March 1983), Ethiopian Transport Construction Authority, Rural Roads Division, Guder-Shenen Pilot Project of Labour-based Road Construction and Maintenance.


2.6 Attendance

Key issue:
What are appropriate mechanisms for maintaining an appropriate level of attendance?

Information required and considerations:
- the amount of absenteeism that can be tolerated;
- absenteeism related to worker characteristics, i.e., gender-specific or primary occupation-specific absenteeism;
- policy about the type of employment creation desired, i.e., highly irregular (no regular attendance expected) or regular temporary (short-term employment with regular attendance expected).

Project experience indicates that:
- there is an expectation of regular attendance that should be made explicit; this is not always done and can lead to difficulties;
- record keeping for attendance purposes is vital for accurate wage payments and for monitoring productivity.

Some guidelines

The need for regular attendance of workers at the worksite should be considered.
- Unreliability in the workforce, reflected in irregular attendance, can be caused by many factors. These include a wage level which is too low, high seasonal demand for agricultural labour, outward migrant labour flows and conflicting domestic obligations. Under some circumstances, irregular attendance can be accepted, though rarely.

The worker should clearly understand what expectation is placed on attendance.
- Where the obligation is for the worker to attend work every day the site is open, the worker should be notified how he or she is to know that the site is open, i.e., announcement the day before, or assume so unless told otherwise the day before.
2.6 Attendance

!! Important !!

No Work - No Pay

This is the usual implication for attendance policy if remuneration is productivity-based. It may or may not be acceptable in a particular location or under particular countries' rules. Adaptations can be made to adhere to the rules but nevertheless leave fundamental and useful aspects of the productivity-based pay system intact. The following, for example, may be considered:

- A rule which gives a fixed payment (perhaps less than a full day's wage) for work called off because of bad weather, failure of necessary equipment to arrive, etc., provided that the day before workers were told to come to work.
- A rule which gives partial payment for a work-day interrupted by bad weather, sometimes with the provision that the worker has worked for a minimum number of hours in that day.
- A rule which gives a fixed number of “absent days” per month for which a worker will be paid even if not worked, provided a medical justification is given.
- A rule which gives a fixed number of “absent days” per month for which a worker will be paid even if not worked, without regard to the reason for the absence.
- Permission given to a worker to send a “replacement” on those days when absence is necessary, provided the worker’s replacement remains an exception, i.e., perhaps occurring on a limited number of days during a given period of time.

There are two implications of these adaptations:

1. Monitoring is necessary to guard against abuse. Aspects of the disciplinary system will have to be related to this monitoring.
2. There will be additional costs not related to output. These must be judged acceptable or not under the circumstances.
The worker should know when he or she is counted as being absent, for example, non-completion of a task, failure to appear for work by a particular time, or departure in the middle of the working day.

Where the worker is allowed absences from work, there should be some definite criteria for the allowance, for example, two days per 20 work-days for whatever reason, or only absences for sickness accompanied by a doctor’s note.

Rules and criteria should be applied in a fair manner. For example, a warning should be given before termination of employment where absences are becoming a problem in a given case. (See also the section Duration and termination of employment, below.)

Bonus systems for good attendance can be considered, e.g., an additional day’s pay for full attendance over a two-week period.

Where unreliability and poor attendance lead to a high turnover of workers, consideration should be given to finding its cause and a remedy.

Adequate record-keeping is necessary for identifying that a problem exists.

The cause of a problem could be conflicting demands on workers’ time, conflicting domestic obligations, undesirability of the work, low wages, poor supervision or workers’ anticipation of being laid off.

Attendance may decline immediately after a pay day or after a month’s payroll records are closed.

If the cause of the problem is unclear, workers should be asked why their attendance is irregular.

Some remedies:

1. If the problem is caused by conflicting labour obligations, such as the busy agricultural season, the work programming can be adapted accordingly, for example, by adjusting the working hours, reducing the task size or cutting the overall number of workers for the period concerned.

2. If the problem seems to be the wage level, it is recommended that comparative wage levels and temporary, e.g., coffee-picking, jobs are double-checked. It may then be necessary to consider reducing the number of workers or providing temporary bonuses in the area.
Sierra Leone

Some contractors in Sierra Leone successfully adopted an incentive system to increase labour attendance. One extra task-rate payment per week was given if the worker was present at work the entire week. This strategy improved labour attendance considerably. Also, during the peak agricultural season, the contractors started the working day at 6 a.m. so that most workers were able to finish their task by 11 a.m. After lunch, the same workers could attend to their activities in the agricultural sector. This strategy also proved to be quite successful in improving attendance.

The use of identity cards issued by the employer should also be encouraged. Such cards increase a sense of belonging and responsibility and may also be used in combination with a time card to ensure correct and timely payment. Such cards should indicate, as a minimum, the name of the worker, sex, age, date of employment and certain project-related information.
In a strict productivity-based remuneration system, there would be **no payment for days absent**. This need not be grounds for terminating employment though. It is possible to have an approach that permits absences, does not pay for absences and allows the worker to come again to take up work when he or she is available. The advisability of such an approach depends on the circumstances of the project. For example, there are typically no strict attendance rules where contracts are let out for maintenance of stretches of road.

It is possible to permit absences and to **pay a daily wage for the absence** where the circumstances of the absence warrant the payment, e.g., sickness. Where this is done a limit should be placed on the number of days during a particular working period, e.g., a month, and it should be stipulated what, if any, proof the worker has to provide to justify the absence (e.g., certification by a doctor).
### Attendance Policies and Practices

#### Two approaches to keeping attendance records

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<thead>
<tr>
<th>Workers keep a time card</th>
<th>Supervisor is responsible</th>
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<tr>
<td>Time cards and muster roll forms can be used as control tools in monitoring the payment system.</td>
<td>Each supervisor keeps a time book for his particular operation. Workers are ticked present in the book only after they have satisfactorily completed their task for the day. At the end of the day, the information in the time books is copied onto the muster rolls.</td>
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<tr>
<td>• Each worker engaged is given a time card which must be kept by him/her and signed daily by the site foreman after the worker’s daily task has been accomplished and approved.</td>
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<tr>
<td>• The muster roll for each activity contains the names of all workers on that activity and are marked by the site foreman daily after the worker has accomplished the day’s task.</td>
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<tr>
<td>• Each worker’s days recorded on his/her time card must tally with the information on the muster roll. The time cards and muster rolls are the basis for the computation of workers’ monthly wages, which may include bonuses as incentives.</td>
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<td>• For verification of the worker days used, the site manager should check time cards and muster rolls for each activity against the worker days recorded on the weekly reporting forms.</td>
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#### For further information


#### References for the boxes in this section


2.7 **Other labour regulations not dealing with wages**

**Key issue:**

How should proper account be taken of existing labour regulations - those not directly dealing with wages - in labour-based operations and policy?

**Information required and considerations:**

- non-wage labour regulations (recruitment, lay-offs, social benefits, etc.) binding on the sector (by law, regulations or binding collective agreement);
- relevant international obligations;
- ensuring that labour-based works are not marginalized, considered inferior or part of the informal sector;
- appropriateness of each of the regulations to labour-based operations.

**Project experience indicates that:**

- insufficient attention is paid to these matters in policy formulation;
- with time, issues develop and are difficult to address as practice has already matured;
- special treatment of labour-based activities can contribute to their being viewed as second class;
- the implementation of most regulations does not pose significant difficulties, but this can only be judged locally. Where there are difficulties, they should be discussed among the social partners.
2.7 Other labour regulations not dealing with wages

The World Bank on labour regulations

“Many countries have legislated measures regarding labour protection and wages. The implementation unit ought to provide site engineers with detailed instructions conforming to the prevailing laws and regulations. The instructions should cover the following: Regulations on the method of recruitment and the use of recruiting agents, the provision of housing or transportation to the site, the duration of the hire period (in some countries, casual labourers become permanent employees of the hiring agency after a certain period of employment), the differential wage levels for each type of labour (the fixed rates, the ranges of rates, and the percentage of wages paid in cash and in food), the hours of work (daily and weekly), the recognized public holidays (especially if a country has several religious groups), the social benefits (such as sick leave or the cost of medicines), the method of payment (daily paid, task work, piecework, or incentives), the pay period, and the mechanics of payment.”

Identification cards showing the age of the labour-based worker

In Madagascar efforts are being made to introduce labour-based worker identification cards on all labour-based projects. These will - among others - show the worker’s age and help to prevent the employment of underage workers.

COUNTRIES WHICH HAVE SET THEIR MINIMUM AGE FOR WORK AT 16

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<th>Algeria</th>
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Some guidelines

The need eventually to mainstream labour-based works (i.e., apply them nationwide) should be kept uppermost in mind when dealing with applicable national labour regulations. Hasty decisions to exempt or specially regulate labour-based works can create a perception of them as second class, and jeopardize their large-scale implementation. Particularly where contractors are concerned, it can push them into the informal sector, despite their contracts with government or other entities. This is undesirable.

Labour regulations should be reviewed in cooperation with appropriate national authorities to determine which are applicable to workers engaged in labour-based activities.

- Regulation coverage typically depends upon:
  1. whether workers are employed by the State (public sector) or a private enterprise;
  2. the duration of the workers’ employment or type of employment contract; and
  3. the very existence of regulations.

National minimum age regulations often meet international standards, but are not always applied in practice. In no case should a person under the minimum age for the country concerned be working. And in no case should a person under the age of 14 be working.

- Any type of work by a child (as defined under national law) is included in the prohibition, even if the child has not been hired to work on the project. This means that children should not be assisting parents in their work.

- A uniform system of identification of labour-based workers can be used, to ensure that children are not employed in labour-based projects.

Assessment of labour regulations that do not deal with wages should include the following issues.

- Mandatory weekly rest. Site activities should cease for one day a week. Workers should have at least 24 consecutive hours off each week.

- Annual paid holiday. Often this obligation comes into force only when there is a minimum qualifying period of employment, such as six or 12 months. Typically, work projects are completed before this.

- Sick leave. Where the employer is obliged to pay for non-work-related sickness, muster roll information can be used to administer sick leave pay. The costs should be estimated as a percentage of overall labour costs and taken into account when wages are calculated.
COUNTRIES WHICH HAVE SET THEIR MINIMUM AGE FOR WORK AT 15

Belgium  Greece  Netherlands
Bosnia and Herzegovenia  Iraq  Norway
Costa Rica  Ireland  Poland
Croatia  Israel  Slovenia
Cuba  Italy  Spain
Dominica  Libyan Arab Jamahiriya  Sweden
Finland  Luxembourg  Uruguay
Germany  Mauritius  Yugoslavia
Zambia

COUNTRIES WHICH HAVE SET THEIR MINIMUM AGE FOR WORK AT 14

Equatorial Guinea  Nicaragua  Rwanda
Guatemala  Niger  Togo
Honduras

The ease in administering pro rata annual leave benefits

Sometimes the paid holiday benefit obligation in law is arranged on a pro rata basis, for example giving immediate right to two days paid leave for each month of employment. Typically, the right to actually take the leave does not accrue until the worker has worked one full year, 12 consecutive months, or some other minimum period. If the worker is dismissed before the minimum eligibility period has been completed, cash can be taken for the accrued annual leave days.

It is common for labour-based workers to have periods of employment shorter than one year. However, the workers' benefit may be protected by the right to take cash for accumulated leave. The costs of such cash compensation for leave can be taken into consideration when the unit rates and the wage rates are determined. The calculation of the leave allowance to be paid would be based on the daily wage, or an average wage in a piece work system. Training in estimating and bidding by the small contractor should treat the financial implications of paid holiday and social security obligations.

South Africa's National Public Works Programme: Maintaining beneficial working conditions

From its inception in 1994, attempts were made in South Africa's labour-based National Public Works Programme to maintain the working conditions which had been negotiated through collective bargaining for the construction sector in the apartheid era. These conditions were not established in the context of labour-based temporary works. Nevertheless, it was considered particularly important not to diminish the standard of working conditions and benefits in the labour-based programme in the name of job creation.

By and large, the attempt has been successful. An important contributing factor has been the unwillingness of communities and workers to work under sub-standard conditions. Although the Framework Agreement (described on page 199) was unable to institutionalize the maintenance of these benefits, the demands of South African workers have tended to maintain high working standards.
Maternity leave and/or benefits. The applicability of these benefits depends on the local regulations, and are often payable only after a minimum qualifying period of employment of, e.g., six or 12 months. Frequently, labour-based infrastructure work is completed before this. Where the obligation relates to unpaid leave, the mother can usually be allowed back into a job without much administrative difficulty. It is likely, however, that work will have shifted to another location during the period concerned.

Severance pay. This often applies only after a minimum qualifying period of employment of, e.g., six or 12 months, whereas labour-based construction work is often completed before this.

Premium overtime pay. A typical legal requirement is that an additional amount is added to basic pay for hours worked over “normal hours”, which may be defined in hours per day or per week. When daily task wages are paid, workers usually complete their task within an eight-hour period and are therefore ineligible for overtime pay. In order to prevent work into overtime periods, it is possible to set a rule in combination with the daily task wage, that people unable to complete the task within eight hours will lose their job. When a (time-based) daily wage is paid, it is easy to check that work is halted after eight hours, so preventing overtime.

Limitations on productivity pay systems (task or piece work). Productivity-based pay may be prohibited, depending on the applicable labour legislation and regulations in the country concerned. In such cases, daily wage pay systems are the only alternative. This is likely to result in the lower productivity and increased supervision, and consequently higher costs and reduced competitiveness, of labour-based approaches.

Where existing regulations are clearly irrelevant or inappropriate for the category of temporary workers concerned, consideration can be given to bringing the social partners together to discuss:

- negotiation of a special collective agreement;
- conversion of benefits (holidays, sick leave) into monetary amounts for payment to workers;
- development of special supporting institutions, e.g., for collective accident insurance;
- as a last resort, possible exemption from the inappropriate or irrelevant regulation concerned.
Sick leave and community contracts:

Spreading employment benefits around

Where community contracts are used to implement a labour-based programme, community committees often decide the terms and conditions of work for other members of the community who are working on the project. Such committees are principally interested in spreading money for wages around the community and may well hesitate in granting sick leave and similar benefits, representing “non-productive” use of funds. This could present difficulties, for example, where community-contracted workers are working in close proximity with other workers who are receiving such benefits. Care should be taken to involve the workers in negotiations on these issues.

Financial obligations placed on the employer for maternity leave

The international labour standard on maternity protection specifically says that employers should not be individually liable to pay monetary maternity benefits; these benefits should be funded through a system of insurance or by public funds. The wisdom of this is clear: employers might otherwise have a disincentive for employing women. However, many national laws do impose an obligation on the employer to pay monetary maternity benefits. And it is under these rules that labour-based operators and contractors are bound.

When financial obligations are imposed, the amount of pay can be substantial for the small contractor, particularly those with a large female workforce. These costs are difficult to estimate for the purpose of unit costing. Depending upon the national regulations and laws, realistic national regulations applying to this type of work and category of workers could be defined in consultation with the social partners.

Task work, the right not to work and paid sick leave:

The adjustment which must be made

Traditional task work systems permit workers to skip a day of work but return the next, without excuse or reason. In this case, the worker does not, however, get paid because there is no task completed. Where laws or regulations oblige the employer to pay for an amount of sick leave, the attendance must be regular. This means that each day of absence from the worksite must be accounted for, either as an excused non-sickleave absence, or an absence on account of sickness and thus eligible for payment.
There are many relevant international labour standards. These include the Hours of Work (Industry) Convention, 1919 (No. 1); the Weekly Rest (Industry) Convention, 1921 (No. 14); the Forty-Hour Week Convention, 1935 (No. 47); the Minimum Age (Industry) Convention (Revised), 1937 (No. 59); the Maternity Protection Convention (Revised), 1952 (No. 103); and the Holiday with Pay Convention (Revised), 1970 (No. 132).

As a point of interest, some of the international standards cited here provide flexibility to countries which ratify them with respect to the setting of minimum qualifying periods of employment before benefits are granted. This would be relevant to typical labour-based works.
Other labour regulations not dealing with wages

**Premium pay given for overtime in a community project**

At a community urban works project in Dar es Salaam, United Republic of Tanzania, the residents decided that there would be no work on Saturdays and Sundays. This workplan was generally followed. With a view to the coming rainy season, however, the community members felt that it was exceptionally necessary for weekend work to be done on the critically needed drainage system. Thus, the community workers worked on a number of Saturdays and Sundays. A premium of 100 Tanzanian Shillings was added to workers’ 900 Shillings daily wage for work on these days without regard to national labour legislation which would also have required a premium to be paid.

**For further information**


**References for the boxes in this section**


List of Ratifications by Convention and by country (as of 31 December 1995).


Financial obligations placed on the employer for maternity leave. Maternity Protection Convention (Revised), 1952 (No. 103). Article 4, paragraphs 4 and 8: "The cash (and medical) benefits shall be provided either by means of compulsory social insurance or by means of public funds.... In no case shall the employer be individually liable for the cost of such benefits due to women employed by him."

2.8 Motivation and discipline

Key issue:

What are appropriate methods for maintaining workers’ motivation and discipline in labour-based programmes?

Information required and considerations:

- basis of remuneration (time-based, productivity-based);
- existing wage employment culture;
- value of job, i.e., high value imposes self-discipline;
- leadership in supervision to encourage motivation and discipline;
- fairness of supervision, i.e., likelihood of abuse of authority resulting in labour dissatisfaction;
- relevant international obligations.

Project experience indicates that:

- the temporary status of workers often prevents motivation and discipline from being a major issue, particularly where the need for wages is great;
- where motivating and disciplinary systems have been necessary, transparency is fundamental;
- positive steps can be taken to promote motivation and discipline;
- supervisors’ attitudes and behaviour can be critical in maintaining motivation and discipline.
**Ghana, Department of Feeder Roads:**

**Programme of labour-based feeder road improvement by contract**

**Additional task work incentive - Bonus scheme in Ghana**

To ensure a constant labour force for effective planning and achievement of constant output (minimum of 100m of finished road daily), additional incentive schemes in the form of bonuses are to be used to motivate the workers.

An example of the bonus scheme used by the project on the model roads recommended for contractors is:

i) To give each worker who works hard and achieves his/her daily task for a continuous week, two additional workdays (wds.) as bonus.

\[
\text{Weekly bonuses} = 2 \times 4 \text{ weeks} = 8 \text{ wds. for a month}
\]

ii) Monthly bonus of 6 workdays for being present and hard working for a continuous month.

\[
+ \ 6 \text{ wds. for a month} \quad \frac{14 \text{ wds as incentive}}{}
\]

These 14 workdays are added to the number of days the worker has worked in the month to compute his/her monthly wage.

iii) If the worker is absent for one day within a week, he loses the two days bonus for that week and automatically loses the 6 workday monthly bonus. However, the worker is allowed to be represented by a relative or friend when he/she is indisposed.

This system contributes to ensuring regular attendance and continuous planning even at times when workers are sick or are forced to travel for private reasons.

**Bonus systems motivate!**
Some guidelines

Management should aim at appropriately promoting workers’ reliability in attendance, honesty in handling work and willingness to work. The details of a system to motivate or discipline workers depend on national circumstances, project execution through private or public agents and elements of worksite organization.

Concerning attendance, see the section Attendance, on page 102.

With regard to honesty, the worker should clearly understand what types of dishonesty will lead to discipline, and what sort of discipline.

- A list of expected modes of conduct should be drawn up with penalties for infringing them. The list should be well circulated and understandable.
- Where an act of dishonesty is alleged, the employer should fully investigate the matter, particularly where it will lead to termination of employment.

As regards motivation and willingness to work, emphasis should be placed on the operation of the remuneration system.

- A project operating on a task basis has a largely self-regulating system of discipline. Workers in this situation are interested in completing production and leaving work as soon as possible.
- A regulating system is a greater requirement when remuneration is time based. In such cases, it is necessary to set minimum expected production targets; the worker’s contract will be terminated if he or she consistently fails to meet them.
- A detailed disciplinary system becomes necessary as formal-sector, waged labour becomes more dominant in the economy, and workers are more conscious of their interests.
**Selection from manual concerning motivation**

**From United Republic of Tanzania**

"Manpower is the vital resource, whether operating machines or using hand tools, for the success of the road works operations. A well motivated workforce will perform many times better than an unmotivated one. The engineer or supervisor must play his part in motivating the workforce by: being firm and fair in all his dealings with the workforce; scheduling and organizing the work so that it is efficiently carried out; arranging a fair workload for each member of the workforce; discussing and trying to resolve work and personnel problems as they arise; encouraging and rewarding good work of the workforce and care of the equipment and hand tools; ensuring that each member of the workforce is trained and able to carry out his allocated task. The engineer or supervisor should carry out or arrange any necessary initial or refresher training; ensuring that payment arrangements are timely, complete and correct."

**Sierra Leone**

It is also essential to have motivated employers/supervisors. In Sierra Leone, the Road Authority introduced a performance evaluation exercise for labour-based contractors. Performance items assessed included:

<table>
<thead>
<tr>
<th>Item</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>timely payment of wages</td>
<td>20%</td>
</tr>
<tr>
<td>quality of work</td>
<td>20%</td>
</tr>
<tr>
<td>progress as per workplan</td>
<td>20%</td>
</tr>
<tr>
<td>compliance with labour standards</td>
<td>10%</td>
</tr>
<tr>
<td>contractors' attendance on site</td>
<td>10%</td>
</tr>
<tr>
<td>quality of supervision by contractors' staff</td>
<td>10%</td>
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<tr>
<td>handling of equipment by contractor</td>
<td>10%</td>
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</table>

The evaluation was carried out monthly, and each month the best contractor was declared "Contractor of the month" and given an award of Leone 50,000.
Where a detailed disciplinary system is needed, it should be developed with basic elements of **due process and fairness** in mind. (See also the section *Duration and termination of employment*, on page 142.)

- The system itself must be respected. Supervisors, for example, should be limited in their authority, and should be required to obtain approval from another supervisor or higher level authority before making decisions on workers’ discipline.

- Drawing up rules of due process and penalties with workers’ representatives can be extremely useful for employers in gaining workers’ support for rules, particularly when they would otherwise be disinclined to give it.

- Rules, and penalties for their infringement, should be known in advance. A worker should have the right to be heard before any penalties are applied. The worker should be able to present evidence in his or her defence. Penalties should be proportionate to the gravity of the offence.

The **relevant international labour standard** is the Termination of Employment Convention, 1982 (No. 158).
Many technical papers and manuals have been written commenting on what motivates labour-based workers and on what approach should be taken to introduce disciplinary systems in labour-based works. They include:


References for the boxes in this section


2.9 Management and supervisory training

Key issue:

How can supervisory skills be developed to maximize the productivity of unskilled labourers?

Information required and considerations:

- project training requirements: type, level and numbers;
- long-term training needs for expanding the programme;
- possibility of placing labour-based training scheme in existing institutional training schedule;
- number of supervisors trained in labour-based techniques;
- sources for recruitment of trainees;
- curricula and contents of training courses for different categories and levels of managerial and supervisory staff;
- additional social objectives of the programme to be incorporated into training.
2.9 Management and supervisory training

Training of contractors in Ghana

Between 1987 and 1995, 522 management and supervisory staff from 93 contracting firms and the Department of Feeder Roads (DFR) were trained in the application of labour-based technology. In 1991, the first 19 contracting firms completed all phases of training and undertook to use “standard contracts”. From then on, the DFR has been contracting for labour-based works. The training programme itself is of 20 weeks duration, with 6 weeks in the classroom and 14 weeks on model sites.

Management and supervisory training in the classroom and on site

For labour-based contractors, the difficulty is having good supervisors, not finding good labourers

“Despite the attention given in labour-based literature to controlling labourers, contractors have had the most difficulty controlling their supervisors - not their labourers. Labour-based supervisors are extremely important employees because contractors often live and have offices in the cities, sometimes far from their work sites and employees. Thus, site managers or supervisors, the highest level employees on site every day, must oversee as many as 150 employees at once. For equipment-based contractors, supervisors are not as important, because the contractor is likely to be able to identify which of his machine operators is causing a problem, even without visiting the site. The supervisor’s ability can have a huge effect on the productivity of a labour-based site. World Bank studies of road construction in India found that 'good' compared with 'fair' supervision could account for a 33 to 125 percent productivity difference, and 'good' compared with 'poor' for a 91 percent difference.”
Project experience indicates that:

- proper supervision is critical for efficient implementation;
- good supervision requires a well-organized training programme;
- investment in training is essential in terms of experienced trainers, good demonstration facilities, adequate physical facilities and training aids, and sufficient operational budgets;
- the availability to the contractor of properly trained supervisory staff should be a prerequisite to awarding labour-based contracts;
- supplementary training/educational objectives must be carefully considered and planned if they are to be included in programmes.
Supervision from within existing establishments

Supervision requires commitment. Supervisors who have many years of experience may also be used to equipment-based methods and reluctant to adjust their approach. Problems can be avoided by:

- creating a separate entity of adequate status within the appropriate agency to deal with labour-based works;
- recruiting persons less used to equipment-based operations and perhaps less experienced;
- avoiding reassigning reluctant supervisory personnel;
- ensuring that labour-based work is not perceived to be a dead-end career move.

Distinct but interrelated training needs

A national policy favouring labour-based construction and maintenance should consider the distinct but interrelated training needs of four groups: contractors in technical and related business matters; first-line supervisors in tasking and supervision skills; policy-makers in an appreciation of the importance of an enabling environment for labour-based activities; and workers in skills for improving productivity and work methods.

Training needs for an integrated labour-based programme

Training of community groups in Madagascar

In Madagascar, community groups manage funds for the maintenance of selected community roads. These funds are generated through road tolls supplemented by provincial and external sources. A village committee presided over by the mayor is responsible for the organization, payment and supervision of road-maintenance workers from the village. Training on the setting-up and management of the “village maintenance fund” is provided to the Village Executive Committee (mayor and works supervisors) by a specialized NGO.

The Committee members also receive technical training in road maintenance works from Ministry of Works supervisory staff attached to the Ministry’s labour-based road programme. The same staff also provided initial training and monitoring guidance to the maintenance workers. Local participation in all phases of the setting-up of this maintenance system (awareness raising through problem analysis, relations with different Government administrations, financial management, organization of the works) was found to be essential to ensure local “ownership” and participation. Only in these conditions can the technical training have the desired impact.
Some guidelines

**Supervisors are fundamental** to labour-based activities and their proper training and use should have a high priority in project design and implementation.

- First-line supervisory responsibilities need to be outlined in detail for managing labour, and for areas such as recruitment, organization of pay days, discipline, lay-offs and monitoring. Training has to deal with these issues.

- First-line supervisors have the main responsibility for overseeing operations, particularly defining tasks, measuring output of workers or teams of workers, and making inputs available in a timely manner, to maximize workers’ efficiency. The role of first-line supervisors is crucial and determines the labour management atmosphere in the project or enterprise.
Road maintenance through small enterprises - The case of Peru

From 1994 to 1996, a pilot experience took place in Peru, establishing road maintenance enterprises for the maintenance of rural roads using locally available human and material resources. The project was established and managed by a collaborative effort between the Ministry of Transport and Communications and the Institute of Promotion of Social Economy (IPES). The latter was responsible for the establishment of the enterprises and capacity building. An evaluation of the experience identified a number of shortcomings in the contractual arrangements. The supervisor had too much discretion on quality and quantity of works to be carried out by the enterprises, as well as on the penalties to be given in case of non-performance. The contracts were not specific enough on technical standards and deadlines. Also, this new type of contract was not compatible with existing regulations, that required for example companies to have previous experience and be formally registered as construction contractors before any works could be awarded. Another non-applicable regulation was the requirement to have three quotations before contracts could be awarded.

**Lessons:** The management of employment-intensive contract works requires clear rules and regulations which are applicable to the type of work and the type of small enterprises contracted for maintenance works. Supervisory and management training for such new types of contract should be provided to both supervisors and contractors, but also to key staff in the responsible line ministries. The applicability of existing rules and regulations for contract award should be assessed in relation to the nature of the work and the enterprises.
Supervisory training programmes are well documented and available at national and international levels (see For further information and References).

- Many supervisory training materials are available.
- Training of unskilled workers can reveal supervisory talent useful for the future.

Additional training on broader social policies, legislation and practices can be included in labour-based programmes, but must be carefully planned because there will be an extra cost in terms of training time and required inputs from specialist trainers. Such training should be specifically designed for the target audience(s) in terms of content and duration. It should relate to the national economic and social circumstances and the project objectives.
Basic skills training in South Africa's National Public Works Programme

In South Africa's National Public Works Programme, labour-based construction projects were used as a vehicle for reaching illiterate South Africans by providing relevant skills training during construction activities. Costs were met by contractors (covered in their bids) and NGOs, and community organizations arranged the training efforts.

A related part of the employment strategy was to guarantee a period of employment to all for a full course of training. Arrangements were made on a case-by-case basis as to full or partial payment of wages during training, as this would affect the overall contract price.
Special Public Works Programme illustrated training elements and technical guides for personnel in labour-intensive works programmes:

- **Gabions.** Booklet No. 3 and trainer's copy. ILO Geneva (1986).
- **Gully correction.** Booklet No. 4 and trainer's copy. ILO Geneva (1985).
- **Small earth dams.** Booklet No. 5. ILO Geneva (1988).
- **Tree nurseries.** Booklet No. 6. ILO Geneva (1989).
- **Planting techniques.** Booklet No. 7 and trainer's copy. ILO Geneva (1989).


Improve Your Construction Business Series, by C. Andersson, D. Miles, R. Neale and J. Ward:


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**For labour-based contractors, the difficulty is having good supervisors, not finding good labourers.** The problems facing labour-based road programmes and what to do about them: Evidence from Ghana, by Elisabeth A. Stock, Work Bank (Washington, D.C., 1996).

**Supervision from within existing establishments.** Project ETH84/02A/IDA, Labour-based Construction and Maintenance Programme, Expansion Phase, Inception Report, Ethiopian Transport Construction Authority Rural Roads Department (1987).

**Training of community groups in Madagascar.** Entretien courant avec les collectivités décentralisées: Expérience pratique, by R. Andriamandranto, IREDEC, ILO Antananarivo, Madagascar.

**Road maintenance through small enterprises - The case of Peru.** Estudio de resultados en programas de mantenimiento vial, Instituto de Promoción de la Economía Social (IPES), OIT Lima, Peru (1997).

2.10 Safety and health

Key issue:
What are appropriate methods for protecting workers’ safety and health at work?

Information required and considerations:

- usual risks, and special risks associated with the project;
- potential risk-elimination measures;
- potential risk-reduction and protective measures;
- actual experience of contractor, client, workers, etc., of comparable labour-based projects with similar risks;
- likelihood of success of potential measures;
- costs associated with potential measures;
- provisions made in contract documentation and law;
- relevant international obligations.

Project experience indicates that:

- there is little relevant legislation on safety and health requirements related to labour-based infrastructure projects; contract documents sometimes cover them, and the employer may reimburse expenditure on them;
- first aid kits and safe drinking water are the most important safety and health requirements and are easy to provide;
- little attention is paid to social security or work-related accident insurance, though the latter is particularly important.
Basics in working conditions:
An example in law and practice from India

In India, a list of basic welfare and health facilities to be provided by contractors on site is set out in law:
- Drinking water
- First-aid facilities
- Latrines and urinals

These, it can be said with certainty, are the very basics. In addition, the law requires:
- Accommodation (where necessary)
- Separate urinals (where 50 or more persons are employed)
- Canteens (where 250 or more persons are employed)
- Creches (where 50 or more women are employed).

In 1996, one commentator said of the Indian situation in practice:
“All responses to the survey claimed that all directives ... were being complied with in regard to ... facilities of drinking water, toilets, shelter and first aid. However, hardly any worksite was found to measure up to the requirements. The facilities, whatever provided, were more for presentation than for actual use. The farther a site was from a city, less was the adherence to the directives.”

Another commentator has said:
“The Jawahar Rozgar Yojana (JRY) Programme, a large-scale labour-based programme, initiated in 1989 following a merger of the National Rural Employment Programme (NREP) and the Rural Landless Employment Guarantee Programme (RLEGP), envisages provision for drinking water, creches, first aid box, rest sheds at the worksite, and the expenditure is to be met from non-wage components.... In practice, the facilities are not provided and the beneficiaries also do not protest possibly due to lack of awareness or absence of supportive organisation. It is apparent that the primary concern of the worker is confined to getting the prescribed minimum wage and that when he has to struggle even for that, the rest of the issues pale into insignificance.”

Lesson: Care must be used in establishing the basic conditions required on worksites so that they are appropriate and realistic, and will therefore be provided in practice. Efforts must be made to ensure that these basic facilities are provided.
Some guidelines

Simple safety and health measures in labour-based activities go a long way towards improving conditions on worksites because work operations are simple and risks are limited as few machines are involved. Nevertheless, there is a cost implication and a need to change attitudes. These factors can make these small improvements challenging to achieve.

For example, a simple measure is the provision of drinking water and first aid kits. These are fundamental. Costs should be borne by the employer and, if the employer is a contractor, passed on to the client.

Account should be taken of particular risks associated with the work, the worksite, or the environment.

For example, if there is a risk of land mines, they should be cleared before work proceeds in such an area. Where work takes place in quarries or elsewhere with risks of landslides or falling rocks, head protection should be provided. For rock-breaking, foot and eye protection should be provided. High quality, appropriate tools should be provided for such work. When rock is heated during rock-breaking, gloves and boots should be provided.  

\(^1\) Refer to the Guide to tools and equipment for labour-based road construction, ILO (Geneva, 1981).
Identify real risks specific to locality

- In Nepal, rock falls occasionally injured Special Public Works Programme workers. Safety helmets were provided to workers in hazardous areas.
- In Cambodia and Mozambique, land mines posed a serious threat to workers. Mine clearing, training in mine identification, and social security protection were all needed.
- In the urban sector, protective clothing should be provided for garbage clearing.

Mozambique

A review of working conditions on food for work projects in Mozambique in 1997 found that in general these were of an acceptable standard. There was, however, one notable exception: quarrying practices on a feeder road project where sand embankments were deliberately undermined as part of the gravel-sand recovery process, which exposed workers to unnecessary risks. New working methods were scheduled for implementation to prevent such risks.
A positive relation between good working conditions, a good working atmosphere on site, and **high productivity** usually exists; its magnitude varies from operation to operation. The relationship should be understood and used as a basis for promoting improvements in working conditions.

Examples include the provision of safe drinking water on the site, which enables more productive work by reducing physical discomfort, and the treatment of minor injuries on site, which reduces loss of working time.

The **relevant international labour standard** is the Safety and Health in Construction Convention, 1988 (No. 167).
Even small improvements make a big difference

References for the boxes in this section

**Basics in working conditions: An example in law and practice from India.** (1) *Construction and maintenance of rural roads by the public and private sectors: A study undertaken within the framework of ILO/DANIDA’s technical cooperation project IND/94/MO2/DAN*, by M.P. Dhir, ILO (Geneva, 1996). (2) *Labour standards and rural employment schemes*, by Dr. N. Vaidyanathan, ILO (New Delhi, 1996). (3) *The building and other construction workers’ (Regulation of employment and conditions of service), Ordinance, Government of India, sections 32-37*, (New Delhi, 1995).


**Mozambique.** *Towards the development of operational guidelines for the use of food aid in rehabilitation: A case study for food for work*, by M. Shone, ILO/WFP, (Rome, 1997).
2.11 Social security and insurance

Key issue:

What are the types and levels of social security benefits to which workers are entitled?

Information required and considerations:

- obligations under current legislation;
- risk experience of the insurer or government agency, i.e., premium/claims ratio;
- costs of meeting obligations;
- who meets the cost, i.e., could it be shared between employer and workers;
- difficulties in providing benefits;
- relevant international obligations.

Project experience indicates that:

- social security which provides compensation in the case of work-related injury is the most important;
- workers may be unaccustomed to the idea of social security. They may also think that benefits are unlikely to materialize. For these reasons, they may be unwilling to participate in the funding of coverage;
- simple systems are administratively advantageous.
2.11 Social security and insurance

Approaches to accident insurance

In a large UNDP-supported project in Rwanda, in 1992 an insurance policy was taken out with a local firm covering workers on the project against fatal accidents and accidents leading to temporary or permanent disability. It also provided for payment for the costs of medical care and medicine. The premium for the policy was calculated as a percentage of the total wage bill of the employer. Death benefits were calculated at three times the annual wage and permanent incapacity at five times the annual wage. These were applied to unskilled labourers and supervisory personnel on the project.

After this, many large projects have continued having such insurance in Rwanda. Additionally, an obligation for such insurance is often included in public contracts, although the precise level of coverage is not stated. In practice, the obligation is not always respected, with cost given as the reason. In 1997, the premium for such coverage was about 15% of the wage bill.

**Possible problems:**

1. Loss of credibility as labour-based activities are seen as part of the informal sector.
2. Cost of coverage may suggest that there should be none.
3. Hardship for workers in case of accidents, etc.

**Possible solutions:**

1. Consult with employers’ and workers’ organizations, as well as workers themselves.
2. Ensure that national authorities are aware of the realities of labour-based employment in the construction industries, i.e., usually temporary.
3. Ensure that data is available or can be developed to ensure administration of coverage.
4. Ensure that clients are aware of the financial impact of coverage.
5. Ensure that data is available showing accident frequency.

1. Raise awareness about the issue, but leave it to others to decide on the matter.
2. Engage national authorities and arrange for formal determination on coverage.

1. Take steps to ensure that employers’ and workers’ organizations are fully aware of the issue.
2. Develop data which can be useful for a policy determination by others.

**Situation:**

Inconsistent policies and practices related to the inclusion of labour-based workers in social security and insurance plans.
Some guidelines

**National social security protection** should be understood in terms of labour-based activities in a country and respected.

- Most countries where labour-based methods are used have only rudimentary levels of social security protection, such as workers’ compensation or national pensions. Nevertheless, a review should be made with responsible authorities to determine their existence and relevance to employment created through labour-based activities.

- Where social security compensation for work-related injury does not exist, consideration may be given to providing cover through local, private insurance or through inserting relevant clauses in the contract documentation. Costs should be borne according to relevant legislation. Under normal circumstances - when contracts are concerned - these costs should be borne by the responsible contractor. He/she in turn could pass on these costs to the client through a specific item in the contract.

**Exceptional means** can be used to provide financial security to persons injured on the job, but they may not be sustainable.

- For example, external programme funding can be used to finance international insurance. Alternatively, people can be kept on the payroll, although not working, if they have been injured on the job. These are short-term measures, and not sustainable solutions, that should be replaced by long-term measures as soon as possible.

The **relevant international standard** is the Workmen’s Compensation (Accidents) Convention, 1925 (No. 17).
A well-known dilemma for social security programmes is overcoming the reluctance by workers and employers to contribute because they doubt that benefits will ever be forthcoming. Such a problem exists for temporary project workers in labour-based projects when programmes offer even the most direct accident insurance. Furthermore, even if they exist, some systems of social security against work-related accidents provide coverage only after a period of employment, or specifically not for “casual workers”. This sort of limitation is particularly onerous for temporary workers in labour-based projects, who face risk from the first moment they are on the worksite, even if they may indeed work for only a short period of time.

**What can be done?**

Self-insurance using project funds has been the usual answer in projects funded internationally. This approach, however, is not sustainable: when the project is gone, the social security benefits will disappear and similar coverage through similar activities elsewhere is unlikely.

Those responsible for labour-based programmes therefore need to discuss matters with those responsible for social security programmes to work out both a project-specific and longer-term solution which may help to overcome workers’ reluctance. Care should be taken to provide accident insurance coverage from the very first day of work.

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**Insurance against accidents in a community project**

Serious accidents at the workplace were considered by the community of Hanna Nassif, in Dar es Salaam, United Republic of Tanzania, when it took up a community development project. At inception, consideration was given to self-insuring the project against workers’ accidents. Such an accident, although the risk of accident is lower in activities where no heavy machinery is present, could destroy the earnings capacity of a worker. It was decided that such work injury insurance was too complicated to arrange. However, the community did make provisions for first aid and a trained first-aid worker on site.

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**For further information**


**References for the boxes in this section**

**Approaches to accident insurance**: *Etude sur l’emploi et les conditions de travail dans le secteur batiment et travaux public au Rwanda*, by Koen Delanghe, ILO (Geneva 1997).

**Insurance against accidents in a community project**: Interviews with Hanna Nassif community representatives, October 1997 conducted by ILO/ASIST Nairobi.
2.12 Duration and termination of employment

Key issue:

What method should be established for terminating the employment of labour-based workers, both for disciplinary reasons and normally, i.e., at the end of the project?

Information required and considerations:

- expected duration of employment;
- provisions in national laws and collective bargaining agreements governing employment termination and employment contracts;
- national policy, if any, dealing with the desired employment terms of labour-based workers;
- relevant international obligations;
- national and local practices relating to employment terms, particularly regarding benefits and entitlements;
- if existing practices are not in line with applicable legislation, would it be useful to rationalize the approach?
- enterprises’ desire to retain skills.
Lessons on employment termination in Namibia

"The labour must be dismissed in a fair manner. They should have some idea of the period of employment and must be given one week's notice of dismissal. The exception is disciplinary action where they are to be dismissed immediately after receiving a second written warning.

There was a labour strike on the Pilot Project between 15 September and 5 November 1992. The exact conditions and events leading to this situation are unclear. However it appears that a retrenchment exercise was carried out without reasonable warning to the labour force. The situation partly arose due to the ineffectiveness of the (labour) planning system and was exacerbated by insensitive handling of the labour force. These shortcomings should be avoided in future works."
Project experience indicates that:

- workers’ discontentment and disruption of work can occur where there is misunderstanding about the anticipated duration of work and/or where workers are laid off without notice;

- this can also occur when workers feel that the dismissal of even a single worker was unfair;

- conditions concerning termination of employment should be well set out in documentation and communicated to workers;

- unskilled workers often work for several months at a stretch, making the term temporary, rather than casual, more appropriate for their status;

- labour legislation often entitles workers, who have been employed for a certain period, to benefits which impose costs or administrative demands on the employer;

- unskilled labour-based workers are sometimes dismissed when the employer wants to avoid paying for these benefits. Steps should be taken to prevent this by discussing, with the involvement of the social partners, ways to deal with these benefits in the particular circumstances of labour-based jobs. Nevertheless, if labour-based programmes are to be considered mainstream, and not relief or second class work, applicable labour legislation should be respected.
### Duration and termination of employment

**Casual or temporary?**

**Wage payment requirements and labour legislation**

It is virtually impossible in labour-based works to pay unskilled workers at the end of each workday. In large project activities it is absolutely unheard of. In small contractor situations it is possible but unwieldy - in practice unheard of. Yet, time and again national labour legislation in different countries suggests - for one reason or another - that labour-based unskilled workers be paid at the end of the workday.

- In Rwanda, a provision of the new (draft) labour code requires workers to be paid at regular intervals, corresponding to the duration of the worker's contract of employment. Thus, a worker contracted monthly must be paid each month and a worker contracted daily must be paid at the end of each day. The draft goes on to define certain categories of workers: daily workers, temporary workers, permanent workers and seasonal workers. Daily workers are engaged a day at a time and temporary workers are engaged for a fixed period of not more than 60 days.

- In many former British colonies, labour legislation retains the definition of a casual worker as one who, among other things, is paid at the end of the day. Furthermore, casual workers (within the meaning of the law) are not entitled to certain rights and benefits laid out in law.

The problem is in how we look at the unskilled worker in labour-based works. The fact of the matter is that usually both the employer and the worker at the time of recruitment would like to have a continuing relationship where the employer finds and arranges the work and the worker comes and does the work. The duration of the relationship, on each side, may not yet be fixed as they do not know for certain how long it will take to complete the work but it is certainly not for one single day. We cannot overlook the typical wish of the labour-based employer to be allowed to dismiss the worker at any time. It is this desire which has kept alive the notion that unskilled workers on labour-based works are under daily contracts of employment. The workers are, in fact neither "casual" nor "daily" workers in the strict sense of labour legislation, because the intention of both the worker and the employer - confirmed by the practice in labour-based works - is for the relationship to be ongoing for a significant portion of the construction or maintenance period.

**Lesson:** Unskilled labour-based workers should not be considered daily workers unless there is, in fact, no intention of having the person working on site the next day. Therefore, under most pieces of legislation, there is no requirement that the worker be paid at the end of the day.

It is a separate matter if the employer would like the worker to be "casual" for the purposes of avoiding other obligations; in that case, the employer will have to abide by the definition of a "casual" worker and actually pay wages at the end of each and every day. A more appropriate category description for unskilled labour-based workers would be "temporary worker".
Some guidelines

Workers should be told that **dismissal will occur only for one of two reasons**: either the period of employment has been completed or there has been a breach of work rules justifying dismissal. The employer should dismiss only for these reasons.

Workers should be recruited with a clear understanding of the **expected period** of employment.

- For example, where the employer hires workers on a daily basis but intends, in fact, to keep the same workers together until the completion of work, this should be made known to the workers, and the implications – in terms of benefits – should be acknowledged.

- Where jobs are to be rotated so that the available work will be shared among a greater number of workers (social objective), and the period of an individual’s employment is thus shorter than the project’s duration, that period should be made known. The contract of employment can be fixed for that period.

- Where workers are expected to work for the duration of the project, the period of the employment contract can be specified for “as long as work continues”, but in this case some reasonable minimum estimate should be given to the worker.

- Care should be taken that the workers receive the benefits to which they are entitled as they relate to particular periods of employment. For example, the national labour law may stipulate that leave days should be provided to workers employed for three months or longer. Adjustment of the organization of work may be necessary to take account of the national law. *(See also section 2.7, Other labour regulations not dealing with wages).*

Workers should be recruited with a clear understanding of the **types of conduct** that will lead to dismissal. *(See also the section Motivation and discipline, above.)*

- A list of disciplinary offences should be established, with graduated penalties and/or a termination penalty in extreme circumstances.

An **appropriate disciplinary system** based on transparency and fair play should be established which enables dismissal in cases where there is just cause on disciplinary grounds.

- Consideration should be given to limiting the authority of first-line supervisors to terminate a worker’s contract for disciplinary reasons.

- National legislation and collective agreements should be taken into account for any disciplinary system. Where termination is involved, a longer period of employment usually involves more safeguards for the worker.

The **relevant international standard** is the Termination of Employment Convention, 1982 (No. 158).
Duration and termination of employment

**Employment on a daily basis is extremely rare in labour-based works**

Experience shows that most labourers who work in labour-based activities would like to work for as long as possible. Construction projects usually can and do provide employment until a particular site has been completed.

**Why is this?** On the employers' side, although workers are generally unskilled, they do gain experience which helps to improve productivity. It also keeps down the direct administrative costs involved in high labour turnover and employing people for irregular periods. On the workers' side, labour-based work is often desirable employment.

**Lesson:** Do not attempt to maintain the pretence that workers are engaged a day at a time. Doing so has the potential for creating misunderstanding and workplace frictions, and contributes to lower productivity.

**Implication:** Plan work sufficiently so that workers can be given an idea of how long they can expect to be employed. When ending labourers' work, take this into account, e.g., give reasonable notice.

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**For further information**


**References for the boxes in this section**

2.13 Rights of association

Key issue:

What steps can be taken to protect, respect and promote workers’, employers’ and communities’ rights of association?

Information required and considerations:

- national laws on rights of association;
- international obligations on rights of association;
- relevant associations;
- prevailing attitudes towards rights of association;
- practical impediments to the exercise of these rights;
- benefits derived by various groups if they form organizations.

Project experience indicates that:

- in practice, benefits can accrue through employers establishing associations and workers forming organizations, at both enterprise and sectoral levels;
- benefits can accrue from the establishment of community organizations and their active involvement in infrastructure construction and maintenance projects;
- in general, workers and employers pay too little attention to the benefits of organizing or the possibilities of promoting it;
- existing labour-based contractors’ associations are more concerned with issues related to the effective execution of their contracts than with issues related to their role and obligations as employers;
- where conditions are objectionable to workers, they will organize themselves or reduce productivity out of dissatisfaction. Early organization is therefore desirable before problems appear.
2.13 Rights of association

Community organization and contracts: Nepal

Relying on the rights of community members to organize themselves into bodies recognized in law ("legal personality") and to undertake obligations, in the Dhaulagiri Irrigation Development Project in Nepal, Farmers’ Irrigation Associations (FIAs) and their democratically elected Water Users’ Management Committees (WUMCs) have been organized. These bodies are the foundations for a decentralized system of irrigation construction and maintenance. Through contractual arrangements with the government District Irrigation Offices (DIOs), community-based construction groups and contractors undertake works under the supervision of community-based Water Users’ Construction Committees (WUCCs). The contractual arrangements make rights and obligations clear.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
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<tbody>
<tr>
<td>Step 1</td>
<td>FIA formed and WUMC registered</td>
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<td>Step 2</td>
<td>WUCC formed</td>
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<td>Step 3</td>
<td>FIA/DIO agreement</td>
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<td>Step 4</td>
<td>FIA/DIO workplan</td>
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<td>Step 5</td>
<td>Community works organizer trainees selected</td>
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<td>Step 6</td>
<td>Training evaluated; community-based working groups selected</td>
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<td>Step 7</td>
<td>Licensed contractors nominated</td>
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<td>Step 8</td>
<td>Tendering (quotation) of licensed contractors</td>
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<td>Step 9</td>
<td>Licensed contractors selected</td>
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<tr>
<td>Step 10</td>
<td>Contracts awarded for execution of pieceworks</td>
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<tr>
<td>Step 11</td>
<td>Construction supervision by FIA and DIO</td>
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<tr>
<td>Step 12</td>
<td>Completed works evaluated</td>
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<tr>
<td>Step 13</td>
<td>Observation of labour standards checked</td>
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<td></td>
<td>Further contracts awarded</td>
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<td></td>
<td>Continued construction supervision by FIA and DIO</td>
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<td></td>
<td>Community works organizers licensed (those who have performed satisfactorily)</td>
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<td></td>
<td>Operation and maintenance of completed irrigation schemes by FIA</td>
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</tbody>
</table>

Similar approaches have been undertaken in projects in Guinea, Haiti, India, Madagascar, Mali, United Republic of Tanzania and Zaire.
Some guidelines

**Community members** should be free to organize, and to join organizations of their own choice.

- In practice, associations of community groups can be extremely effective in identifying, executing, supervising and maintaining labour-based infrastructure projects.
- Care must be taken to properly identify interests and responsibilities of community associations. Adequate safeguards should be created to avoid corruption and ensure that works are finished and maintained according to the obligations undertaken. NGOs can provide support and training to newly established community organizations.
- Members of community organizations do not always share the same interests. Members of the community who are workers employed by community contractors may have interests closer to those represented by a workers’ organization. Thus, full respect should be given to the possibility of different activities of the various associations within the same community.
- Contracts can be used to mobilize and actively involve the community and various associations. Such involvement can be a sound basis for labour-based infrastructure construction and maintenance.

**Workers and employers** should be free to organize, and to join organizations of their own choice.

- The temporary nature and rural location of labour-based activities tend to discourage workers and employers from organizing. However:
  1. workers’ organizations can be useful in communicating grievances, negotiating wages and improving conditions of work; and
  2. employers’ organizations, e.g., through labour-based contractors’ associations, can be useful in negotiating with the Government as a client, negotiating unit rates, wages and conditions of work for the labour-based sector, and promoting procedures to ensure that, among other things, contract awards and payments are transparent and streamlined.
Employers’ associations and small contractors in Rwanda

According to a study carried out in Rwanda in 1997, the long-standing employers’ organizations did not consider small contracting enterprises to be within their scope of activities. And the small contractors did not know of the existence, or the relevance, of the employers’ organizations.

Interests of community groups may not coincide: All must be free to negotiate

In Hanna Nassif, a densely populated urban area in Dar es Salaam, United Republic of Tanzania, the community members generally wanted to generate as many jobs as possible from their urban infrastructure development programme. "Spreading jobs around" might have meant lowering the wage that was to be paid to community members who were also workers in the project. A committee of 18 unpaid community representatives was to decide the wage and, implicitly, the number of hours of work which could be created with the pay available. The committee held informal negotiations with the other members of the community who were likely to become the project’s labourers. Some of these were community members with construction craft skills whose interest it was to have well-paying jobs. In the end, a moderate wage level was negotiated and agreed upon.

Lesson: Negotiations, even if they are informal without the involvement of formal organizations, can be useful in arranging labour matters within labour-based construction programmes.
Projects can promote workers’ and employers’ organizations.

1. For example, workers can be asked to select a spokesperson (or a group) from among themselves to represent them in any discussions with supervisors. Initial subjects of discussions can include: improving working conditions on site, relations with supervisors, better working methods, payment regularity, bonuses, etc.

2. Projects can be a catalyst to encourage contractors to come together to discuss business relations and issues common to their industry, such as access to clients, access to tools and equipment, payment of contracts and tendering procedures. They may also want to discuss issues faced as employers, i.e., wage levels, working conditions, and contact with government agencies and workers’ organizations.

3. Existing workers’ and employers’ organizations can be made aware of the labour-based industry and particular problems and interests. They may then consider promoting organization within the industry.

There are several relevant international labour standards. They include 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 Workers’ Organizations Convention, 1975 (No. 141).
### Rights of association

#### For further information

*Etude de cas: Approche contractuelle par le projet Aménagement des ressources forestières dans le cercle de Kita, Mali*, by Carmen Aalbers, ILO (Geneva, 1997).

*Community contracts in infrastructural rural and urban works programmes* (draft paper), ILO (Geneva, 1991).

*Community Works and Farmers' Participation in Minor Irrigation in Tamil Nadu*, by K.S. Sharma and Leila Narayanan.

See *Contractual approaches for investing in the poor - Construction contracts for irrigation development in Nepal*, by V. Nebuloni, ILO (Geneva, 1997). This is a detailed description (with useful annexes) on the use of community contracts in Nepal.

---

### References for the boxes in this section


**Employers' associations and small contractors in Rwanda.** *Etude sur l'emploi et les conditions de travail dans le secteur bâtiment et travaux publics au Rwanda*, by Koen Delanghe, ILO (Geneva, 1997).

Recommendations to Government Ministries

PART 3
3. **Recommendations to Government Ministries**

3.1 **Recommendations to ministries responsible for civil works**

*Practical advice on labour policies and practices, and use of labour clauses*

**Key issue:**

What can ministries responsible for civil works do to promote the solutions suggested in this Guide and put them into practice?

**Information required and considerations:**

- design and implementation modalities of national employment-intensive infrastructure programme (planned or ongoing);
- national context of the different issues discussed in this Guide;
- national labour legislation;
- existing contract documentation and procedures for infrastructure works carried out by contract;
- relevant international obligations;
- possibilities for enforcing contract conditions and clauses;
- major national issues (e.g., targeting of disadvantaged groups, community participation) to be included in tender documents.

**Project experience indicates that:**

- interventions related to the streamlining and/or modification of administrative, contractual and organizational procedures are inherently necessary for the proper operation of the labour-based enterprise or project;
- labour clauses inserted into contract documentation are useful for focusing attention on social issues and conditions of work;
- labour clauses may be difficult to apply in practice because of social and economic factors, and absence of effective monitoring and control systems;
- labour clauses allow significant social progress in the labour-based construction sector to be made.
3. Recommendations to Government Ministries

3.1 Recommendations to ministries responsible for civil works

PRACTICAL ADVICE ON LABOUR POLICIES AND PRACTICES, AND USE OF LABOUR CLAUSES

Using ILO Convention on labour clauses in public contracts

By ratifying the ILO’s Labour Clauses (Public Contracts) Convention, 1949 (No. 94), a country pledges to include in public contracts (such as contracts for the construction and/or maintenance of infrastructure) wages, hours of work, and other conditions of work which are not less favourable than those established for work of the same character in the district where the work is carried out (in practice, or by law, or collectively bargained agreement). The comparative terms of employment may be those established by law, collective agreement or other mechanisms. The following countries have made this pledge. It can be an important basis for Ministry of Labour involvement in developing contract terms for construction industry contractors.

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<th>Algeria</th>
<th>El Salvador</th>
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<td>Zaire</td>
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Some guidelines

Labour-based civil works represent a unique opportunity for small, local contractors to enter the foreign-dominated construction market in developing countries. A well-planned and implemented entry by domestic players into this market means benefits for workers, employers and governments.

- For workers, it can mean jobs, improved working conditions and the opportunity to form associations.
- For employers, it can lead to improved access to public markets, an effective payment system, a transparent bidding process and the opportunity to form associations.
- For governments, it can lead to employment and poverty alleviation, more value for money as efficiently managed labour-based projects tend to deliver similar quality products at less financial cost (see The cost of employment-intensive works in Part 1), an improved balance of payments because of foreign exchange savings, a strengthened domestic construction sector, and improved governance because of simplified and transparent contractual procedures and documentation.

Intervention is usually necessary to ensure the long-term sustainability of employment-intensive infrastructure programmes. The following intervention strategies are recommended:

- Close relations with influential policy-makers are useful, particularly if they understand well the nature of labour-based technology, and have an interest in promoting employment and poverty alleviation.
- Pilot schemes for project interventions related to recruitment and employment conditions of labour should be run, and results published and widely disseminated.
- Involve stake-holders in development processes, examination and creation of policies, and implementation of pilot interventions.
Joint development of agreements contributes to large-scale implementation and sustainability

**Technical Ministry(ies)**

- Become involved in contract documentation development
- Assess applicability of labour rules and regulations
- Protect workers’ and employers’ associational rights
- Help establish labour-based contractor associations
- Facilitate access to credit
- Provide contractor training

- Familiarize with labour-based infrastructure projects
- Monitor and improve working conditions
- Improve productivity

**Strategy and assistance:**
**central level**

**Initiatives:**
**local level**

### Recommendations to ministries responsible for civil works

**PRACTICAL ADVICE ON LABOUR POLICIES AND PRACTICES, AND USE OF LABOUR CLAUSES**
Accurate documentation of activities and issues is critical for decision-making. It can help to promote particular policies and practices.

- Existing issues related to recruitment and employment conditions of labour in labour-based activities should be closely studied and documented.
- In this, issues related to labour in employment-intensive projects should be viewed on their own, in the context of a labour-based industry, rather than as a secondary matter related to the employment-intensive project or programme concerned.

Different projects of a labour-based nature can be coordinated to accommodate labour issues and resource constraints.

- For example, food for work (maximum 50%) might be given as an element of remuneration in all ongoing labour-based projects in a given country, rather than just to one project (see Remuneration in kind in Part 2); training programmes for different projects can use the same basic materials to address social and labour issues; and discussions among the social partners on labour issues or labour legislation can be held in the context of several labour-based projects.

Labour clauses can be used to oblige the contractor to apply certain conditions related to social and labour issues. These include respecting national labour laws and/or collectively bargained agreements, ensuring appropriate working conditions on site, and paying wages comparable to those existing in the area(s) where the project is operational.

Labour clauses focus attention on labour and social issues.

- This is done by effective language in the contract. Examples are provided on the pages opposite.

Several mechanisms can be used by ministries of civil works to enforce labour clauses on contractors, such as:

- disqualification from bidding for future contracts;
- monetary penalties for violations;
- regular monitoring and enforcement of national laws and collective agreements by ministry of labour inspectors;
- the right of trade union and labour representatives to file complaints based on the labour clause;
- termination of the contract.
PRACTICAL ADVICE ON LABOUR POLICIES AND PRACTICES, AND USE OF LABOUR CLAUSES

Three examples of labour clauses in public contract documentation

Nepal
- The Contractor shall make his own arrangements for the engagement of all labour to execute, complete and maintain the works and as far as possible shall recruit labour residing in the locality of the sub-project area.
- The Contractor shall ensure that there is no discrimination in the work opportunity and treatment of the labour force on the basis of race, sex, religion, political opinion, national extraction or social origin. This also implies that equal remuneration for men and women workers will be paid by the Contractor for work of equal value.
- The Contractor shall endeavour that no persons under the age of twelve years will be employed at the site, either directly or indirectly as a result of his employment of labour.
- The Contractor shall pay his employees and labour the rate of wages, observe hours of work, respect recognized festivals, days of rest and religion and other customs and provide conditions of labour not less favourable than those required by the respective district authorities.
- The Contractor shall record and provide all necessary information concerning individual employees or labourers, labour conditions, payments and wages, as may be required from time to time by the Project-In-Charge.

Zambia
- The wages paid to workmen, foremen or other labour and the conditions of working shall be in accordance with any statute, rule or Act as shall be applicable during the duration of the contract. The contractor shall keep fully detailed muster rolls in English showing wages paid to all personnel employed on the contract and shall be bound to produce such muster rolls for inspection by any person authorized by the Director of Works. In the absence of any rates of wages or conditions of labour so established, the contractor shall pay rates of wages and observe conditions of labour which are not less favourable than the general level of wages and conditions observed by other employers whose general circumstances in the trade or industry in which the contractor is engaged are similar.
- Should a claim be made to the employer alleging the contractor’s default in payment of fair wages of any workman employed on the contract and if proof thereof satisfying the employer is furnished by the Labour Department, the employer may, failing payment by the Contractor, pay the claims out of any monies due or which may become due to the contractor under the Contract.
- The Contractor shall recognize the freedom of his employees to be members of trade unions.
- All general workers employed by the Contractor or Subcontractor must be recruited from amongst the surrounding population. There shall be no discrimination in recruitment because of tribe, religion, political affiliations or gender, etc.

South Africa

Proposals made in green paper on public sector reform.
- Suppliers, service providers or contractors who abuse labour standards should be disciplined by being deregistered and excluded from participating in public sector procurement for a period of time.
- Contracts in contractor development programmes should be awarded to emerging contractors only after an independent party has verified that the sum tendered has the potential to meet minimum labour standards.
Recommendations to ministries responsible for civil works

PRACTICAL ADVICE ON LABOUR POLICIES AND PRACTICES, AND USE OF LABOUR CLAUSES

Procurement of Works: Selected optional sub-clauses dealing with labour issues
(recommended by the World Bank for contracts funded wholly or in part from Bank loans or credits)

Sub-Clause: Rates of Wages and Conditions of Labour
The Contractor shall pay rates of wages and observe conditions of labour not less favourable than those established for the trade or industry where the work is carried out. In the absence of any rates of wages or conditions of labour so established, the Contractor shall pay rates of wages and observe conditions of labour which are not less favourable than the general level of wages and conditions observed by other employers whose general circumstances in the trade or industry in which the Contractor is engaged are similar.

Sub-Clause: Health and Safety
Due precautions shall be taken by the Contractor, and at his own cost, to ensure the safety of his staff and labour and, in collaboration with and to the requirements of the local health authorities, to ensure that medical staff, first aid equipment and stores, sick bay and suitable ambulance service are available at the camps, housing, and on the Site at all times throughout the period of the Contract and that suitable arrangements are made for the prevention of epidemics and for all necessary welfare and hygiene requirements.

Sub-Clause: Supply of Water
The Contractor shall, so far as it is reasonably practicable, having regard to local conditions, provide on the Site an adequate supply of drinking and other water for the use of his staff and labour.

Sub-Clause: Festivals and Religious Customs
The Contractor shall, in all dealings with his staff and labour, have due regard to all recognised festivals, days of rest, and religious and other customs.

Sub-Clause: Records of Safety and Health
The Contractor shall maintain such records and make such reports concerning safety, health, and welfare of persons and damage to property as the Engineer may from time to time prescribe.
Part 3  
Recommendations to Government Ministries

Recommendations to ministries responsible for civil works

PRACTICAL ADVICE ON LABOUR POLICIES AND PRACTICES, AND USE OF LABOUR CLAUSES

All contractors: A lesson from Nepal

In Nepal, the payment by *petty contractors* of lower wages to women than to men for the same work in irrigation works could have been avoided by including labour clauses in the small-scale contracts.

Ghana: Unit rates

For a labour-based road contractor development project in Ghana, a “schedule of rates” was established for the different rehabilitation activities carried out by the workers (site clearing, grubbing of roots, excavation of earth, excavation and hauling from borrow-pit, spreading, etc.). In calculating the “all-in hourly labour rate” which was used as a basis for the estimation of the “unit rates” for the different activities, a number of social benefit costs were included: (i) compensation insurance, (ii) medical costs, (iii) overtime allowance, and (iv) employers’ contribution to the social security fund. Other costs such as allowances for annual leave, meals, transport, housing and tools as well as termination pay were considered not to be relevant in the circumstances of the project, and therefore not applicable to this category of rural workers. The reasoning for this was that they were considered to be “casual” and returning to their homes after completing their tasks, with tools provided by the employer.

**Lesson:** Social benefit costs can and should be incorporated into unit rates, which are in most cases established by the client. The client, preferably in close collaboration with the ministry of labour and relevant employers’ and workers’ groups, may decide on the social benefit costs to be included in the unit rates. Subsequently, the “conditions of contract” could stipulate the contractor’s obligations to provide the related benefits to the workers.
**Situation:**
Inconsistent understanding and application of national labour regulations in the labour-based sector.

**Possible problems:**
1. Loss of credibility as labour-based activities are seen as part of the "informal sector".
2. Competition amongst contractors becomes based on illegal, employment terms.
3. Potential for abusive labour conditions.

**Possible solutions:**
1. Heighten attention given to the issue in an attempt to resolve it.
2. Bring attention of Ministry of Labour and labour inspectorate to the problem. Consult employers’ and workers’ organizations.
3. Bring attention of political figures to the problem.
4. Bring attention of donors to the issue.
5. Conduct public meeting/educational seminar on the issue.
6. Seek advice/interpretations from employers’ and/or workers’ organizations.
7. Request assistance from the ILO.
8. Use most favourable interpretation of national standards in setting labour conditions (use international labour convention as a benchmark where necessary).
9. Thoroughly monitor and document this aspect of the pilot project.

**Possible solution:**
Have external authoritative analysis of the situation in an effort to raise attention given to the subject.

**Possible solution:**
Execute pilot projects operating under labour standards in an attempt to demonstrate that it can be done.
PRACTICAL ADVICE ON LABOUR POLICIES AND PRACTICES, AND USE OF LABOUR CLAUSES

In the case of a scarcity of labour

**Situation:**
Real scarcity of labour.

**Possible problem:**
Viability of a labour-based programme is threatened.

**Possible solution:**
Shift from rural to urban focus might be necessary.

**Possible problem:**
Viability of a labour-based programme is threatened.

Possible solution:
Focus potential labour-based activities and employment creation where there is an abundance of labour.

Possible solution:
If labour scarcity is predicted by studies, go forward in a pilot project to determine if migration might occur.

1. As a matter of policy, is migration acceptable?
2. Remuneration should be set to attract migrants.
3. Other considerations may come into play, such as housing and transport for migrants.
Technical managers can play an important role in bringing together employers’ and contractors’ organizations to the advantage of all
RELATIONS WITH EMPLOYERS’ ORGANIZATIONS

To:
- Help establish/assist labour-based contractor association
- Become involved in contract documentation development
- Protect employers’ associational efforts and rights
- Provide contractor training
- Facilitate access to credit

- Familiarize with labour-based infrastructure projects
- Improve productivity
- Monitor and improve conditions of work

Strategy and assistance: central level

Initiatives: local site level
RELATIONS WITH WORKERS’ ORGANIZATIONS

Awareness development within workers’ organizations:

South Africa

The attitude of trade unions to labour-based methods differs dramatically from one country to the next. In some countries, the trade union movements have hardly considered the organization of the labour-based, rural, construction industry. In South Africa, parts of the trade union movement established approaches to employment and terms of employment for temporary workers engaged in the country’s National Public Works Programme (NPWP). These, however, were perceived by other parts of the movement as a threat making labour-based policies and associated employment very difficult to put into place.

The political alliance between the trade union movement and the Government (a Government which pledged to create employment and alleviate poverty) was extremely fragile when it came to promotion of a labour-based policy. One group of trade unionists supported job creation through labour-based construction methods. Another group was extremely cautious about the effects on existing employment terms in the construction industry if a labour-based policy were promoted. The employment conditions existing under collectively bargained agreements in the construction industry were generous, developed in the context of an apartheid South Africa. The provisions in them, as applied in an equipment-based industry, were exclusive: limiting, on the one hand, the chance of temporary workers having advantageous employment conditions and, on the other hand, making it difficult for temporary workers to become permanent.

An agreement - the Framework Agreement - was reached between the social partners, potentially saving and spreading much of the beneficial employment conditions for workers employed in the NPWP. The Agreement was for two years. When it came up for renegotiation, a new agreement was not reached.

One of the major problems was the basic attitude of some trade unionists towards productivity-based remuneration. There had been no concrete efforts to train trade unionists in “anti-exploitation” methods in the context of a labour-based industry. Despite the new political reality which potentially reduced the threat of abuse, and the potential for spreading protection from abuse through organization of the unorganized, little progress was made. The resulting stalemate was an obstacle to the employment-creation efforts of the new Government within the context of the established industry.

Lesson: In an environment where labour organizations can effectively defeat job creation strategies founded on labour-based strategies, consideration must be given to specific training in labour abuse prevention, with a view to winning both labour organizations’ support as well as giving them a better understanding of a labour-based construction industry.
RELATIONS WITH MINISTRIES OF LABOUR/EMPLOYMENT

**Technical Ministry(ies)**

**To:**
- Assess applicability of labour rules and regulations
- Protect workers’ and employers’ associational rights
- Become involved in contract documentation development
- Provide contractors training in subjects related to labour legislation and working conditions

**Strategy and assistance:**
- Central level

**Initiatives:**
- Local level

- Familiarize with labour-based infrastructure projects
- Monitor and improve conditions of work
3.2 Recommendations to ministries of labour/employment

**RELATIONS WITH MINISTRIES RESPONSIBLE FOR CIVIL WORKS**

**Problems with minimum wages in Thailand**

In Thailand, there was a difficulty with the effect of the wage level set by the labour-based construction programme. In the northeast region the minimum wage was too high, requiring job rationing to choose between the many job applicants. In the centre and south the opposite situation was experienced: there was shortage of labour as the general wage offered was below prevailing wage levels.

*Lesson:* Such situations can be of benefit to policy makers by providing a “window” on the effects of certain labour policies. They should be used to develop more flexible solutions, based, for example, on the value of basic foodstuffs and necessities in different areas.

**Labour inspectors involved in contractors’ training in Namibia**

The Namibian labour-based programme (initiated in the early 1990s) took special measures to ensure that national labour regulations be respected by small contractors. The ILO provided technical assistance to help make this possible.

First, a technical study examined national regulations in light of pilot project experience, indicating where there might be difficulties in implementing the national law and giving suggestions in that regard. The Ministry of Labour was directly involved in the study, sending a representative along on the pilot site visits and giving technical inputs.

The study recommendations were then discussed between the Ministry of Transport representatives (who were responsible for developing contractors as well as giving out contracts) and the Ministry of Labour. The aim of the discussions was to create a mutual understanding of the implications of national regulation enforcement.

As a result, among other things, labour inspectors were directly involved in the on-site training programme for small contractors. Here, the inspectors explained their responsibilities and the employers’ obligations to the small contractors.

**Sierra Leone**

The Sierra Leone small contractor development programme of labour-based roadworks (1990-1996) maintained an excellent relationship with the government department dealing with labour matters. Representatives from the Ministry of Labour, Sierra Leone Labour Congress and the Employers’ Federation visited Contractor Training Courses to explain relevant labour standards, other issues related to workers employment, rights and responsibilities of contractors, etc. This greatly helped in the development of a practical code of conduct on labour issues understood by all relevant agencies and practitioners.
RELATIONS WITH MINISTRIES RESPONSIBLE FOR CIVIL WORKS

Ministry of Labour/Employment

To:

- Assess applicability of labour rules and regulations
- Protect workers’ and employers’ associational rights
- Become involved in contract documentation development
- Provide contractors training in subjects related to labour legislation and working conditions

- Familiarize with labour-based infrastructure projects
- Monitor and improve conditions of work

Strategy and assistance: central level

Initiatives: local level
Recommendations to Government Ministries

Recommendations to ministries of labour/employment

LABOUR REGULATIONS IN THE LABOUR-BASED SECTOR

National labour law review: Namibia

In Namibia (1996), a pilot labour-based projects showed that there were important questions to be worked out in relation to the application of national labour laws to the projects' workers. The ILO was asked to review the situation and suggest solutions.

A review of the national labour legislation disclosed several relatively minor issues which needed resolution. Resolution meant either that the labour-based programme should modify its operational practices slightly or that the Ministry of Labour should issue exemptions to make clear that the concerned aspects of the law were not to apply or to apply differently to labour-based projects. After negotiations between the responsible ministries, it was decided that operational changes would be made and that the labour laws would therefore be applied.
LABOUR REGULATIONS IN THE LABOUR-BASED SECTOR

National labour law review: Zambia

A labour law review in Zambia revealed very significant difficulties for operations if the labour laws were to be applied. Part of the problem stemmed from the fact that the binding labour laws were outdated because they were oriented to an entirely different socio-economic system than that of the current government. In this situation, it was impossible for the labour-based programme to follow the law as the adaptation would have bankrupted and stopped the programme. Reform of the labour laws is on the agenda of the new government; the labour-based programme will have to wait for the result of that exercise, while briefing the responsible ministries and institutions on the particular characteristics and requirements of labour-based works.

Lesson: Assessment of labour regulations in relation to the requirements of the labour-based sector must be carried out at the national level and in detail. It is always preferable to apply national law rather than ask for exemptions, as this marginalizes labour-based programmes.
Recommendations to ministries of labour/employment

RELATIONS WITH WORKERS AND WORKERS' ORGANIZATIONS

Rural Workers' Organizations Convention
By ratifying the ILO's Rural Workers' Organization Convention, 1975 (No. 141), a country pledges to have as " an objective of national policy concerning rural development to facilitate the establishment and growth, on a voluntary basis, of strong and independent organizations of rural workers...." These would include rural workers in the labour-based construction sector. The following countries have made this pledge. It can be an important basis for government action to promote workers' organizations in labour-based programmes.

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<th>Afghanistan</th>
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RELATIONS WITH WORKERS AND WORKERS’ ORGANIZATIONS

**Ministry of Labour/Employment**

- **Strategy:**
  - **central level**
  - **Initiatives:** central/district level
  - **Initiatives:** local site level

- **To:**
  - Become involved in contract documentation/strategy development
  - Negotiate conditions of work
  - Represent labour-based project workers
  - Liaise with labour-based project management
  - Communicate with representatives of labour-based project workers
  - Monitor and improve conditions of work

Interacts with:

- Technical Ministry(ies)
- Employers’ Organization
- Workers’ Organization
RELATIONS WITH EMPLOYERS AND EMPLOYERS’ ORGANIZATIONS

To:
- Help establish/assist labour-based contractor association
- Become involved in contract documentation development
- Protect employers’ associational efforts and rights
- Provide contractor training
- Facilitate access to credit

Strategy and assistance: central level

Initiatives: local site level

- Familiarize with labour-based infrastructure projects
- Improve productivity
- Monitor and improve conditions of work
Recommendations to Government Ministries

Reference for the boxes in Part 3


Three examples of labour clauses in public contract documentation: *Nepal, Zambia, various contract documents used for labour-based works; South Africa Government Gazette*, No. 17928, Republic of South Africa (Pretoria, 14 April 1997).


Sierra Leone. M.C. Gupta, Labour issues … *op cit.*


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Recommendations to Workers and Workers’ Organizations

PART 4
4. **Recommendations to Workers and Workers’ Organizations**

4.1 **Workers’ organizations and the importance of organized workers**

**Key issue:**

What can workers’ organizations do to organize workers in the labour-based infrastructure sector?

**Information required and considerations:**

- national policy on the development of a local construction industry and the generation of employment;
- national employment potential of labour-based infrastructure;
- willingness of workers’ organizations to include temporary, labour-based workers;
- degree of workers’ awareness of the advantages of organization;
- capacities of existing workers’ organizations.

**Project experience indicates that:**

- there may be a need to convince workers and workers’ organizations of the employment potential of labour-based civil works;
- workers’ organizations have generally not expanded into labour-based civil works;
- it is generally not well appreciated that important benefits can be derived from the presence of workers’ organizations in labour-based activities;
- improvements in working conditions and in productivity are important for the long-term and large-scale application of labour-based works;
- deliberate efforts must be taken by workers’ organizations to expand membership in this sector;
- approaches to workers’ protection that seek to replace people with machines are counter-productive.
4. Recommendations to Workers and Workers’ Organizations

4.1 Workers’ organizations and the importance of organized workers

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**Facts and fallacies about labour-based construction and maintenance**

**Fallacy:** Labour-based strategies create unproductive “make-work” jobs.

**Fact:** Projects around the world prove decisively that people can work productively in the construction and maintenance of roads, irrigation systems, buildings, and other infrastructure competing effectively with machines in terms of cost, quality and overall speed. When make-work does occur in an employment-intensive project, this is usually because of improper planning and management. Well-planned and managed labour-based approaches are cost-effective and competitive in most situations where the average daily wage rates are below $4 per day (1996 prices).

**Fallacy:** Working in a labour-based project contributes to the hardship of life in rural areas.

**Fact:** Labour-based work can be hard, but it can be compared to unskilled agricultural employment. Besides, employment on labour-based projects brings much needed cash income to workers. In some cases, this supplements subsistence farming activities. In other cases, this wage can be an important source of income for landless labourers. It is important, however, to ensure that fair conditions of work are applied.

**Fallacy:** Work done by labour-based workers should be done by machines.

**Fact:** Work done by labour-based workers should be done by machines (i) for those activities which cannot be done effectively by labour, and (ii) where this would result in lower project costs. By having a national policy promoting the use of labour instead of machines, jobs and other benefits discussed in this Guide can be created. Convincing people that this work should be done using local human and material resources is difficult because they find it difficult to believe that labour can produce similar quality results at comparable costs. Challenges posed by shifting towards labour-based approaches - including the challenges of managing large workforces - are often cited as a reason to rely on machines to do the work.
Some guidelines

Exploitation of workers can lead to a premature end of a labour-based policy. Workers’ organizations and self-representation usually prevent exploitation and can help to prolong a labour-based strategy for employment creation.

- Workers’ organizations need to appreciate the potential size of the employment generated by a labour-based strategy.
- Workers’ organizations can contribute significantly to the improvement of working conditions within the constraints of a labour-based programme.
- Representatives of the government (the client) and workers must be fully aware of the benefits and the potential dangers of a labour-based programme. This awareness can best be attained through experience with properly operating labour-based programmes in rural areas.

Workers’ organizations should consider promoting awareness of workers’ rights among labour-based workers.

- In the absence of such awareness and of existing organizations’ interest, it is questionable whether organizing efforts can realistically be considered.
- Experience suggests that support for workers’ organizations in labour-based activities is most widespread where the organizational activities are at the workplace level and occur spontaneously when a work-related issue arises.
Organization of workers - Why it is important for the development of a labour-based strategy

1. Tremendous economic and social benefits can be generated by the use of labour-based technologies.
2. Abuse can occur in labour-based technologies.
3. International institutions promote the protection of workers’ rights to organize. They do so, for the purpose of protecting against abuse; they also support local initiatives and efforts to avoid abuse and to improve working conditions.

Wherever labour-based technology is used, there is a possibility that abuse of workers can lead to labour-based technology becoming socially and politically unacceptable.

The existence of strong workers’ organizations and well-informed workers’ representatives at the site level can act as a counter to possible abuse. In the very best circumstances, workers’ representatives can contribute to improving productivity, through their knowledge of labour-based activities. In addition, labour-management collaboration, and well-informed and fairly remunerated workers, are also fundamental for development.

Lesson: In a labour-based strategy workers’ organizations should be supported in their efforts to protect worker rights and improve conditions of works.
Efforts to organize workers must be supported where they exist, and an environment for their existence created and maintained. A number of direct and indirect initiatives can be suggested for workers’ organizations:

- Developing awareness among workers, contractors and clients of rural workers’ needs and pursuing those needs on their behalf.
- Increasing union representatives’ presence at the village and site levels.
- Collaborating with project managers and labour-based workers to encourage local workers’ representation.
- Developing strategies for implementation of national rules and regulations in the rural setting.
- Helping to develop contract documentation (including labour clauses).
- Becoming aware of the way that wages and social benefits are incorporated into the rates paid to the contractor by the client (see the box Ghana - Unit rates on page 165).
South Africa - The Framework Agreement

On 22 June 1993, the Congress of South African Trade Unions (COSATU) and the National Committee for Labour-Intensive Construction (NCLIC) signed an important agreement concerning the implementation of a large-scale labour-intensive public works programme. NCLIC comprised the South African Institution of Civil Engineers, the Federation of Civil Engineering Contractors, the Institution of Municipal Engineers, the Association of Consulting Engineers and the Southern Africa Road Federation.

The agreement concerned contract documentation, task-based payment and conditions of employment, and training. The objectives of the agreement included the maximization of the use of labour-intensive approaches for public works, employment creation and the growth of the local construction industry. The works concerned were to be carried out with a high degree of community participation in initiation, planning and implementation. Suitable specifications and conditions of contract were developed and adapted to employment-intensive construction and maintenance methods. The agreement precluded the replacement of workers in full-time employment covered by existing collective bargaining agreements and manipulation of the payment system to escape the provisions of collective bargaining agreements. It was accepted that productivity-related remuneration - a task-based payment system - was essential to the effectiveness of employment-intensive construction, but noted that such a system would be complementary to existing payment schemes.

The agreement was reached by all the above partners to increase permanent employment in the construction industries and maximize the use of locally available community resources and skills to the extent that this was technically feasible and economically viable. A concurrent training policy was developed and implemented both to enhance industrial skills (surveying, carpentry, masonry, pipe-laying, etc.) and general skills (leadership, supervision, numeracy, adult education).

Initiatives and information flows of different levels of work organization

**Trade union/workers’ organization Headquarters**
- Liaise with technical ministry (e.g. Public Works, Local Government), labour/employment ministry and employers’ organization
- Contribute to development of contract documentation
- Develop strategies for employment creation/improvement of working conditions
- Train district representatives

**Trade union/workers’ organization District Representatives**
- Discuss grievances with project management
- Train local workers’ representatives
- Visit local workers’ representatives in villages and sites
- Secure feedback on strategies to central level

**Representatives of local labour force**
- Monitor and discuss working conditions with workers in villages and on sites
- Hold weekly meetings with project management
- Hold monthly meetings with Workers’ Organization district representatives
4.2 Productivity-based remuneration and its importance

Key issue:

How can an understanding of labour-based technologies and incentive systems be promoted among workers’ representatives, so that the benefits of such systems are understood and abuses prevented?

Information required and considerations:

- national practice and policy regarding productivity-based remuneration;
- attitudes of workers’ representatives towards productivity-based remuneration.
- intended duration of labour-based policy;
- need for support of organized labour.

Project experience indicates that:

- the opportunity to influence workers and workers’ representatives is often missed;
- the potential benefits are great, including support of unions for labour-based initiatives, a new potential for such unions to expand their membership, and less abuse of productivity-based remuneration.
Recommendations to Workers and Workers’ Organizations

4.2 Productivity-based remuneration and its importance

The task work system: differences in appreciation in different economic settings

Workers generally appreciate the task system, particularly where other activities attract their time. However, there are differences in appreciation. One observer, comparing the Botswana District Road Programme and the Kenya Rural Access Roads/Minor Roads Programme concluded:

“There are also considerable differences in the labour force and the supervisory staff. Kisii (Kenya) is a region that is predominantly based on arable farming which forms the basis of support for almost every family. Botswana is traditionally more associated with pastoral activity and it is common for the family to be supported by remitted money earned outside the village and even outside the country (the South African mines). This leads to subtle differences of approach to labour-based construction in the two countries. For example, appreciation of the taskwork system, which enables a worker to leave the site early on completion of a set quantity of work, is much greater in Kisii where that worker is usually tending a smallholding at the same time, than it is in Botswana where arable farming is a highly seasonal activity and wage earning outside of farming is an accepted practice and necessity.”

Lesson: Care must be taken in generalizing about the effects of productivity-based task work on worker motivation and on the possibilities of exploitation. In a Kisii-like environment, it would be difficult to increase tasks to the point where they are too large. Workers are willing to spend only a certain amount of time on the site and would not want to work to exhaustion before returning to work on their farms. Yet workers in such a situation will typically have a high hourly productivity. In Botswana, workers will not mind working long hours to complete one task (and might reduce their hourly productivity to fill the eight hour day), but are more likely to complain about wages which are insufficient to live on. In a comparable environment, workers will primarily be motivated to work harder or to produce better quality work when daily earnings are increased (piece work or more pay for bigger tasks).
Some guidelines

The difference between different types of productivity-based remuneration systems and the reasons for its importance are given in Basis of remuneration in Part 2.

- Productivity-based remuneration is important because it reduces the need for supervision and increases productivity.
- Abuses of this system can be prevented.

A task is a fixed quantity of work which is required for a fixed daily wage. Below are explained some basic terms of task work and some effects of different types of task work organization.

- A task is usually made up of one activity assigned to one person (e.g., bush clearing, digging, hauling). Some examples of single activity tasks are:
  1. Digging a trench with a shovel and throwing earth onto the ground next to the trench.
  2. Picking up and hauling a certain volume of earth over a given distance and dumping it.

- By composing a task of several different types of activities, for example coordinating the digging and the hauling in excavation, the work can be more productive. For example, a multiple activity task can be organized by grouping two persons hauling with one digger. This allows earth dug out by the digger to be taken away directly.

As seen on the illustration on the right-hand-page, the multiple activity task can improve productivity, and thereby save money. In this example, the haulers need not pick up earth; thus time and energy of the hauler is saved. Where tasks are organised on the basis of many people completing one task, the term group task is used.

To ensure that workers doing one activity do not unnecessarily wait for workers doing another, activities within a gang of workers must be balanced. Well-trained supervisors must properly set this balance under the particular circumstances.

- Where gangs are improperly balanced, working time is wasted and frustration occurs. For example, a particularly long haul may require three haulers to one digger, instead of two to one. This is one of the reasons that supervision in labour-based methods is so important.
Recommendations to Workers and Workers’ Organizations
Productivity-based remuneration and its importance

**Job = Excavating a trench 18 metres long, ½ metre wide, ½ metre deep (4.5 m³) and removing the earth to an area 30 metres away.**

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<thead>
<tr>
<th>Using Single Activity/ Single Worker Tasks</th>
<th>Using Multiple Activity/ Multiple Worker (Group) Task</th>
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<tbody>
<tr>
<td><strong>Activity</strong>: Digging</td>
<td><strong>Activity</strong>: Hauling</td>
</tr>
<tr>
<td>1 Task = Digging 4.5 cubic metres of earth</td>
<td>1 Task = Hauling 2 cubic metres of earth 30 metres.</td>
</tr>
<tr>
<td>Workers = 1</td>
<td>Workers = 2.25</td>
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<tr>
<td>Daily wages = 1</td>
<td>Daily wages = 2.25</td>
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<tr>
<td>Total cost for the job = 3.25 daily wages</td>
<td>Total cost for the job = 3 daily wages</td>
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**DIFFERENT TYPES OF SUPERVISION:**
**FOCUS ON THE SIZE OF TASK AND ORGANIZATION OF WORK**

Time = constant monitoring  
Task = self-motivation
It is critical for worker representatives to notice the difference in the type of supervision done by supervisors of time-based workers and supervisors of productivity-based workers. Supervisors of time-based workers must observe the worker to ensure that he or she is working hard – in addition to ensuring correct work methods and organization. For productivity-based workers, payment is given only upon completion of a fixed amount of work. Thus, the worker is motivated to produce by the system of wage payment – not by the supervisor urging him or her to work. Because of this difference, the principal role of the supervisor in a productivity-based labour-based project is on setting the size of the task and organizing the work.

In organizing work and building worker groups, challenges can arise where workers of different skills and abilities are placed together. One of the advantages of group tasks is that they balance the abilities of the workers so all can complete a daily task within a reasonable period of time. In some circumstances, (particularly where groups are allowed to do more than one task in a day) pressure can come from the strongest within the group to remove the weaker from the group. This would enable the group to finish a fixed amount of work faster. In some situations this can create unrest: particularly in a piece work system, creating stronger and weaker groups is likely to create differences in daily earnings, with stronger groups taking home more money at the end of the day. To avoid these types of problems, task work with a limit of one task a day is highly recommended.

In well-organised labour-based works tasks are shown by setting out the work in advance. The only way to know if a task is completed is by measuring the quantity of work completed. It is impossible to ensure that workers are paid the wages associated with their production if this measurement is not done.

Measurement of piece work is even more crucial. The daily pay of groups or individuals is determined by accurate measurements. There must be a system of accurately measuring work in order to ensure that pay is given according to work accomplished. When the task or piece work system is being used, workers and their representatives may insist and demand that accurate measurements are taken periodically.

The money used for building infrastructure pays for a wide variety of inputs: planning and design work, construction materials and work implementation. This is true for all structures, buildings, roads, irrigation systems, dams and pathways. Choices of technological approaches and materials will have an effect on the quality and costs of the end product.
Mixing skills and abilities within groups
When it comes to production processes, and the choice between labour and machines, it is important to be able to predict the cost of production and the \textit{cost per unit}.

- By putting a price on labour productivity (rather than on time inputs), it becomes easier to predict the cost of a project. Where a project depends significantly on labour, variations in productivity can result in substantial changes in the cost of the entire project. This is one reason why it is important that productivity be the basis of payments for labour.

- Another reason is to ensure a high motivation of labour. Experience shows that productivity-based remuneration and task-based work are the most important means to achieve this motivation. Productivity-based remuneration helps to make labour-based methods competitive, making employment creation possible.
Accurate measurement and payment

**Riddle:** If workers are told that their task is digging out and hauling 4.5 cubic metres of earth, how do they know when they have completed it?

*Remember:* The workers are free to leave the worksite when they have completed this task.

**Hint:** Measuring time is no help.

**Answer:** By measuring the hole.
4.3 How to prevent exploitation of workers

**Key issue:**

What are the necessary elements of a strategy to prevent exploitation of workers which may develop in labour-based activities?

**Information required and considerations:**

- prevalence and extent of exploitation in the country;
- assessment of the potential for exploitation;
- capacities of workers’ organizations and representatives to address it.

**Project experience indicates that:**

- when works are executed directly by the government agency (force account), exploitation of unskilled workers is likely to be minimal;
- with expansion of private contractors and increased profit motivation, the risk of exploitation increases.

**Some guidelines**

In order to identify and prevent workers’ exploitation, the signals of exploitation must be detected: long working hours for large groups of people (tasks are too large); small tasks (tendency to piece work) combined with unlimited working hours; paid labour wages lower than those used as a basis for calculating unit costs; and significant increases in outputs with similar-sized labour force.

- Monitoring is required for determining exploitation, i.e., working time frequencies, male/female daily earnings comparisons, and documentation of all facts, not mere hearsay.
- Remedial approaches must be defined and applied: negotiations with employer, negotiations at industry level, reporting to responsible government authorities, labour clause enforcement, etc.
- Workers’ representatives should be trained.
- Workers need to be educated and organized.
Exploitation and productivity-based remuneration

A fundamental concern of the ILO and this Guide is preventing labour exploitation. Productivity-based remuneration has a reputation for being exploitative. Depending on the way the remuneration system is set up, workers may be tempted to work very long hours so they can earn more money. This is the problem of self-exploitation. The problem cannot exist where there are limits placed on the number of hours a person can work. The problem may not even exist where there is no limit on hours, provided that the workers have obligations elsewhere to take care of, e.g., tending their agricultural holdings. In these situations, the workers will naturally stop work when they feel it is necessary to move to their other activities. A self-exploitation problem exists where there is great demand for income among poor people and little or no other wage employment (or subsistence farming) opportunity.

Lesson: To prevent self-exploitation, time limits must be imposed, particularly where work is undertaken on a piece work basis.
Abuses can occur in several ways, but measures can be taken to prevent them.

- **Workers are paid incorrectly for the work they have done.**
  
  **Causes:** Incorrect measurement of output, but proper calculation of wages. Proper measurement of output, but improper calculation of wages. Incorrect measurement plus incorrect calculation.

  **Prevention:** Insistence upon setting out, measurement and control by a supervisor, preferably jointly with a workers’ representative. Insistence upon written calculation of wages. Workers’ education in measurement and estimation.

- **Workers are required to work too hard.**
  
  **Cause:** Where piece work is used, workers work long hours to earn more money. Where there is task work, the task is too large (as evidenced by the fact that few workers complete tasks within a reasonable time span, i.e., six to eight hours).

  **Prevention:** Preference for task work. Insistence on a limit of hours of work. Improve the piece rate wage to permit a reasonable daily income to be earned during a maximum working period of eight hours.

- **The employer makes excessive profit.**
  
  **Cause:** In construction contracting, the value of a contract is based on an estimate of the cost of producing the infrastructure. Where labour-based methods are involved, the estimate is based on a judgement of the quantity of work which needs to be done, an estimate of the productivity of labour for certain tasks and daily wage levels. Where there is an underestimate of the productivity of labour, and/or an overestimate of the cost of labour, the contractor will profit by the difference. This is not objectionable when the profit is secured as a result of better than average supervision or organization of work, with resulting productivity gains. These profits become objectionable and excessive when they result from underpayment of wages, or exploitation of workers.

  **Prevention:** Ensure that any legally mandated wage is paid and that construction contract clauses setting procedures and levels of payment of local wages are respected. Ensure that measurement of work is accurate.
Recommendations to Workers and Workers’ Organizations

Part 4

How to prevent exploitation of workers

The free market argument for self-exploitation and a reply

SHOULD NOT WORKERS BE ALLOWED TO EARN AS MUCH MONEY AS THEY WANT, WORKING AS LONG AND HARD AS THEY WANT?

MAKING TOO LONG DAYS IS NOT HEALTHY IN THE LONG RUN. THERE SHOULD BE TIME LIMITS. MAYBE, IF THE BOSS PAYS MORE PER UNIT THE WORKER WILL BE MOTIVATED TO PRODUCE MORE...
The employer makes excessive profit by not providing social benefits.

Cause: Unit costs for civil works are made up of a number of elements including estimated productivity, daily wage rates and social benefits for workers. Such social benefits may include accident insurance, health services, provision of sanitary facilities, etc. By not giving such benefits, the contractor increases profit at workers’ expense.

Prevention: Understand all elements which make up unit rates. Ensure that all the elements, and the assumptions which underpin them, i.e., assumed productivity, payment for certain benefits, provision of certain amenities, are applied in practice. Discuss with the client (government department) ways in which the contractor can be obliged to notify the workers on site of their rights. Enlist the support of the client in obliging the contractor to provide the benefits charged for through the unit rates.
# Part 4

## Recommendations to Workers and Workers’ Organizations

### How to prevent exploitation of workers

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<th>For further information</th>
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### References for the boxes in Part 4.


- **The task work system: differences in appreciation in different economic settings.** A discussion paper on observed differences between the Kenya RARP/MRP and the Botswana district road programme, by John Marshall, Botswana District Road Programme Francistown, (February, 1986).
Employment-Intensive Infrastructure Programmes: Labour Policies and Practices

Recommendations to Employers and Employers’ Organizations

PART 5
5. **Recommendations to Employers and Employers’ Organizations**

5.1 **The importance of organized employers**

**Key issue:**

Should labour-based contractors organize themselves as a business grouping with links to a relevant employers’ organization?

**Information required and considerations:**

- role and activities of existing employers’ organizations;
- potential for organization of labour-based contractors;
- stage of development of sector;
- government policy towards development and organization of contractors.

**Project experience indicates that:**

- generally, labour-based contractors are little aware of their responsibilities as employers and are principally interested in associating to pursue their business interests;
- usually, there is no link between labour-based contractors’ associations and existing employers’ organizations;
- labour-based contractors’ associations rarely appreciate their potential for functioning as an employers’ organization.
The employers' organization representatives present at the tripartite review meeting of the draft version of this Guide held in Kampala on 6-7 October 1997 recommended a much stronger role of existing contractors’ associations in the development and training of labour-based small contractors. The group saw such a greater involvement in initial contractor training as a way of overcoming resource constraints in reaching out to small contractors/employers in their local environment. They also considered it necessary and appropriate to actively promote the link between a national employers' organization and a sectoral labour-based contractors' association. Helping in developing access to credit for small contractors was also seen to be a possible means of building a relationship between small labour-based contractors and existing employers' organizations.

Contractors are employers and should consider their obligations
Some guidelines

**Business groupings** such as labour-based contractors’ associations are primarily concerned in negotiating specific business interests with their clients. However, such groupings may also wish to become involved in other activities such as training and/or representing their members as employers. In such cases, they could either establish closer links with existing employers’ organizations (which represent employers in many sectors) or expand their functions to include the wider activities of employers’ organizations.

- Carrying out the activities of employers’ organizations could be an effective way for labour-based contractors’ associations to provide high quality services to their members, in situations where more general employers’ organizations are less responsive to small labour-based contractors’ needs. However, appropriate links with existing contractors’ and employers’ organizations should be developed in an effort to strengthen the overall position of the labour-based contractors’ association.

- It may not be feasible or desirable for contractors’ associations in their early stages of development to carry out the activities of employers’ organizations. These activities generally become important as more contractors join the association and when negotiations over labour issues become more significant.

**Information** which may be difficult to obtain as a single enterprise is usually easier to obtain by a grouping acting as an employers’ organization. Information dissemination is thus a leading element for an employers’ organization.

- For example, such a grouping can be instrumental in helping members to understand the implications of national labour and social security laws by researching and explaining them. These can be valuable services to improve performance and to avoid practical and legal problems with government authorities.

**Negotiation power** is greater for an employers’ organization than a single enterprise in all cases.

- Employers’ organizations are more likely than single employers to be heard by government authorities, both in cases where business interests are pursued or where more general issues related to the employment of workers are concerned.
Examples of contractors’ association activities as an employer's organization

Working conditions of the casual worker and contractor training strategy in Lao P.D.R.

When expanding into large-scale use of labour-based methods, experience shows that particular attention has to be paid to the procedures for recruiting and paying the casual workforce and their working conditions. Casual workers are rarely aware of their rights under national labour laws and they are vulnerable to exploitation. The risk of worker exploitation may be higher when private contractors are involved in the execution of the road works. It is therefore essential that labour issues are properly dealt with in contractor training programmes and that the contracts include clauses on relevant labour standards, and that these regulations are monitored by the client.”
5.2 Ensuring adequate productivity

Key issue:

How to ensure that labour-based workers are productive, and not exploited.

Information required and considerations:

- possible restrictions on the use of productivity-related remuneration;
- employers’ and workers’ attitudes towards enhanced productivity;
- characteristics of workers.

Project experience indicates that:

- high productivity of labour-based workers can be obtained through a fair application of incentive schemes;
- workers’ productivity largely depends on work organization, availability of well-designed, high quality hand tools, the remuneration system, and an understanding by employers’ organizations of the factors influencing workers’ motivation and productivity.

Some guidelines

**Workers’ productivity and its relation to profit.**

- Contracts have profit built in; achieving more profit in the short term may be counter-productive: faster production of lower quality outputs can lead to a bad name for the firm.

- Productivity and, consequently, profit can be increased by improvements in work organization, worker motivation, better site management, and good planning of the necessary inputs from workers and from materials.

- Overall productivity is usually defined as unit of value added per unit cost, and is measured by the cost of the different elements (wages, materials) required to produce the result. Reductions in these costs will increase profit and are influenced by workers’ motivation (money, time-incentives and working conditions). The productivity of labour-based workers is measured in terms of quantities of output per unit of time. Higher productivity may thus lead to higher wages and higher profits.
5.2 Ensuring adequate productivity

**International contractors and labour-based local contractors**

**International contractors** use more foreign exchange, foreign skills and foreign equipment. They produce products with little local participation in planning and executing the works.

**Labour-based works** are planned and executed with high local involvement.

**Labour-based contractors** use locally available resources (human resources, materials, tools) and need far less foreign exchange to pay for the works. Geographically dispersed projects in rural areas can, particularly, be carried out advantageously with local resources.

---

**Impact of productivity increases on cost elements of irrigation canal rehabilitation**

- PROFIT %
- WAGES
- TOOLS AND EQUIPMENT
- MATERIALS
- START-UP COSTS

---

**Good practices**

- Incentive schemes
- Improved site organization
- Good tools and appropriate equipment
- Trained and motivated supervisors/workers

**Bad practices**

- Working time increases
- Excessive increases of task size

---

**Higher productivity means cost savings, profit increases and better wages for the work force**

---

**References for the boxes in Part 5**

- **Examples of contractors’ association activities as an employers’ organization.** Contractor development teams project (CDT), Inception Report, by N.D. Lea International Ltd., Maputo (May, 1997).

6. **Annexes**

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2. Forms: Muster rolls, employment records, worker attendance cards . . . 227

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<td>Termination of Employment Convention, 1982 (No. 158)</td>
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<td>Safety and Health in Construction Convention, 1988 (No. 167)</td>
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Annex 2

Forms: Muster rolls, employment records, worker attendance cards

**Muster Roll**

**Purpose:** Every site has its own muster roll. It provides a daily record of all daily paid workers employed by the project. The muster roll is used to calculate and prepare payrolls for the casual labour.

**Responsibility:** The Site Supervisor is responsible for maintaining the muster roll. The form is checked for accuracy by the Engineer.

**Timing:** The muster roll is updated on a daily basis.

**Procedure:**

1. When starting a new sheet, the Supervisor enters the details at the top of the page, i.e. date, road location and number.

2. When casual labour are employed, they are recorded by name and category of employment.

3. In the morning, daily attendance is recorded by first entering a vertical line in the appropriate "Day" column. This can be carried out when the workers come to collect their tools. If a worker does not report, the Supervisor enters an "A".

4. At the end of the day, if the worker has completed his/her task, the vertical line is made into a "P". If the worker has not completed his task and leaves without permission, the vertical line is made into an "A".

5. Non-working days, such as Sundays and national holidays, are marked with an "X".

6. The total number of workers recorded each day should correspond with the total employment figures in the Daily Work Sheet.

7. At the end of the month, the Supervisor calculates the total number of days for each worker which is entered in the column "Total Workdays".

8. Enter the respective daily wage rate for each category of labour.

9. Calculate the total wage for each worker.

10. At the end of the month, calculate the total number of workdays on site.

11. When all calculations are complete, the supervisor enters his/her signature at the bottom of the sheet.

12. Upon receipt of payment, each worker enters his/her signature in the last column.

**Approval:** Before wage payments are carried out, the muster roll call needs to be approved by the Engineer and the project administrator/accountant.

**Filing:** The muster roll calls are kept together in a designated file. They are stored to the end of the next financial year and then destroyed.

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**Muster Roll for the Month of ................................................199...**

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**Daily Work Sheet**

**Purpose**
Every site needs to record the daily production. This form is divided into two parts: The daily production plan on the left and the actual daily production on the right.

**Responsibility**
The Site Supervisor is responsible for maintaining the Daily Work Sheet. It is checked for accuracy by the Engineer.

**Timing**
The planning section should be prepared the day before, and the actual production should be filled out at the end of the day, when the workers have completed their work.

**Procedure**
A new Daily Work Sheet is used for each day and each construction site. At the top of the sheet, enter the road name, date, weather, district, the number of male and female workers reporting at the site and the name of the supervisor.

**PLANNED**
The daily plan contains the activities the Site Supervisor needs to plan for each day. The activities are divided into three separate groups: Earth Road Construction, Gravelling and drainage structures.

- **Km Start**: Enter the chainage at which each of the activities will start. This should in most cases be the same as the chainage to which the activity was completed the previous day.
- **Km End**: Enter the chainage to which each planned activity should reach by the end of the day.
- **No. Lab.**: Enter the number of workers estimated to carry out each activity.
- **Output**: Enter the estimated volume of works expected for each activity.
- **Norm**: In the last column, enter the task rate calculated for each activity. Remember that the number of workers multiplied by the task-rate should give you the expected output.

**ACTUAL**
The daily production record is organised in the same way as the planning section.

- **Km Start**: Enter the chainage at which each of the activities actually started in the morning.
- **Km End**: Enter the chainage to which each activity was actually completed.
- **No. Lab.**: Enter the number of people who carried out each activity.
- **Output**: Measure the exact volume of works carried out during the day for each activity and enter it here.
- **Norm**: The actual task rate is then calculated for each activity by dividing the number of workers with the measured outputs.

**Filing**
The Daily Work Sheets are kept together in a file on site until the end of the week. At the end of the week they are submitted to provincial headquarters together with the Weekly Site Record.
## Weekly Site Record

### Purpose
This form summarises the information on actual production from the Daily Work Sheets.

### Responsibility
The Site Supervisor is responsible for maintaining the Weekly Work Sheet. It is checked for accuracy by the Engineer.

### Timing
The Weekly Site Record is prepared at the end of each week.

### Procedure
A new sheet is used for each week and each construction site. At the top of the sheet, enter date, province, district, chainage to which works have been carried out, chainage from where work commenced and the name of the supervisor.

The Weekly Site Record contains all activities the Site Supervisor needs to report. The activities are divided into three separate groups: Earth Road Construction, Gravelling and drainage structures.

### Quant.
For each activity and each day in the week enter the outputs recorded under "ACTUAL" in the Daily Work Sheet.

### Workd.
Enter actual number of workers from the Daily Work Sheet.

### Total this Week:

- **Ch. Start:** Enter the chainage where each activity was commenced during the past week. This should normally be the same chainage as to which the activity was completed the previous week.
- **Ch. End:** Enter the chainage to which each activity reached during the week.
- **Quant.:** Calculate the total quantities for each activity for the entire week.
- **Workd.:** Add up the total number of workdays used during the week for each activity. Calculate the total number of workdays for all activities and enter this figure at the bottom of the column.

### Remarks
This space allows the Supervisor to report on additional items, or to send important messages to headquarters.

### Workdays

- **DCTPC:** Enter the number of workdays of permanent staff.
- **men:** Calculate the total number of workdays performed by male workers.
- **women:** Calculate the total number of workdays carried out by women. The total of these two figures should correspond to the total calculated in the last column "workd".

### Prepared
The supervisor enters his/her signature.

### Approval
The Weekly Site Record is checked, approved and signed by the Engineer.

### Filing
The Weekly Site Record is submitted to provincial headquarters at the end of the week together with the Daily Work Sheets. They are stored in a designated file until the end of the next financial year.

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### Weekly Site Record Table

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| Workdays men      |        |       |        |       |        |       |        |       |        |       |        |       |           |         |
| Workdays women    |        |       |        |       |        |       |        |       |        |       |        |       |           |         |

| Prepared          |        |       |        |       |        |       |        |       |        |       |        |       |           |         |
| Approval          |        |       |        |       |        |       |        |       |        |       |        |       |           |         |

| Filing            |        |       |        |       |        |       |        |       |        |       |        |       |           |         |
## Record on Paid Labour Used by Contractor

*(To be completed by contractor and submitted every month to AO)*

**Subproject:** M - Male  S - Skilled labour  Local: from same village development committee or directly neighbouring VDC  
**Month:** F - Female  U - Unskilled  Outside: not local

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**FIA Member Self Monitoring Format on Voluntary Labour Contribution**

*(to be completed by individual FIA member and certified by WUMC during voluntary labour contribution)*

*(This form shall be kept by both individual FIA member & WMUC)*

| Name of FIA Member: ........................................................... | Size of landholding: ..................................................... |
| Subproject: ............................................................................ | Required Man-days: ..................................................... |
| Year: ........................................................................................ | Month: ............................................................................. |

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Q = own labour
H = hired labour

Certified on behalf of WUMC by

(Signature)

(Name)

(Date)

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1. Farmers’ Irrigation Association
2. Water Users’ Management Commitee
Annex 3

Summary of ILO policy on food components of workers’ remuneration

1. Food aid used as a component of remuneration of workers on development projects can play an important role. In many countries, governments count on food aid as a relatively stable element of their national “investment budget”. It has also been the ILO’s experience through its employment-intensive infrastructure programmes that in areas with high inflation rates and supply shortages of essential consumer goods, workers appreciate receiving part of their wages in the form of “inflation-proof” food rations.

2. The ILO has established policy guidelines on the use of food rations as part payment of wages. These policy guidelines are based upon the ILO Convention on protection of wages, and reinforced in an ILO/WFP policy agreement based on this Convention.

The Protection of Wages Convention, 1949 (No. 95) - which sets out conditions relating to the payment of wages in cash as well as their payment partly in food - applies to all projects in which there is an employer-employee relationship (including public works and other projects where, for example, the State is the employer). This includes those projects where WFP aid is used as payment in kind to the labour employed.

The Convention does not apply to projects not involving an employment relationship. Such projects might include schemes for feeding independent farmers during a transitional period (when there is a food or income gap before the first crop becomes available from newly cleared land) or for providing food to a group of people (e.g., in a cooperative or a village engaged in community development) to enable or encourage them to undertake construction or other work strictly for the improvement of their own local community by supplementing their diet or making up for any temporary loss of food output as a result of this work. In these and similar cases where there is no employment relationship, there is no objection to providing food without other payment. Projects called “self-help” schemes sometimes do, but in other cases do not involve employment relationships; Section 4 below further discusses this distinction.
3. Where there is an employment relationship and wages are paid, ILO policy on the food components of wages can be summarized as follows:

(a) only part of the remuneration may be paid in the form of allowances in kind, i.e., food. Those allowances should be limited to that appropriate for the personal use and benefit of the worker and his family, and the value attributed to them should be fair and reasonable;

(b) where food aid is a component of remuneration, workers are entitled to receive at least 50% of their wage in cash. The cash component should be at least 50% of the applicable minimum wage for the particular type of work. The value of the food component can, however, exceed that of the remaining share of the wage. This is often the case when the market value of food is higher than its nominal price, for instance in the case of local or national supply shortages.

The above provisions apply in particular:

- in works of irrigation and horticulture to any workers other than farmers directly benefiting, to the exclusion of others, from such works;
- in afforestation to any workers employed on government holdings or other holdings in which they do not have a direct interest;
- in construction of roads, housing, schools, health centres, wells or other community facilities, to workers employed outside their own community.

4. In making a distinction between wage-labour projects and those “self-help” projects which do not involve an employment relationship, the main points to be considered are outlined below. As a starting point, it should be understood that calling a project “self-help” does not automatically mean that workers in the project are outside of an employment relationship. Consideration must be given to:

(a) the distinction between persons working for their own immediate benefit and persons working for the benefit of third parties;

(b) the distinction, in local communal works, between the members of the community which is to benefit from those works and persons not belonging to that community;

(c) the distinction between local works in the direct interest of the community concerned and works of general public interest.

5. Distinction between persons working for their own immediate benefit and persons working for the benefit of third parties. This distinction has been of importance mainly in connection with work relating to land, such as schemes for soil conservation or improvement, irrigation and afforestation. When such work has been undertaken by the owners or users of the land concerned (whether held under individual or communal tenure), there would be no objection to providing them with food as sole incentive, to the exclusion of a cash remuneration.
6. **Distinction in local communal works, between the members of the community which is to benefit from those works and persons not belonging to that community.** In many cases, where local improvement works were to be carried out by the members of the community concerned, provision has been made only for the supply of food to participants. For the reasons previously indicated, where genuine self-help schemes are involved, no cash remuneration need be provided.

7. **Distinction between local works in the direct interest of the community concerned and works of general public interest.** Questions relating to this distinction have most frequently arisen in connection with projects involving road works. Where relatively short stretches of link or feeder roads are concerned, which are intended to meet the specific needs of the local community in facilitating access and the marketing of produce, their execution on a communal basis with food as the sole incentive does not give rise to any objection. The situation is different where more important components of the national road network, and particularly main highways, are involved. Even if the communities providing labour are likely to derive some benefit from such projects, the specific local interest is outweighed by the benefit accruing to the wider community, and provision should accordingly be made for payment of a partial cash wage.

8. **Exceptions to the rule relating to partial cash remuneration in wage labour projects.** In certain situations, it has been considered justified not to insist on the provision of cash remuneration even though the projects appeared not to constitute self-help schemes. One such exception relates to emergency situations when the existence or well-being of the populations is endangered, such as projects to combat the effects of drought or famine or for reconstruction in the wake of war or natural catastrophes. The duration and extent of such an exception should however not exceed what is reasonably required to meet the exigencies of the situation.
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Employment-intensive or labour-based approaches for infrastructure works have become an important way of creating productive, income-generating jobs in many developing countries. Labour-based methods -- used to construct and maintain roads, conserve soil, provide water supply and irrigation -- have proven to be a cost-effective alternative to the use of heavy equipment.

The ILO’s global experience shows that good quality infrastructure is produced -- usually at important cost and foreign exchange savings -- where programmes are appropriately introduced and well managed. Productive employment creation and improved infrastructure are the overall results of a labour-based policy. Equally significant by-products include the enhanced participation of local communities and entrepreneurs in the development of a sound domestic construction industry and national infrastructure.

With opportunities come risks. Experience shows that the possibility of worker exploitation jeopardizes the large-scale, long term application of these programmes. In order to avoid abuse and exploitation labour-based programmes must consider labour issues. Relevant labour regulations are to be developed and applied. Strategic use can be made of tendering and contract systems to promote improved working conditions. Private sector development should involve special management training efforts to safeguard basic labour standards. In this way the concepts of work and worker organization can be introduced for the first time to large numbers of unskilled, temporary workers.

This Guide presents the current experience on how labour issues are dealt with in employment-intensive infrastructure programmes. It gives guidance on how progress on working conditions and standards can be made with the involvement of the social partners. Separate sections contain advice for the government ministries responsible for civil works, labour and employment, workers’ and employers’ organizations.