Relieving chronic poverty among construction workers:

An exploration of possibilities to improve the quantity and quality of jobs

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1. Introduction

Employment in the construction industry is often seen as a way out of poverty for those with little education or skill. Construction work also provides a traditional point of entry into the urban labour market for migrant workers from the countryside. It is often the only significant alternative to farm labour and has special significance for the landless.

However, construction work is dirty, difficult and dangerous. It is also irregular, badly paid and decidedly 'un-decent' (Lerche 2011). The majority of construction workers around the world are men. But in the countries of South Asia women are integrated into the industry at the bottom end as 'helpers', performing the heaviest work for the lowest pay.

That the industry today contains more than its share of working poor is in large part due to the changes that have taken place in employment relationships and industrial structure over the past 2 to 3 decades. These are briefly described in this section before discussing policies that have been relatively successful in addressing the issue of chronic poverty among construction workers.

1.1 Characteristics of construction employment

The demand for labor in the construction industry changes from day to day. It has always been customary to employ a proportion of the construction workforce on a casual and temporary basis to cope with variations in the contractor's workload and demand for different skills. But there is evidence to show that the number employed in this way has grown substantially in recent years as construction enterprises around the world (in common with enterprises in other sectors) have shed their permanent labour force in favor of employing workers on a casual (often daily) basis, or of outsourcing their labour supply through intermediaries.

At the turn of the century, casual workers were estimated at 85 percent of the construction workforce in the Philippines, 66 percent in Mexico, 77 percent in the Republic of Korea and 74% in Malaysia (ILO 2001). In India, where one third of the construction workforce is female, 89% of men and 97% of women working in construction in 1993 were employed on a casual basis or 'self-employed'. China has not escaped the trend. A reform program launched in 1984 called "Separation of management from field operations" led to the shedding of labour by state owned construction companies. The majority of construction field workers are now employed on a temporary basis by urban collectives. As a result, the proportion of temporary employees in the Chinese construction industry reportedly rose from 28 percent in 1980 to 65 percent in 1999. Together with the self-employed, they make up 72 percent of the total construction workforce (*ibid*).

Data for African countries is not so readily available but a study of labour practices on eleven large construction sites in Tanzania in 2004 found at least 70% of workers on each site to be employed on a temporary and casual basis and on some sites the figure was as high as 96%. The average proportion of workers on permanent contracts was only 7% (ILO 2005).

Throughout the world, workers who are employed on a casual basis suffer job insecurity, low wages and poor working conditions and they are not protected by social insurance or trade

union membership. But casualisation has also been accompanied by the outsourcing of labour, so that many of those employed on a casual basis in construction are no longer employed directly by the main contractors or subcontractors, but by intermediaries. The practice of outsourcing labour through intermediaries is deeply embedded in many developing countries. The role of the intermediaries is to bring labour to the construction site when it is needed and take it away again when it is no longer required (Vaid 1999). The report prepared by the author for the ILO (2001) draws on an extensive literature to document the extent of the practice in India, Nepal, Malaysia, Korea, Philippines, Egypt, Brazil and Mexico.

Evidence is presented in the same report of an increase in the practice in some countries in recent years as workers who had previously been employed directly by the main contractor have been laid off and re-employed through labour contractors. A study of construction labour in Cape Town in 2002 found that almost all of the workers on construction sites around the city were employed by labour contractors (English 2002). Three quarters of the employers interviewed had previously been employed themselves, as artisans or supervisors, in larger construction companies and were now supplying labour to their previous employers.

Similar trends can be detected in other countries of sub-Saharan Africa where many construction workers have been forced into employment in small enterprises supplying labour or into self-employment. Published data in Kenya show employment in the construction sector to have stagnated or declined while informal sector surveys indicate a large and increasing number of construction workers in enterprises with less than five or ten workers (ILO 2001). Most noticeable from published data in Tanzania is a change in employment status from paid employment to self-employment. Comparison of data from the Labour Force Surveys of 1990/91 and 2000/01 showed the proportion of the construction workforce in paid employment fell 77% to 37% while those in self-employment rose from 22% to 60% (Wells 2009). The self-employed (which is a term that may be taken to mean those with no regular employer) may obtain work in a variety of ways. If they have some skill (e.g. plumbing) they may wait at street corners or other noticeable pick-up points to sell their services directly to building owners. There are also in most cities day labour markets where unskilled workers who are not attached to a particular labour supplier compete to secure work for the day.

It is in India that these characteristics of the construction labour market are at their most extreme. In the past twenty years India has experienced significant economic growth creating millions of jobs for construction workers in the fast growing urban areas. Construction jobs have increased faster than any other type of employment with roughly 44 million working in construction by 2012, comprising 9.6% of the total labour force (Financial Times, 31 October 2012). Seasonal work in construction is seen as the bridge to non-farm jobs for many farm labourers. But this is hardly a route out of poverty. Workers are recruited by labour contractors from remote villages and brought to the cities with their families, often from distant states. This ensures a workforce that is totally dependent on the contractor for survival. Living and working conditions are atrocious and abuses are rampant. Many of the migrant construction workers are ‘unfree’ in that they are bonded to the contractor by debt (Lerche 2011). Workers who have settled in the cities and working as day labourers, although free, are hardly better off. 40% of those interviewed in a ‘naka’ market in Mumbai said they found work for less than 20 days in the month.

1.2 Requirements for economic security

The developments in employment relationships described above have impacted negatively on the economic security of construction workers. There are two basic considerations affecting

security of income: opportunities for work (number of days worked) and the wages paid for the work done. Changes in the employment relationship have basically affected both.

Quantity of work:

By definition, casual and short-term employment means that there will be frequent changes of job (especially for day labourers) and this inevitably will mean periods without work. The number of jobs in construction is dependent on the level of investment in construction activity, which is notoriously subject to wide variations. In growing economies (such as India) the majority of workers may find work for much of the year - although even in India unemployment is growing (particularly for women) as construction becomes increasingly mechanised. But in low-income countries without significant growth, unemployment and underemployment is the more likely scenario. It is significant that those working informally in construction in South Africa regard themselves as "the unemployed", while the Tanzanian 2000/2001 Labour Force Survey noted that half of the 60% of construction workers who are self-employed *are in fact unemployed for most of the time*. Unsurprisingly, the urgent need to increase opportunities for employment is the main concern expressed by construction workers almost everywhere. While construction workers would like higher wages, their main aspiration is to get more regular work.

Quality of work:

As collective agreements (where they existed) have been undermined and apply only to a diminishing core of workers a two-tier wage structure has emerged in many countries, with both wages and fringe benefits for core workers well above those of the rest of the workforce. For the bulk of the workers on temporary contracts wages reflect demand and supply in the labour market and fluctuate in line with variations in construction output and the negotiating power of the workers. When construction activity is booming, shortages can emerge with upward pressure on wages especially for skilled workers. But in the majority of low-income countries the supply of unskilled and semi-skilled labour is far in excess of the demand and earnings for the majority of construction workers, even in boom times, are only around the level of the minimum wage and very often below it. This is particularly well documented in India where wages for women are always less than for men for similar work and women fill only the lowest jobs in the labour hierarchy. Even more serious than low wages is the widespread practice of delayed payment, which may be because the labour contractors themselves have not been paid but can equally be a deliberate tactic to keep the workers tied to the contractor.

In this context two objectives of policy must be first to expand the number of jobs available for construction workers and secondly to improve the wages and working conditions associated with these jobs. In section 2 we describe policies to expand employment opportunities and the context in which they are likely to be successfully implemented. In section 3 we provide some examples of policies to improve wages and the quality of work for construction workers.

2. Measures to expand employment opportunities

In many countries the possibilities for unskilled workers to find work in other sectors of the economy are often limited. The main objective should therefore be to increase employment opportunities in the construction sector. The following sections highlight three ways in which this might be done: by increasing investment, by changing the technology to favour employment-intensive methods and by increasing the local content of projects.

2.1 Increase public investment in construction

Construction is a labour-intensive industry and public investment in construction projects is regularly used by governments around the world to stimulate employment in the face of economic downturns. A number of developing country governments responded to the financial crisis of 2008/09 with a fiscal stimulus of this kind. For example, the Government of India announced a fiscal package totalling US$ 33.5 billion to support investment in construction projects in the highway sector and port and power projects, while China announced investment plans totalling US$ 540 billion. The government of Indonesia announced it would spend US$9.2 billion on national infrastructure projects in 2009, ten per cent of which was to develop rural infrastructure and a further ten per cent for the construction and development of ports and shipping. Other low and middle income countries announcing fiscal stimulus packages at this time included Vietnam, Thailand, Malaysia, Brazil, Chile and Peru (ILO 2009).

This is clearly not an easy option for low income countries in sub-Saharan Africa who are already heavily dependent on donors for infrastructure investment. On average low income countries invest only one fifth as much per capita in infrastructure as middle income countries (Foster and Briceno-Garmendia 2010). However, the same authors show that a number of low income countries in sub-Saharan Africa are currently unable to spend the funds that have already been committed for investment. African countries are on average unable to spend as much as one quarter of their capital budget and one third of their recurrent budgets in the corresponding fiscal year. Historically the roads sector is the worst offender of unused budget allocations, sometimes as much as 60% of the budget (*ibid.* p. 69). Addressing a large range of inefficiencies could make the resources go further and expand the corresponding opportunities for employment. These inefficiencies include the following:

- Poor project preparation and planning
- Slow and inefficient procurement procedures
- Neglect of maintenance

Failure to make adequate investment in the maintenance of construction assets, which is a much more employment intensive process that construction (and also much more cost effective) is considered a particularly serious wasted opportunity.

Investment in construction may also take place at the local city level. Many developing regions, particularly sub-Saharan Africa are urbanising fast and the provision of housing for growing urban populations is a major concern. Creating jobs for unemployed workers through the construction of housing and related services would seem to create an opportunity to solve two problems at one stroke. The challenge is finding the capital for investment. A study undertaken in 2005 by the ILO and the University of Geneva explored the experience of local authorities in creating work ‘decent work’ in construction in three urban settings – Bulawayo (Zimbabwe), Dar es Salaam (Tanzania) and Santo Andre - a suburb of Sao Paulo in Brazil (Lawrence and Werna 2009). While Santo Andre was the most successful (and the only city where the concept of ‘decent work’ was known) the study in Dar es Salaam found a number of schemes to create employment through the upgrading of community infrastructure. These schemes were funded by grants or loans from donors. But the study also found that employment can be generated by providing services for which households are willing to pay, even in the absence of capital investment. Solid waste collection falls into this category (see Box A). It is possible that other services could be provided with minimal capital input or by engaging in partnerships with private enterprises.

Box A: Solid Waste Management in Dar es Salaam
The objective of the project was to create employment while reducing the amount of waste on city streets. The strategy adopted was to award franchises to small enterprises and community-based organisations to collect waste in a specified area of the city and collect the fees directly from local residents. During the first phase of the project (1998-2003) 44 franchises were awarded and more than 2000 jobs created. The City Council supported the franchisees by providing carts and coordinated activities fro the grass roots level to final disposal of the waste in the city dump. This type of collaboration between the local authorities and an incipient private sector represents a new type of public-private partnership that could have great potential.
Source: Salewi, K.W. *Re-engineering public-private partnerships in municipal infrastructure and service provision for local economic development and reduction of urban poverty: Lessons from best practice.* Paper presented at Engineers Day Conference, Dar es Salaam, 24 March, 2006

2.2 Increase the labour intensity of construction activity – opportunities in rural and urban areas

All investment in infrastructure will create employment but the quantity of employment largely depends on the 'technology' employed – where *technology is defined to embrace the combination of labour, materials and equipment required to deliver the outputs.* Employment generated from any given investment may be increased by changing the labour/equipment balance to favour the use of labour, or by using materials with a high labour content.

The objective of increasing employment in infrastructure investment is probably most closely associated with the work of the International Labour Organisation (ILO), which has been promoting employment-intensive approaches since the 1970s. 'Employment-intensive' is the term they use to mean the *optimal* use of labour to reach maximum effect on employment, while paying due regard to cost and quality issues. This is achieved through the development and promotion of *labour-based technologies* whereby labour is supported by equipment to deliver construction works to the required standard. [1]

Global experience with labour-based technologies has to date been mainly in the construction and maintenance of rural roads where the target population is poor agricultural workers. Using labour in place of equipment on the construction of gravel and earth roads can generate up to five times more employment than machine based alternatives, generating much needed jobs for farm workers in a context where employment opportunities outside of agriculture are rare. A review of 89 evaluations of such projects with donor involvement, which was undertaken for the EC in 2010, [2] found evidence to suggest that if these programmes are suitably targeted and timed to take place in the slack agricultural season they can bring short term benefits to the rural poor, including improved food security and less need for seasonal migration in search of work (EAP, no date). However, if poor households are to work themselves out of poverty a

[1] It is important that this approach is distinguished from interventions in the context of emergency relief where the aim is to *maximise* employment - e.g. by using only labour and hand tools - in order to provide cash (or food) for the target population. Too often such emergency programmes lack the technical expertise needed to ensure that the assets created are durable.

[2] The work (which also involved field research in Benin Cambodia, Kenya, Peru and Togo) was undertaken for the European Commission in association with ERGON Associates. The full report for the EC can be downloaded from: http://capacity4dev.ec.europa.eu/sites/default/files/file/09/06/2011_-_1516/final_report.pdf

prolonged period of waged employment is required. Continuous work in new construction can be available if the workers are prepared to move to the work but the best way to create on-going employment for the rural poor is by investing in routine maintenance. Two examples of donor funded programmes which focus on maintenance are included in Box B.

Box B: Providing on-going jobs in routine maintenance
Road maintenance in Colombia
In the late 1980s many countries in Latin America started to outsource routine maintenance, as part of an overall reform process to foster the use of the private sector. The majority of routine maintenance is now by private contractors. Colombia was one of the countries that spearheaded the reform process. It also pioneered the creation of micro-enterprises. The Ministry of Transport, with the United Nations Development Programme and the ILO, initiated a programme to form ***cooperative micro enterprises*** to improve the maintenance of the national road network and to create jobs for the people with little or no formal education or training living alongside the roads. The system was, and still is, highly successful and serves as a model for many other countries in Latin America. Cooperative micro enterprises have since been established in Venezuela, Honduras, Ecuador and Bolivia, while single-owner microenterprises are more common in Guatemala and Peru. Microenterprises have been found to have several advantages over the single-owner variety.
Source: Gunter Zietlow, Using micro-enterprises to create local contracting capacity- the Latin American experience in road maintenance. http://www.zietlow.com

GIME – Sao Tome & Principe
A successful example of long-term employment creation through maintenance works is the Sao Tome & Principe Community Road Maintenance Groups (GIME). The GIMEs are rural civil society groups supervised by the government body in charge of roads (INAE) and funded directly by the state. They are composed from people living in the area of the road and are responsible for maintaining a section of road. 32 GIMEs provide work for 1700 people – 3% of the total population. The initiative has been highly successful in terms of road maintenance and rehabilitation, and generating employment opportunities for the very poor. It has also been found to be a very inexpensive way to maintain the roads.
Source: European Commission*, Study on employment-intensive methods in infrastructure and other non-social sector programmes,*2010

While such programmes are generally funded by donors, a number of countries have attempted to mainstream the approach into national planning and programmes. Mainstreaming is important in order to create continuity, as well as to sustain the capacity for implementing employment-intensive work once it has been developed. Kenya and Cambodia are two countries where labour-based technology has been implemented over a number of years (15 years in Cambodia, 30 years in Kenya) and where it is official Government policy to incorporate the technology into infrastructure programmes. Much has been achieved in both countries but implementation is still project based and capacity has been lost over the years as projects come to an end. In neither country is the approach fully mainstreamed, rather it is still seen as donor-led. The Kenya Roads 2000 programme is highlighted in Box C.

Box C: The Kenya Roads 2000 Programme:
R2000 is an ambitious programme for the rehabilitation and maintenance of rural roads throughout Kenya which has the full backing of the Kenyan government. A key feature of the R2000 Programme is the deliberate emphasis on the optimum utilisation and development of locally available resources, where technically and economically feasible, and in a socially and environmentally sustainable manner. It is financed by the Kenya Roads Board with funds from the Road Maintenance Fuel Levy and is principally implemented by the Kenya Rural Roads Authority (KERRA) among other Road Agencies. In addition to employment generation and training (of contractors, consultants, supervisors, clients) in labour based approaches, the programme addresses cross-cutting issues such as workers' rights, gender equality, protection of the environment, HIV/AIDS and stakeholder involvement. KERRA is supported by several development partners each of which is responsible for a number of individual districts.
Source: Interview with Chief Technical Adviser to KERRA, June 2010

While investment in rural road construction and maintenance is aimed at providing work for the rural poor, those already working in construction are more likely to benefit from employment-intensive programmes in urban areas. The review undertaken for the EC in 2010 found some examples of the approach in urban construction, both roads and buildings. Among donors the European Commission itself has developed expertise in urban infrastructure works using labour-intensive techniques, with urban programmes in Benin, Central African Republic, Democratic Republic of Congo, Senegal, Liberia, Madagascar and Togo.

Box D: South Africa's Expanded Public Works Programme

The creation of additional employment in urban as well as rural areas was a challenge taken up by South Africa in its Expanded Public Works Programme (EPWP) which started in 2004. The objective was to create one million temporary work opportunities, 750,000 of them in the infrastructure sector through provision of roads, pipelines, storm-water drains and sidewalks. These work opportunities were to be created during the normal provision of public assets and services using labour-intensive methods.

The goal of generating 1 million temporary job opportunities was in fact achieved a year ahead of schedule. But according to a critical review of the implementation of the programme, this was only done at double the original budgeted cost and with no increase in employment-intensity. Only 11% of spending went to labour compared with 50% that has been achieved in other African countries. A further problem was the very short duration of employment contracts with a 'temporary job opportunity' defined as being of any duration even a single day. The emphasis upon 'temporary', plus the increasing concern about meeting numerical targets, distracted attention from seriously considering ways and means of achieving longer durations of employment. Although very grateful for some opportunity to earn money, the workers accepted the shortness of duration with reluctance. A longer period of steady work would have a far more beneficial effect for both individual and family and would have also allowed for a much greater depth of training.

Source: McCutcheon, R. and F. Taylor Parkins (2009) *South Africa's Expanded Public Works Programme: a case study in government sponsored employment creation and poverty alleviation focusing upon the infrastructure component*. http://www.robert-mccutcheon.com/resources/Newcastle%20CofFEE%2009%20RM%20FTP%20Paper%20as%20Published%20Dec09.pdf

However, experience with the EPWP in South Africa (see Box D) serves to highlight a number of challenges to integrating employment-intensive approaches into construction projects and programmes. Part of the reason for the problems in South Africa was that the engineers and planners involved had little prior experience in designing for labour-intensive construction, preparing appropriate contract documentation or training the contractors and supervisors responsible for the work (*ibid)*. The documentation reviewed for the EC confirms that employment-intensive approaches cannot be adopted without prior planning and a significant amount of capacity building for both the enterprises carrying out the work and the government bodies contracting with them. Quality control is essential in delivering an asset that is of sufficient durability to be sustainable and this entails very close supervision by qualified personnel.

A further challenge lies in the fact that employment-intensive implementation generally requires a longer programme than equipment-based construction. In addition to the time needed to build capacity, implementation of some tasks (e.g. transporting materials) will inevitably take longer when using employment-intensive methods. If programmes are too short,

time pressures tend to push clients and contractors towards the use of equipment. Time pressure is often due to the slow disbursement of funds forcing the use of equipment in order to complete the project within the contract period. Small enterprises undertaking labour-based work are particularly sensitive to payment delays as they have little capital and need to make regular payment to the workers. Good practice requires the payment of significant advances up-front which may not always be compatible with the rules of public finance.

It may be concluded that planning and implementing an employment intensive construction programme is not an easy option. It requires a long time horizon, a lot of capacity building, a guaranteed and regular flow of funds and serious commitment on the part of all involved. But when all of these are present, the evidence strongly suggests that the adoption of employment-intensive approaches can generate additional employment opportunities for construction workers. If not spread too thinly these opportunities can make a significant impact on chronic poverty amongst both rural and urban populations.

2.3 Increase the 'local content' of construction activity

Construction work consists of two sets of activities: onsite construction and the production of key inputs (building materials, components and services). An alternative approach to increasing employment opportunities for construction workers is by increasing the input of locally produced goods and services ('local content') in the delivery of construction projects: in other words, increasing value-added in the construction supply chain.

Currently foreign construction firms dominate in developing country markets (UNCTAD 2000). This is particularly so in sub-Saharan Africa where in 2006 less than 40% by value of new works contracts were awarded to companies from the subcontinent - and this figure includes contracts awarded to international firms (notably firms from China) that have set up offices in African countries (ADB 2006). Foreign contractors often source their professional services, materials and components (and sometimes even their labour) from their own country or from the global market. Sourcing from overseas limits opportunities for local firms to win contracts for the supply of materials, components and equipment and restricts the opportunities for local labour to gain employment in these industries.

While recognising that there may be very real local capacity constraints, research by Engineers Against Poverty and the UK Institute of Civil Engineers has shown that there is scope to do more to increase the input of local labour, materials and services (local content) in infrastructure projects in developing countries through intelligent use of the public procurement process. (Wells and Hawkins 2008). Actions are recommended at each stage of the procurement cycle, with the most critical being the project identification and initial planning stage, where consideration should be given to alternative (cheaper and simpler) ways to meet the identified need while building local capacity to build, operate and maintain the asset. The adoption of lower cost technologies (second best alternatives) for water and sanitation (standpoints, improved latrines) and transport services is also called for by the World Bank as a way of helping to close the huge funding gap for infrastructure services in sub-Saharan Africa (Foster and Briceno-Garmendia 2010).

Detailed design and drafting of specifications is also critical as it can have a huge impact on the ability of local suppliers to participate in a project. The design brief should make specific

reference to the objective of promoting the use of local materials and the criteria for the award of contracts to professional designers (engineers, architects) should include knowledge of the local environment and past experience in designing for local resource use.

While this is essentially an issue for procurement, it is possible to legislate in order to set out objectives and procedures to promote local content. A number of countries have adopted legislation requiring public sector construction contracts to be awarded to locally-owned businesses. But increasing the local ownership of businesses will do little on its own to increase employment. To increase employment opportunities in the construction supply chain a more subtle approach is required, one which makes contract award dependent, not on the basis of ownership, but on the past record and future plans of the client's business partners for using locally produced goods and services. The draft 'Nigerian Content' Bill which is currently at the committee stage in the Nigerian legislature has elements of this approach, requiring a contractor wishing to obtain a construction contract to submit a 'Nigerian Content Plan' to the Nigerian Content Construction Industry Monitoring Board (NCCIMB). The plan has to include provisions intended to ensure that first consideration is given to services provided from within Nigeria and to goods manufactured in Nigeria, as well as to set out how the firm intends to ensure the use of locally manufactured goods where such goods meet the specification of the industry. The intention is that a Board especially set up for the purpose will then be responsible for developing a 'Nigerian content' indicator and monitoring the performance of all operators.

While the intention of the current Bill is admirable, further work is needed to develop clear guidelines for implementation and to ensure that procurement regulations governing the award of contracts for both design and construction are brought into line. It will also be necessary to re-define the scope of the project which should probably be restricted to the public sector (where the means of enforcement exist) and to projects above a certain threshold. A similar approach can be found in the Local Industry Policy in Queensland (Australia) and South Africa's Preferential Procurement Regulations.

3. Measures to improve wages and workers' welfare

Many countries have regulations on the terms of employment (e.g. minimum wages, benefits) and conditions of work (health and safety, working hours) for construction workers. In most cases the quality of the work experience and the chance for construction workers to work themselves out of chronic poverty could be greatly enhanced if existing legislation was properly enforced. Given the fragmented structure of the industry and the wide dispersion of construction sites, there are difficulties in enforcing compliance with labour legislation. While this is still essentially a task for government labour inspectors, public procurement regulations and procedures can again be used to leverage improvements.

3.1 Actions by governments

In addition to their role in setting and enforcing labour legislation, governments are also responsible for public procurement legislation, which sets out the procedures that have to be followed in awarding public sector contracts to the private sector (including contractors) and the terms and conditions of the contracts. Governments are also major clients of the construction industry and have a direct role in appointing the contractors, as well as the professionals (usually engineers) whose role is to supervise the construction and ensure that contractual obligations are complied with. They therefore have considerable authority over public

investment in construction and should be able to ensure that all publicly funded construction projects are priced to include payment of minimum wages and adequate provision for workers welfare and that all obligations are subsequently delivered.

Research by EAP/ICE has shown how the procurement process can be used to deliver broad social objectives, including improved conditions for the labour force (Hawkins et.al. 2006). The Key actions include: awarding contracts to responsible organisations with good labour standards, specifying labour requirements in contract agreements and monitoring compliance. This approach is currently being applied by the Qatar Foundation, a major client of the construction industry, in its new projects in Qatar where the construction labour force is comprised entirely of migrant workers, mostly from the Indian sub-continent. Major responsibility for monitoring and auditing labour conditions on construction sites as well as the terms and conditions of employment of workers engaged by subcontractors, will be passed to the main contractor. But the client will also have a role in auditing and will choose its business partners according to their performance on labour issues. It is too early to assess the effectiveness of this approach.

A follow up study by EAP/ICE has shown how an appropriate use of procurement procedures and contract documentation, if properly monitored, has the potential to raise the standard of health and safety and workers' welfare on construction sites (Wells and Hawkins, no date). Safeguarding the health and safety of construction workers is particularly important, as inability to work due to accidents or ill health can quickly push construction and their families into acute poverty. Some examples of steps that have been taken to use procurement to mitigate the risk of accidents are shown in Boxes E and F.

Box E: Procurement reforms in Singapore

Following a fatal construction accident, the government of Singapore introduced a number of measures in procurement procedures in order to improve work safety in public works projects. Most radical is reducing the priority given to price in tender evaluation by the use of a price/quality method for the selection of contractors. Under the new arrangement, Government procuring entities must assign a weight to the quality proposal between 20% and 40%, with work safety measures accounting for not less than 10%. This compels contractors to specify work safety practices in their tender proposals. In addition, work safety measures are included in the specification for public works projects and construction firms are ruled out if their work safety record is unsatisfactory.

Source: David Seth Jones, *The features and recent reforms of government procurement in Singapore* in Louise Knight, C. Harland, J, Telgen, K.V.Thai, G.Callender and K.McKen (Eds) Public Procurement, International Cases and Commentary, Routledge, 2007

Box F: Hong Kong Government clients 'Pay for Safety'

The 'Pay for Safety' scheme evolved in 1996 from discussions between the Hong Kong Government Works Department and the Hong Kong Contractors Association. Under the scheme, the cost of safety is removed from competitive tendering by paying for safety measures based on an agreed schedule of items and prices. Costs of items such as personal protective equipment (PPE), temporary works, site meetings and safety committees are included as a fixed sum in the Bill of Quantities and paid for in interim valuations when the surveyor/engineer checks that they are provided. The pay for safety scheme recognises that there is a cost associated with improved health and safety, but the cost is estimated to be less that the cost of lost time due to accidents. Research revealed that where safety costs are included in a tender and accepted by the client, the frequency of accidents involving loss of time is considerably reduced.

Source: Amarjit Singh, Jimmie Hinze, Richard J.Coble, *Implementation of safety and health on construction sites* Proceeedings of the2nd international conference of CIB W99, Honolulu, Hawaii, 24-27 March 1999, Taylor and Francis, 1999

While there is no doubt that more could be done along these lines by governments, international stakeholders – including investors, trade unions and others also have a role to play in raising standards.

3.2 Actions at the international level

Measures adopted by international Investors:
The International Finance Corporation (IFC), the private sector investment arm of the World, Bank has led the way among international investors in adopting new standards on labour and working conditions which it has applied to all loans since 2006. The IFC Performance Standard 2(PS 2) on Labour and Working Conditions incorporates all of the core labour standards of the International Labour Organisation (ILO) as well as some substantive standards for health and safety, accommodation, workers' right to information, recognition of collective bargaining agreements and establishment of grievance procedures. These standards apply to workers directly employed by the client (borrower) who also has responsibility to take steps to ensure the same standards are applied to 'contracted workers' employed by 'third party employers' which include contractors. The client is to do this through their procurement procedures: by taking *commercially reasonable efforts* to ensure that the third party employers are reputable and legitimate enterprises, incorporating the requirements into contractual agreements and monitoring performance. In addition the client has to ensure that contracted workers have access to a grievance mechanism and to use its own if the third party employer is not able to provide one.

While these developments have been welcomed by many, PS 2 will only be meaningful if compliance is monitored and enforced. The role of monitoring rests with the client and the main contractor but trade unions also have a role to play. A major project in Uganda, the Bujagali Dam project, provided an opportunity for the Global Union Federation 'Building Workers International' (BWI) to work with its local trade union affiliate to monitor standards on the project. Of particular interest to BWI is recognition in PS 2 of the right to organise which they decided to test by a full-scale campaign to organise workers on the site with a view to negotiating a Collective Bargaining Agreement. At a seminar in June 2008 the general secretary of the Uganda Building Workers Union outlined some of the achievements. Union membership on the site had risen to 850 of the 1000 workers. A CBA had been signed addressing a number of key issues leading to the improvement of living and working conditions: wages were higher than on other sites, there were medical benefits covering all workers including subcontracted workers, transport and housing allowances and good health and safety provisions (Murie 2009).

Building Workers International (BWI) working with the Uganda Building Workers Union on the Bujagali Dam project demonstrated that it is possible to translate requirements of performance standard 2 (PS2) into significant improvements in practice. Reflecting on the achievements of the project, BWI concluded that Performance Standard 2 (PS2) requirements added to the lending Agreement of Bujagali Hydropower Project opened up opportunities for trade union recognition and collective bargaining and established labour relations standards that were superior to the norm in the construction sector in East Africa. It also required compliance with existing labour laws, which in Uganda are very good but seldom implemented. The advantage of having the IFC Performance Standard 2 is that it brings labour legislation from the statute books

to the workplace through procurement and contractual commitments on the client, the main contractor and other contractors on site (*ibid*).

However, it is doubtful if these benefits would have been achieved in the absence of BWI support. If PS2 is to be meaningful it shouldn't have to depend on a strong union presence to enforce compliance. Much more should be done by clients (borrowers) as well as by the IFC itself, to strengthen the obligations of contractors to the workforce. On this project BWI had great difficulty in engaging with the client (borrower) who passed the labour commitments to the main contractor for implementation. Direct communication between the union and the IFC officer in East Africa also ceased after a promising start. The IFC is currently trying to find ways to strengthen the implementation of PS2 which is particularly important at this time as the World Bank is now considering adopting a modified version of PS 2 in its own investment lending – an estimated 60% of which is in construction projects.

International framework agreements

BWI has also been in the forefront of negotiating International Framework Agreements (IFAs) with multinational corporations in the construction sector on fundamental labour rights. IFAs aim to extend labour rights (particularly the right to organise) within the global operations of a particular MNC, including operations with partners, subcontractors and suppliers. The logic of these agreements is to establish labour market controls (based on the ILO's core labour standards) that are suited to the changing scope and structure of global production (Davies et.al. 2011). However while construction may be increasingly 'globalised' in the sense that MNCs operate around the world, production still takes place within the context of local labour markets and institutions and these will have a big effect on how IFAs function in practice. IFAs are different from other initiatives to control labour standards in that monitoring is to function internally through *workplace organisations*, essentially comprising both workers and managers. In contexts where local trade unions are weak or non-existent the question arises as to whether IFAs can be effective.

BWI has signed a total of nine IFAs with construction MNCs in the past fifteen years. In 2000 it signed an agreement with construction conglomerate Hochtief (which claims to be the world's third largest construction conglomerate). Under the agreement Hochtief commits to respect ILO core labour standards as well as other 'substantive' standards covering wages, working time and working conditions. A detailed study of the implementation of this particular IFA has recently been undertaken in three different local labour regimes: Ukraine, Brazil and Malaysia (*ibid).* In the latter two countries operations were through subsidiaries. The study found that Hochtief operates a four tier approach to the IFA. The first tier comprises Hochtief's direct workforce in the home country (Germany) where industrial relations reflect the strength of the local union IG-BAU. The second tier is at the level of the regional subsidiaries and joint ventures *which are allowed considerable latitude to capitalise on restrictive labour legislation*. At the level of the third tier, the subcontractors, the evidence suggests that IFA terms are not communicated effectively and there is little awareness among managers of their obligations. The IFA doesn't claim to reach the fourth tier of casual and unregulated workers, which make up the bulk of the workforce in all three of the country case studies (*ibid* p.135*).*

However, this does not necessarily mean that Hochtief has no managerial authority over its subsidiaries, partners and subcontracting chain. The same study found that the company has a competence centre for Occupational Safety and Health (OHS) that is responsible for

implementing and monitoring its OHS Directive through all group operations. In this area the company has developed strong compliance provisions for subcontractors and suppliers. The authors suggest that systems to ensure health and safety are taking priority over fundamental labour rights because OHS standards are perceived as risk management tools. Hochtief's comprehensive approach to health and safety suggests that its managerial authority does extend to subcontractors; it just sees labour rights as a less risky and therefore less urgent issue.

An even more recent paper by some of the same authors uses an example of an IFA in the South African construction industry to demonstrate that management takes a highly interventionist approach to issues that are critical to quality, compared with labour-related issues (Williams et.al. forthcoming). On this basis they suggest that IFAs have not yet been taken seriously enough. This could change if labour issues began to be perceived as a 'reputational risk' - a situation which might currently be developing in Qatar.

3.1 Actions by civil society

Around the world, a number of NGOs, CSOs and also trade unions take a much more direct approach to improving the living and/or working conditions for construction workers.

One such initiative that is specifically geared to helping construction workers (in this instance, women construction workers) out of chronic poverty is the programme of the Self Employed Women's Association (SEWA) based in Ahmedabad (India). Formed in 1972 to organise women workers in the unorganised sector it includes some 20,000 construction workers among its membership of 220,000. SEWA campaigns on labour rights for construction and other workers, including lobbying for the implementation of the construction workers Acts, passed by the Federal Government in 1995 and still to be implemented in Gujarat and many other states.

SEWA also helps women construction workers to strengthen their bargaining position by offering training in construction skills. While many women have been trained, mainly as masons, there are enormous barriers to women's entry into the construction workforce as skilled workers. To address this problem SEWA has helped the women to find employment on 'special projects' such as slum upgrading and house improvement, for which SEWA provides loans. The women also have access to small loans through the SEWA bank which some have used to set up small businesses.

4. Conclusion

The above review has suggested a number of possible levers that could be used to improve the quantity and/or quality of work for construction workers, either of which could enable them to increase their economic security. Procurement is one such lever. Key decisions taken during the process of identifying, planning, designing and implementing construction projects can have a big impact on both the quantity and quality of work in construction. Governments have this tool at their disposal and some examples have been found where it has been used to generate additional employment, or to improve the health, safety and working conditions of construction workers on publicly funded construction projects.

Leverage can also be exerted at the international level where key investors such (notably the IFC) are beginning to take construction labour issues seriously and global union federations are working with MNCs to create space for the development or strengthening of local trade unions. However what impact, if any, these developments might have on the casual and unorganised workers (the majority in construction) is not known.

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