

## Implementing Labour Standards in Construction

# Lessons from Pilot Studies

### What are the labour standards?

#### Core labour standards

Adopted in 1998, the ILO Declaration on Fundamental Principles and Rights at Work covers 4 *core* labour standards:

1. Freedom of Association and the right to collective bargaining
2. Elimination of forced or compulsory labour
3. Effective abolition of child labour
4. Elimination of discrimination in respect of employment and occupation

These core labour standards apply in all countries that have accepted the ILO Constitution.

#### 'Broader' labour standards

Other *broader* labour standards, based on international conventions of the ILO, include:

5. Health and safety to be addressed
6. Wages to be paid in full and on time
7. Limited working hours and protected overtime pay
8. No repeated casualization (maintaining workers on casual contracts for long periods, to avoid paying standard wages and meeting other legal benefits)
9. Social security regimes applied

These labour standards apply in countries that specifically ratify the appropriate ILO conventions within regional and national law.

*The ILO's Code of Practice considers HIV/AIDS as a workplace issue, to be addressed alongside other labour standards.*



### Labour Standards and the Millennium Development Goals

The Millennium Development Goals and associated targets seek to combat extreme poverty and address social and human development in areas of decent employment for youth, discrimination against women, trade and environmental degradation.

These goals and targets can be supported through maximising the contribution of a construction industry that provides infrastructure and services while improving the **quality** and **quantity** of work available to the poor.

A recent DFID-funded research project has sought to improve the labour rights of construction workers through drawing attention to the contribution of labour standards in construction to poverty reduction.

Part of the project has been to disseminate lessons learned and develop influencing agendas, seeking to mainstream the adoption of labour standards in national and international procurement procedures.



## Why are labour standards important for the construction sector?

- The construction sector is one of the world's largest employers of temporary workers. It provides:
  - 7% of global employment
  - typically 10% of a developing country's GNP
- As a major source of employment for (usually) poor workers, the construction sector is also one of the most dangerous and insecure:

### Health and safety

Approximately 100,000 deaths occur on construction sites each year – the equivalent of 1 death every 5 minutes.

Worldwide, construction workers are three times more likely to be killed and twice as likely to be injured as workers in other occupations.

### Wages and casual employment

Competition in bidding for work often results in contractors pushing down wages and employing a casual labour force.

Temporary workers' wages may not be paid for many months – in some cases up to a year.

### Protecting the vulnerable

Many temporary construction workers are unskilled migrants, unaware of their rights. The informal labour market is characterized by some of the most vulnerable groups in society who otherwise do not have a voice.

## Labour standards and poverty

Decent employment and working conditions affect people's basic human rights and freedoms, enhance dignity and well-being and help to foster the social and political stability needed for economic growth.

Applied appropriately, labour standards support the livelihoods of workers, reducing their vulnerability – and that of their dependants – to such shocks as work-related illness, injury or redundancy.

Worldwide, an underlying problem is the lack of effective mechanisms to ensure that labour laws are applied and monitored.

## Lessons from 3 pilot studies

Between 1998 and 2003, pilot studies funded by the UK's Department for International Development (DFID) were carried out in Ghana, India and Zambia to investigate how to overcome constraints in applying labour standards in different contractual contexts for infrastructure construction.

## Small-scale, formal contracting in Ghana – a DFID-funded bridge construction project

- Implementing labour standards requires a consultative process, facilitated by dialogue between client, contractor and workers (in this case through a trade union).
  - Ghanaian contractors were initially reluctant to provide protective clothing, for fear that employees may sell items issued to them.
- Incorporating appropriate clauses into Terms and Conditions of Contract is a key mechanism for ensuring the **implementation** and **monitoring** of labour standards.
  - A clause incorporated in the Ghana project specifies procedures in the event of an accident on site.
- Costs of implementing labour standards need to be incorporated into bills of quantities. Bid evaluations can then provide a "level playing field" for all bidders.
  - Trade Union representatives in Ghana needed costs to support transport to reach remote sites.
- Monitoring the application of labour standards is crucial and requires supporting mechanisms.
  - Monitoring of wage payments in Ghana could only be done when correct employment records were well kept.
- A comprehensive training and awareness programme needs to be part of an integral plan to develop the capacity of contractors.



## Community-contracting in India – a local-government funded infrastructure programme

- Liabilities associated with community-contracting are rarely made explicit, but must be understood and mechanisms put in place to protect both the workforce and those responsible.
  - The transfer of responsibility to local government institutions also needs to be accompanied by transfer of liability.
- Strong social relations can be a safeguard for workers (through knowing who they work for), but also used in coercion.
  - Health and safety considerations are a key issue, as pressure can be put on workers not to claim for injury costs from a known community leader.
- Identify what the community can provide. Prioritise what they cannot.
  - In many cases the local community can help to provide water and latrines for workers.

### Formal versus informal contracts

Labour standards are normally applied in formal contracts, where there is a clear employment relationship.

Informal, small-scale contracting is more widely practised in the construction industry in many developing countries. Labour standards should also be applied in conditions of community contracting (where the community, or a section of it, functions as the contractor and is responsible for the implementation of the works) and self-help, voluntary schemes.



## Voluntary unpaid labour in Zambia – an international NGO-led water supply and sanitation programme

- Conditions of voluntary unpaid labour need careful consideration. Long-term unpaid work risks undermining livelihoods – inflicting costs, not benefits, on the poor.
  - A construction project required the community, mainly women, to work unpaid for 6-9 months. The community viewed this as preventing them from earning income elsewhere and the use of unpaid labour was stopped.
- A voluntary unpaid approach should only be adopted on a short-term basis, where it is understood and agreed to by all stakeholders.
- Voluntary labourers forego rights to wages and permanent employment, but *all* other labour standards apply.
  - Particular care must be given to ensure equality of treatment, health and safety provision, and protection from child labour.



## Information sources

The findings of the studies in Ghana, India and Zambia have been compiled into a publication, providing guidance on the collaborative process and contractual issues for implementing and monitoring labour standards.

### **Implementing Labour Standards in Construction – A Sourcebook**

*S Ladbury, A Cotton and M Jennings*

WEDC, Loughborough University, 2003

The Sourcebook identifies key steps, with detailed guidance for what to do to make each step operational. It also includes examples of relevant contract clauses and a sample Terms of Reference for carrying out a baseline study.

The **Sourcebook** can be downloaded from the WEDC publications website:  
<http://wedc.Lboro.ac.uk/publications/index.htm>

### **What people say about the Sourcebook**

“I am a great fan of the...handbook...use it constantly and have given it to many others”,  
*Construction Specialist, ILO, Geneva*

“We use a lot of information and references...in the preparation of our proposal reports”  
*President's Office, Regional Administration and Local Government, Tanzania*

“I've found the sourcebook very useful”  
*Environmentally and Socially Responsible Procurement, World Bank, Washington*

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## About this Briefing Note

This Briefing Note provides information on the importance of labour standards to the construction sector. It highlights lessons drawn from 3 pilot studies carried out during a DFID-funded research project 2000 - 2003.

The project was undertaken by WEDC, Loughborough University, in association with the ILO and DFID

### **ILO**

The International Labour Organization (ILO) is a key organization in 'promoting decent work for all', setting standards and creating consensus to sign conventions relating to Labour Standards.

<http://www.ilo.org/>

### **DFID**

The Department for International Development (DFID) Issues Paper *Labour standards and poverty reduction* published in May 2004, identifies the contribution that well designed and implemented labour standards can make to poverty reduction.

<http://www.dfid.gov.uk/>

### **Website**

Further details of the research project, including papers and a powerpoint presentation are on the website:

[http://wedc.Lboro.ac.uk/projects/new\\_projects3.php?id=55](http://wedc.Lboro.ac.uk/projects/new_projects3.php?id=55)

For further information, contact:  
**Rebecca Scott** or **Andrew Cotton**

### **Postal address:**

Water, Engineering and Development Centre  
Loughborough University  
Leicestershire LE11 3TU UK

**Email:** R.E.Scott@Lboro.ac.uk  
A.P.Cotton@Lboro.ac.uk  
**Phone:** +44 (0)1509 222885  
**Fax:** +44 (0)1509 211079