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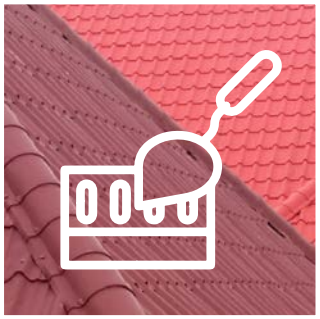
the LAB
MARKET SYSTEMS DEVELOPMENT FOR DECENT WORK

International Labour Organization

LAYING A FOUNDATION FOR BETTER WORKING CONDITIONS



A MARKET SYSTEMS ANALYSIS IN RWANDA'S BUILDING CONSTRUCTION SECTOR

LAYING A FOUNDATION FOR BETTER WORKING CONDITIONS

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EXECUTIVE SUMMARY

'The Lab' team of the International Labour Organization (ILO) performed an analysis of the building construction sector in Rwanda to understand the market incentives to better working conditions. The analysis summarised in this study complements a similar market analysis performed on the garments and tailoring sector which is detailed in a separate study. Both analyses have been conducted as part of the inception phase for the project, "Promoting Decent Work in Rwanda's Informal Economy", which is being implemented by the ILO and funded by the Embassy of Sweden in Kigali. This project attempts to reduce decent work deficits among women, young women and young men working in informal sectors, where 91%[1] of the Rwandan work. These informal workers are particularly vulnerable and generally cannot exercise their rights, which means that decent work deficits persist in practice, despite having the presence of a fairly supportive national labour rights legislation.

To this end, a market systems analysis (MSA) was performed on the building construction sector to find the market constraints to better working conditions for informally working poor women, young women and young men in urban and peri-urban areas. This analysis will be used as a basis for the project to sharpen its implementation focus and as such, potential project interventions have been identified at the close of the study.

A rapidly growing and highly informal sector

Fuelled by a rapid and an ongoing population shift from rural to urban locations – building construction is a booming business. It forms the largest part of Rwanda's industrial economy and year-on-year, is outpacing the country's already exceptional economic growth. However, if you dig a little deeper, one finds a sector that depends almost exclusively on an informal workforce (98% are informal workers), many of which have very low skills, and education levels (87% have completed primary education or less)[2]. On the surface, poor wages and the irregular payment of them, worker occupational safety and health risks, irregular contracts and limited training opportunities are the common challenges faced by the vast majority of workers.

1. The National Institute of Statistics of Rwanda (NISR): Labour Force Survey Report (August 2017).
2. Rwanda Labour Force Survey (August 2018).

Women and youth

Women and young women have a disproportionate set of challenges within the sector. On first glance, their composition of 19% of sector workers is encouraging, however, women are almost exclusively found in the lowest-skilled jobs. Here, the wages are the lowest, the work physically demanding and the exposure to occupational safety risks is high. During the research, building contractors identified that most women employed on building construction sites are single mothers, often having no other option but to leave their children in the care of friends, family or neighbours such that they can earn RWF 2,000 (USD 2.35) per day to provide a roof over her family's head and something for them to eat. For women, the nature of the job is more about day-to-day survival than progressing a long-term career.

Youth, particularly those migrating from rural areas and/or with low levels of education, find the sector attractive due to its abundance of low-skilled positions that require limited skill, financial backing or formal education. However, these "attractive" low-skilled jobs are the most vulnerable ones.

Decent work deficits

This study has taken a review of the constraints to better working conditions for low-skilled workers, who, with very few exceptions, are all informally contracted. For these workers, the deficits to decent work are both numerous and vast though are most pronounced with regard to income and income stability, social security, and OSH – with a lack of skills development being one of the key constraints that contributes toward these poor working conditions.

The market constraints and their root causes and potential for intervention

Through the analysis, six market constraints were identified as key to limiting the building construction sector and its ability to provide better conditions for its informal workers. Relative to the sector's ***supporting functions***, the most considerable constraints include: ***financial services*** that limit contractor access and drive business investment decisions away from workers; ***limited information*** for both contractors and relevant public institutions on legal obligations to workers and the detriment that poor working conditions can have on worker livelihoods; and a dearth of ***skills*** and means for low-skilled workers to upgrade into highly demanded semi-skilled positions.

Of the constraints to the supporting functions, ***the project has the highest potential to generate impact in skills development.*** The demand for skilled workers is high – some contractors reported bussing in higher-skilled workers from neighbouring countries to fill peak contract demands. Despite the demand, those working in the lowest skilled positions can neither save enough money to pay for skills development nor afford to take months off from work to attend formal training courses. To address this constraint, the project has an opportunity to team up with the private sector to trial several new commercially viable models – looking at short-term affordable courses that can get low-skilled workers on the ladder to career progression.

The analysis identified three **key constraints to the rules and regulations** that govern the sector: **laws**; **enforcement**; and **procurement and contracting** – all of which are very closely intertwined. In diving deeper into these constraints, one finds that the regulatory framework around the building construction sector is strong as are the rights for formal workers in the Labour Law. However, the procurement law, governing building code and standards and regulations which heavily influence building practices and are quite well enforced, do not require compliance for key working conditions, particularly for informal workers. This leaves the accountability of decent work to the domain of the under-funded inspection wing of the Ministry of Public Service and Labour (MIFOTRA).

Although regulatory reform is often a challenge, building construction in Rwanda is not a closed door. The laws governing the sector are less than ten years old and governing agencies are open to their revision. This has been evidenced by the Contractors Association having successfully lobbied for 15 amendments to the construction procurement law last year, the Rwanda Housing Authority being committed to reviewing the laws governing the sector every two years, and the One Stop Centre currently reviewing the first five years of the implementation of its master plans. ***Addressing the constraints that limit the rules and regulations can be a slow burn, but in Rwanda, it seems doable and the upside for the project and workers is immense.***

GLOSSARY OF TERMS

Building construction:	Construction related to buildings – i.e. single- and multi-unit residential units, commercial and industrial buildings, schools, hospitals etc.
Market system:	A multifunction, multi-player arrangement comprising the core function of exchange by which goods and services are delivered and the supporting functions and rules which are performed and shaped by a variety of market players[3]
Youth:	Individuals between 16-30 years old.[4]
Value chain:	Full range of activities that are required to bring a product or service from conception, through the intermediary phases of production and delivery to final consumers, and final disposal after use.[5]

3. As defined by The Springfield Centre (2015) in *The Operational Guide for the Making Markets Work for the Poor (M4P) Approach, 2nd edition.* funded by SDC & DFID
4. As defined in the Rwanda Labour Force Survey (August 2017).
5. Kaplinsky & Morris (2003).

NOTES

On confidentiality. All data collected through primary research have been made anonymous so that individual cannot be identified. Instead, we refer in generic terms to 'interviewee(s)".

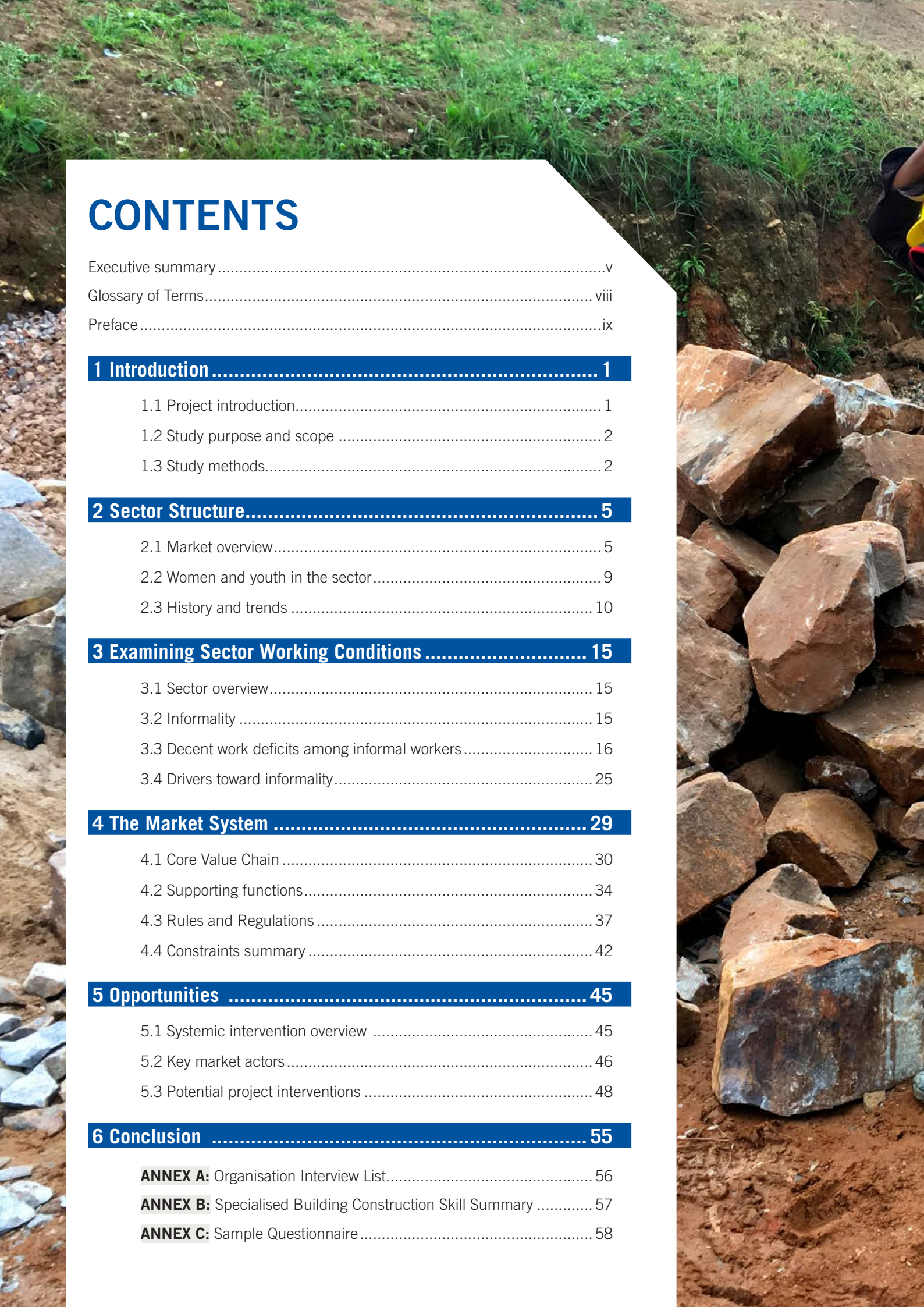
On study limitations. The challenge of targeting the informal sector is that many informal entrepreneurs avoid communicating about their lack of formalisation and status as they do not (fully) comply with labour, tax and other laws. The same holds for informal employees. Formal firms may fear visits from compliance officers and are often not willing to share information on informality among their workers. This explains the scarcity of secondary research and could introduce bias in the research. To minimize this risk, the research team relied strongly on the networks of a national consultant. Also, the purpose of the study was explained clearly and whenever possible, interviewees where asked about past experiences so the fear of repercussions was minimal. The geographical focus. Information was collected from business owners and workers in Kigali. The main findings are expected to apply to other urban areas in the country, although this requires further research.

PREFACE

This report was written by Steve Hartrich and with very valuable inputs from Derick Rwitare, Rebeca Granda Marcos and Judith Van Doorn

The team would like thank the following people for their critical feedback and guidance: Tapera Muzira, Jude Muzale, Francois Murwanashyaka, Alexander Twahirwa, Annamarie K. Kiaga, Jens Dyring Christensen, Jeanne Schmitt, Laura Brewer, and Virginia Rose Losada as well as Elisabet Montgomery and other Sida colleagues.

The research team would like to thank all those who participated in the interviews and focus groups.



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1 INTRODUCTION

1.1 PROJECT INTRODUCTION

The International Labour Organization (ILO), with the support of the Embassy of Sweden in Kigali, is implementing a three-year project (November 2017 – October 2020) to promote decent work in Rwanda's informal economy. Although working conditions are well acknowledged and provided for in Rwanda's regulatory and legislative framework, the challenge to effective implementation still remains as the vast majority of workers are the informal economy, cannot exercise their rights and have limited protections under legislative provisions.

Thus, the principle objective of the project is to advance access to decent work to Rwanda's informal workers. Such deficits in for informal workers in the building construction sector include: a lack of protection in the event of non-payment of wages, compulsory and unpaid, lay-offs without notice or compensation, unsafe working conditions, low productivity, absence of social benefits such as pensions, maternity leave, accident/sick pay and health insurance, employment insecurity, poor occupational safety and health, lack of social security coverage etc.

To address these decent work deficits for informal workers, the project will use a market systems approach with a focus on the building construction and garments & tailoring sectors. The approach is directed at reducing poverty and decent work deficits through creating incentives for actors - both private and public – to trial and develop innovations which support stronger, more coherent and more inclusive markets.

In this approach, the first step is to identify and understand the key constraints to decent work to the target group – women, young men and young women in the informal economy – along with their corresponding root causes. The project will then use this analysis as a basis for imple-

mentation, where it will work through leveraging high capacity and highly motivated actors – those that already operate in the market space – to drive innovations that address the 'root causes' of these constraints. The objective of implementation is to either find incentives for, or build the capacity of existing actors, such that they become the change agents that can address market constraints and decent work deficits in a way that is both sustainable and scalable – ensuring that the project has long-lasting impact after it ceases.

This study, referred to herein as the market systems analysis (MSA), provides the analytical basis for identifying the constraints to, and opportunities for addressing, working conditions in the building construction sector.

1.2 STUDY PURPOSE AND SCOPE

This building construction MSA was conducted to first identify the key constraints to the sector along with the corresponding root causes that limit functionality to these markets in relation to business operations, working conditions and gender. The target group within the MSAs is **informal workers**, and in particular those who are **women, young women and young men**. The end result of this study is to identify opportunities to formalise enterprises or worker contracts, but rather looks to identify the opportunities that pragmatically address working conditions among these informal workers.

1.3 STUDY METHODS

The research was carried out in two phases:

1. **Desk research:** Available literature was gathered to provide a framework for the primary data collection process, including laws, building codes, sector data and market trends.
2. **Field research:** A total of 32 businesses and organisations were interviewed during the research process. The interviews were semi-structured, and were conducted with government officials, employers' associations, unions, training institutions, formal and informal business owners, employees and workers. The interviews provided an in-depth picture of the sector from a diverse set of actors and opinions. In-depth worker interviews were conducted on 10 workers ranging from very low-skilled, informal workers to supervisory level staff. Focus group discussions were held with low-skilled female worker and low-skilled male worker groups and 42 quantitative surveys[6] were conducted on lower-skilled workers on construction sites. A detailed list of all the interviewed stakeholder organisations is included in Annex A. All interviews were conducted under the presumption that the interviewee would maintain anonymity

The research is based on the methods of ILO's Value Chain Development for Decent Work guide[7] and The Springfield Centre's Operational Guide on the M4P Approach[8]. Results were validated through triangulation of data and methodologies. This means the research uses different types of data (i.e. primary and secondary) and multiple methods (e.g. observation, surveys). Results were validated by relevant stakeholders who attended a validation workshop in Kigali on 28th May 2018.

6. Around 50% of respondents were women. The surveys covered work experience and safety concerns, perceptions about improving working conditions and current income. Noted that sampling was not scientific, and involved interviewing workers at five building construction sites.
7. International Labour Organization: *Value Chain Development for Decent Work – How to create employment and improve working conditions in targeted sectors (2015).*
8. Springfield Centre: *The Operational Guide for the Making Markets Work for the Poor. (M4P) Approach, 2nd edition.* (2014).

2 SECTOR STRUCTURE

2.1 MARKET OVERVIEW

The building construction sector forms a central part of the Rwandan economy. As a whole, the construction sector employs 7.9% of the working population, and behind crop farm labourers (37% of the working population), the occupations of house builders and building construction labourers (6.1% of the working population) employ more than any other specific profession in the country[9]. The construction sector is valued at 7.9% of the gross domestic product of Rwanda and grew at a 12.8% per year between 2010-2015[10].

Building construction makes up an estimated 60%[11] of the construction sector, which as a whole includes construction of bridges, roads, and general civil works. Building construction is divided into two principle segments: single-unit residential developments which are financed by the homeowner; and larger-scale residential and commercial property developments which tend to require a more formal bidding process, financing through financial institutions and larger, more formal contractors. Several key informants indicated that single-unit residential construction comprises the majority of building construction development[12].

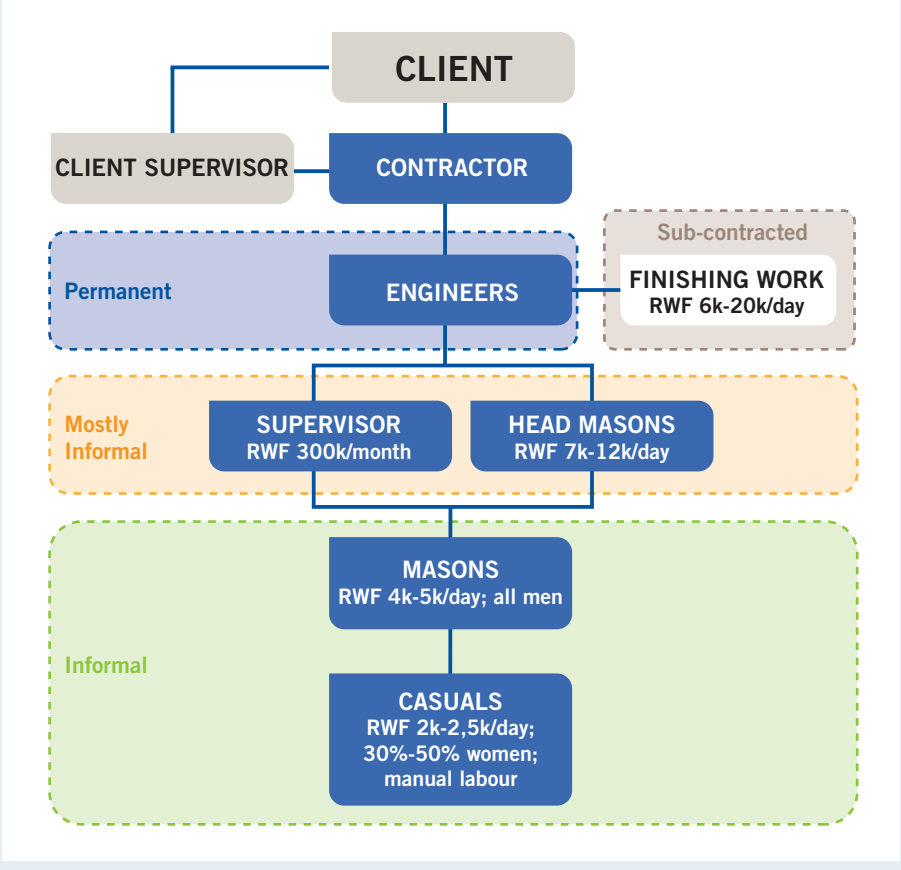
Single-unit residential development: The developer is the homeowner who usually finances the project over a prolonged period of time – putting savings into developing various stages of the construction project when possible. Due to the high cost of construction, it is often the case that the single

9. Rwanda Labour Force Survey (February 2017). Calculations based on data in Table 4.3 and Table 2
10. Opportunities in the Construction Industry in Rwanda, Business Sweden in Eastern Africa. (2017)
11. Estimated by representative from Association of Construction Companies.
12. It's estimated that the annual supply of new houses (either apartments or detached units) in the formal market in Kigali ranges from 800-1000 per year. Source: European Union: *Kigali Housing Market Study.* (2015).

developer will start construction using small savings, and will seek debt from a bank for almost 70% of the building to completion. For almost all single-unit developments, and in particular the lower-cost segment, the hired contractor is generally a one-person informal "business" who is responsible for sourcing and subcontracting the labour to complete the various components of the job – all of which is done through informal subcontractors[13]. In this arrangement, the owner is responsible for sourcing and buying the construction materials (cement, sand, bricks, rock, steel, finishing such as floor tiles, windows, doors, etc.) and for paying the contractor at various delivery stages of the work. The agreement between owner and contractor is largely verbal without a written contract for the services rendered. And the agreement between contractor and workers is even looser - unskilled workers, such as casuals and masons (see below text box) are often sourced, informally contracted, and paid on a daily or weekly basis.

Larger-scale building development: The contracting process is more complicated and generally requires formal contracts, the involvement of financial institutions, tax obligations, and insurances - all of which become more formal with larger contracts and more formalised end clients (such as the Government of Rwanda). The structure of this arrangement is identified in Figure 1. The roles are briefly set-out below for a site of about 200 workers (a multi-storey office building) and explained in more detail in subsequent sections.

Figure 1
Large contract structure



13. The owner is almost always male, which may influence gender in hiring decisions

BOX 1: WHAT ARE THE ROLES ON A LARGE-SCALE CONSTRUCTION SITE?

- **Client:** Is the project developer and includes the Government of Rwanda (public buildings) and private developers/investors that are majority Rwandan owned.
- **Client Supervisor:** On large projects (i.e. public buildings or multi-storied buildings), the client is required to have a supervisor, or project manager, who represents the client to ensure that the contractor is building according to the contract, as per the approved building plans and requirements by the local authorities.
- **Contractor:** The company in charge of coordinating all components of the construction and executing the project to the design. For larger contracts, the contractor is in charge of doing the sourcing and purchasing the building materials, coordinating and contracting the labour to complete the work.
- **Finishing workers:** These specialists include painters, tilers, electricians, plumbers, carpenters, roofers and aluminum workers (doors and windows), among others. They are generally subcontracted for short-term, specialised jobs which can last a day to a week.
- **Engineer:** The engineers include both office-based design engineers (who support the site engineers by providing extra construction details) and site engineers (ensuring the building is being built to specification on site). Most larger building contracts have a resident site engineer, who is the most senior ranking staff on site and beyond checking the design is responsible for keeping workflow coordinated and providing open communication to management on site progress.
- **Supervisor/foreman:** On a site of about 200 workers, around two supervisors (or more commonly referred to as foremen) work on behalf of the contractor. They work to coordinate and organise human resources, and are responsible for assigning work packages and programing.
- **Head mason:** The head masons are responsible for actively providing the quality control of the work of about 20 masons.
- **Masons:** Generally perceived as one-step higher than the casuals in skills and responsibility, the masons' tasks include laying bricks, bending steel or making steel frames, or building forms to cast concrete.
- **Casuals**[14]**:** Commonly referred to as "helpers", casuals are considered to be the lowest skilled positions on each construction site. Their activities can range from shovelling and transporting earth and other building materials, to cleaning the site or wiping down the excess mortar on the brick work.

14. Note "casual" does not refer to their contractual status but just how the term used for the position on construction sites.

Around 90%-95% of the workers on a construction site are masons or casuals. Interviewed contractors indicated that the general composition of workers is about two casuals for every mason – that is, roughly 60%-65% of all site workers are casuals and 30% masons[15]. Positioning of worker type in Figure 1 is directly correlated to work responsibility, required skill and quality of working conditions. The lower a worker type is positioned in the figure, the lower its perceived worker responsibility and skill. This also corresponds to poorer working conditions. In looking at one example, income, casuals earn approximately half of what the masons earn, the masons earn half of what the head masons earn, and the head masons earn about half of what the foremen earn. In interviewing multiple contractors, not one of the casuals had a formal contract and all but twelve masons (of more than 1000 masons working for interviewed contractors), were informal.

The labour demand throughout a contract is also variable with the highest demand, especially for low skilled workers, occurring during the site mobilisation and structural building stages. As the building phase winds down, contractors begin scaling back casual workers on site, as the work required changes to more high-skilled labour for finishing works, which is often subcontracted out to specialised teams.

BOX 2: WHAT IS IT LIKE TO WORK A CONSTRUCTION SITE?

Meet Susan[16]. Susan works on a building construction site for a new technical school. She's a single mother with a three-year-old child and gets no support from the father. She has been shovelling earth and moving building materials around various construction sites for about five years, and during that time, her salary hasn't changed from RWF 2,000 per day (USD 2.35). On this particular day, she's the only woman on the site - any bathroom breaks involve going to the communal toilet, a hole in the ground behind the bushes. She'd like to train to move up a level from casual to mason and says there is a training school right around the corner, but a complete training course would take a year, limit her time to work, and would cost about USD 235 - about 40% of her annual income.

Every day, she wakes up in the morning, gets herself and her child ready to go, drops her child off at a neighbour's place and arrives at work. When she gets home, she will buy the neighbour a Fanta as a thanks if she can afford it. On observation, she appears to be showing early stages of pregnancy, something that she tries to hide as it could bring her misfortune, particularly as her foreman had just told us that pregnant women are perceived as weak and get rotated off the site fairly quickly. It seems a construction site is no place for a pregnant woman - how will she survive when the foreman finds out she's pregnant?

15. It should be noted that on visual observation of multiple sites, the ratio of casual workers to masons workers seemed closer to one to one than two to one.

16. Story comes from research interview, though the name has been changed to protect anonymity of the worker.

2.2
WOMEN AND YOUTH IN THE SECTOR

Although generally perceived as a male dominated sector, women and young women workers comprise approximately 19% of construction workers[17]. Within the sector, **women** and **young women** are relatively better educated than men though generally work in jobs that are exposed to the sector's most precarious conditions. Some sites reported that up to 50% of their casual workers[18] are women, the most unskilled position in the sector which are exposed to the worst working conditions. In discussions with several contractors and in on-site observations, few women actively work at the mason or artisanal level or at supervisory positions and no market actors knew of any female contractors. Women also participate in finishing works on construction sites, mainly in painting, tiling and as carpenters, though one female engineer estimated that their participation composed about 5% of the workers in these specific trades.

As indicated by the position of **women** in the construction sector, career progression of women workers between the lowest-skilled positions and high-skilled positions is limited. As one contractor noted, the majority of her female workers are mothers and the majority of those are single mothers. The family obligations at home tend to limit the extra time that female workers can commit to learning new trades. On the other hand, there are few single fathers who have children at home whose obligation limit their ability to progress learning and skills development.

Young[19] **men** are active in every area of building construction, with the only exception being that older males having a stronger presence in foreman/supervisor and head mason positions, where the experience and longevity often better suit the tasks associated with those positions. In talking to young men and young women, no one interviewed in either of the two groups recognised any specific challenges or disadvantages apart from a lack of experience. Many young men and young women find it easier to get a job after migrating to the city from the farm - 45% of construction workers have worked in subsistence farming - higher than any other non-agriculture sector[20].

Given the scope of the study, the focus of the analysis is the constraints to casuals and masons, as they comprise the greatest number of informal workers, the worst working conditions and the highest proportion of women and youth.

17. Table 21 of the Rwanda Labour Force Survey (February 2017).
18. Again, "casual" refers to the worker position in low skilled jobs (see box 1), not the nature of the worker's contract
19. As defined in the Rwanda Labour Force Survey (August 2017). Pg 43, youth are defined as those between 16-30 years old
20. Table 21 of the Rwanda Labour Force Survey (February 2017).

2.3
HISTORY AND TRENDS

A recent history of explosive growth: The landscape in the urban building construction sector is rapidly changing due to a recent upsurge in urban growth. Between 2002 and 2016, the percentage of Rwandans living in urban areas grew from 17% to 30%[21] while the urban population increased from 1.4 million to 3.5 million[22] - or approximately 150% growth in just 14 years.

The building construction sector supply has struggled to keep pace with the rapidly growing demands - in Kigali alone it is estimated that the annual new residential 34,000 residential units need to be constructed per year with an additional 15,000 per year[26]. The professionals operating in the space are just starting to be developed domestically, with the first class of civil engineers graduating in 2005 and the first class of architects in 2014.

To help facilitate more coherent development in the fast changing urban landscape, the Government of Rwanda rolled-out masterplans in Kigali (2013) and six secondary cities including: Rubavu, Musanze, Nyagatare, Muhanga, Huye and Rusizi. The masterplans provide a 10-year planning horizon which among identifying larger infrastructure needs also specify the land use zoning down to a property level. This has had significant impact on the building construction sector as many lands, particularly in central Kigali, have been rezoned from their current use as single-family residential units to more dense multi-story residential and commercial buildings. That is, if an owner of a single residential unit wants to redevelop his or her site, it must be developed to meet the land use specified in the masterplan.

An unmet consumer demand: On the one hand, the masterplan has helped control poorly planned development, however, some growing pains have been experienced in the initial five years of its implementation. The multi-story apartments identified the Kigali masterplan hit the market at USD 100,000, which far exceeds the price point of the vast majority of market demand which is the affordable or social housing segment (see box to the right)[27]. As a result, apartment complexes which have been built in Kigali are largely sitting idle, serving as a deterrent to future developers to build to the masterplan multi-storey specifications[28].

Fast Facts:

10% annual growth in construction spending[23]

6.7% annual growth in urban residents in Rwanda[24]

4.4 million urban residents by 2020

34,000 new housing units need per year in Kigali (2012-2022)[25]

21. The World Bank, World Development Indicators (2016). Urban population (% of total). Retrieved from https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?end=2016&locations=RW&start=2002
22. The World Bank, World Development Indicators (2016). Urban population. Retrieved from https://data.worldbank.org/indicator/SP.URB.TOTL?display=&end=2016&locations=RW&start=2002
23. Rwanda Development Board
24. The World Bank. *Reshaping Urbanisation in Rwanda: Economic and Spatial Proposals: Note 1: Urbanization and the Evolution of Rwanda's Urban Landscape.* (December 2017).
25. Retrieved: http://www.mininfra.gov.rw/index.php?id=269
26. Retrieved: http://www.mininfra.gov.rw/uploads/media/Rwanda_Infrastructure_Brochure_2014_02.pdf
27. It was reported that until the Condominium Law (2012) came into effect, residents could not own property above or below others. Thus, there is still neither an established culture nor desire to live in multi-unit apartments.
28. Newly completed offices are largely unoccupied due to a current oversupply of office space in Kigali.

What is affordable housing and who is the market?

USD 33,250 price per unit (max)

17% commercial lending rate[29]

67% urban Rwandans earn below RWF 100,000 (USD 117) per month

67% of new housing units to be affordable/social housing units[30]

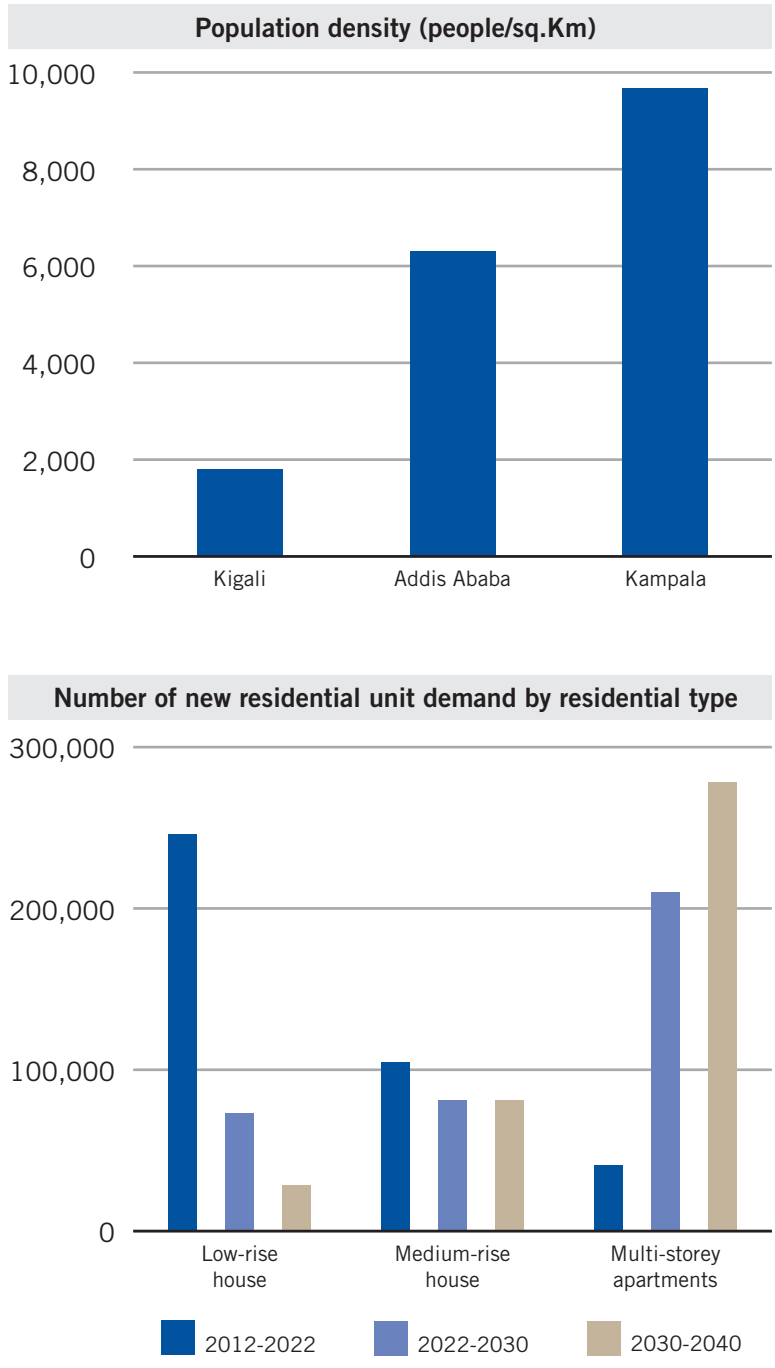
The Rwanda Housing Authority (RHA) is promoting the development of affordable housing schemes if the developer can build housing units for USD 300/sq.m or less[31] and sell them at a maximum of USD 350/sq.m. To incentivise such development, the Government of Rwanda currently covers the development costs of onsite infrastructure and civil works such as roads, water and utilities for affordable housing schemes. The RHA also gives land to the developer to build the site which the developer then buys from RHA upon sale of the affordable housing units. Despite these incentives, developer appetite for affordable housing has been weak and only two affordable housing developments having been built in the country.

Given the mismatch between construction cost and consumer budget, building construction development has largely been pushed to the periphery of Kigali. As noted in a World Bank study (2017), Kigali's three rural districts and secondary cities such as the Rubavu-Nyabihu-Musanze are urbanising faster than central Kigali[32]. This periphery development is largely composed of single residential units, developed by the owner. This is important as even though planning identifies a need to densify, **most current development projects are still small in nature, involve largely informal contractors and largely operate outside of compliance to the Law** (apart from that governing the permitting process).

Professionalising the sector: Going forward, sector dynamics will change. The City of Kigali has recognised some of the limitations in its first masterplan and is in process of reviewing the first five years of implementation with a plan to submit a revised version in 2018. And Kigali and the six secondary cities are still relatively sparsely populated (see Figure 2 below left) with a fast growing middle class, the denser residential development will become more viable (see Figure 2 below right)[33]. With further densification, the workforce will shift from working on informal single unit houses with limited quality standard to more formal construction sites with specific contracting and quality standards. In this line, the sector needs to start transforming to be able to meet future needs and the project is in a strong position to help the sector transform to ensure that it does while addressing the key working conditions' challenges.

29. National Bank of Rwanda March 2018 rates.
30. Retrieved: http://www.mininfra.gov.rw/index.php?id=269
31. Figures provided through interview with Rwanda Housing Authority
32. World Bank (2017)
33. Figures based on data and figures in *Housing Market Demand, Housing Finance, and Housing Preferences, for the City of Kigali.* 2012)

Figure 2:
Kigali population density (top) and future development demand (bottom)[34]



As a part of the Rwanda Green Growth Initiative, launched in December 2017 under the Ministry of Infrastructure (MININFRA), all public buildings including schools, hospitals, public offices will need to meet a minimum environmental standard. That is all new buildings will need to meet the standard and all existing buildings will need to be retrofitted to that standard by 2050. This should be adopted into policy at some stage in 2018, and RHA is in process of working to develop a green evaluation system.

34. World Bank (2017)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3 EXAMINING SECTOR WORKING CONDITIONS

3.1 SECTOR OVERVIEW

In developing economies, building construction is often identified as a sector with the most precarious working conditions – it's rife with safety risks and the irregularity of building contracts translates into varying workloads and numbers of staff which contractors and subcontractors manage through hiring workers on short-term and informal contracts. In Rwanda, both safety issues and informality are quite pronounced in the sector, particularly for the masons and casuals, who make up 90%-95% of the building construction workforce and are exposed to the highest safety risks and with very few exceptions, all work informally. The position of women and young women is most common at the casual level. For those reasons, the discussions of sector working conditions will largely be focused on the casuals and masons.

3.2 INFORMALITY

The term informal economy refers to economic activities among workers and businesses that are – in law or in practice – not covered or insufficiently covered by formal arrangements. This implies that informality among workers is not limited to the informal sector; it can also exist among formal enterprises.

In building construction, all formal businesses operate with large elements of informality: most workers are not on formal contracts and employers do not pay social security obligations. On the other side, informal companies are often registered with the Rwanda Revenue Authority (RRA), local districts and sometimes Rwanda Development Board. Informal companies

can be subjected to RRA tax audits and back taxes and corresponding penalties for unpaid liabilities.

Countries use different criteria to measure informal employment according to national context and circumstances. In Rwanda, the definition of informality includes[35]:

Informal employment definition- Rwanda

A job held by an employee is considered informal, if the job does not entail social security contribution by the employer, and is not entitled of paid sick leave and paid annual leave. If own-account workers (without hired workers) and employers (with hired workers) operate an informal enterprise, they are classified as informal workers. All contributing family workers in formal or informal sector businesses are classified as having informal employment[36]

Informality encompasses a range of vulnerabilities and deficits in decent work including fundamental principles and rights at work, social protection, decent working conditions and the rule of law. Decent work deficits include, for example, poor-quality, unproductive and unremunerative jobs that are not recognized or protected by law, the absence of certain employment benefits rights at work, inadequate social protection and the lack of representation and voice. These deficits also prevail in the formal economy, yet they tend to be more pronounced in the informal economy.

3.3
DECENT WORK DEFICITS AMONG INFORMAL WORKERS

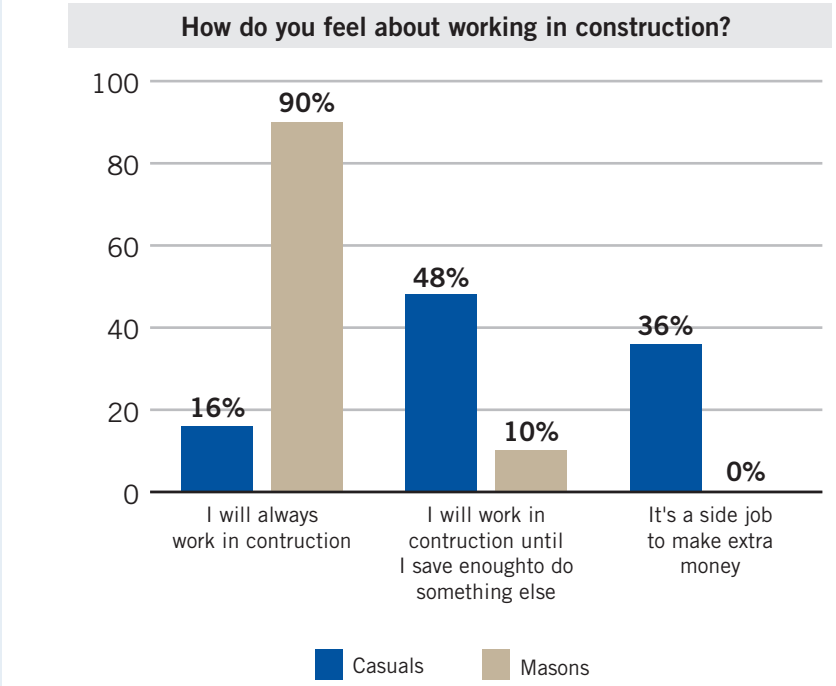
Working conditions for informal workers were reviewed across the construction sector and although many components of working conditions could be identified, the key areas which are most critical for workers include income and income stability, social security, OSH and skills. An analysis on gender dynamics was conducted to understand some of specific challenges that women face in the sector.

Working conditions within the building construction sector are generally stratified into three different segments: the casuals, the masons and the specialised finishers. The casuals are subjected to the worst working conditions and with very limited protection against on the jobs risks. Through interviews, it became clear that casuals perceive jobs as a means to survive rather than an initial step on the construction ladder. The work is hard; the pay is poor; the contracts are unstable, and the workers are often not paid on time. As a result, 1 in 6 actually perceive the sector as a career, 1 in 2 are just trying to save enough until they move on to something else, and 1 in 3 consider it a side job (see below Figure 3).

35. Rwanda Labour Force Survey (August 2017)

36. The "informal sector" definition in Rwanda's Labour Law is narrower: workers who performs informal activities *and* works for a company or an individual that is not registered in the commercial register or with authorities. This definition has not been used as it does not include a large proportion of workers that work for formal companies though are subjected to poor working conditions associated with informal employment.

Figure 3:
Worker Perceptions of Building construction[37]



Masons and specialised sub-contractors (painters, roofers, tilers) have a different perception of the sector. They often earn two to three times what the casuals earn and work, though still physically demanding, in less strenuous jobs. However, they still have informal contract arrangements, limited access to social security, and exposure to OSH risks that are similar to the challenges that casual workers have.

3.3.1
Income

Through numerous worker interviews, two income related issues came to the forefront: **earnings** from the job, particularly for casuals (and particularly for single mothers), were barely enough to survive; and **irregular and delayed payments.**

Worker wages are determined by market rates and are in distinct and rigid pay tiers for lower skilled workers. For example, almost all casuals in Kigali earn RWF 2,000 (USD 2.35) per day, though wages can range between RWF 1,650 and RWF 2,500 per day, depending on the contractor or location (wages outside of Kigali are about 20% less), but notably, not dependent on gender. For these low-skilled positions, experience or contractor loyalty do not contribute toward higher earnings – wages for casuals are uniform per contractor. One single mother who worked as a casual worker said that her wage had not changed in five years. This has left her worse off than before as common consumer costs have increased 22% over that period of time[38].

As skill-sets advance the wages improve considerably, and so does their relative position in terms of urban wage earners in the country (see Table 1 below). About half of the contractors interviewed reported less rigid pay structures for the masons, indicating that more experienced masons could earn RWF 1,000 (USD 1.15) per day more.

37. Collected from field survey data.
38. Based on the Consumer Price Index (CPI) for the date range between 2011-2016. World Bank Data (2018). https://data.worldbank.org/indicator/FP.CPI.TOTL?end=2016&locations=RW&start=2010

Table 1:
Average daily wages for most common building construction worker types

Job Type	Average Earnings[39]	Urban Earnings Percentile[40]
Casual	RWF 2,000; USD 2.35	Women (68%); Men (39%)
Mason	RWF 5,000; USD 5.90	Women (76%); Men (61%)
Finishing Worker	RWF 7,000; USD 8.20	N/A

Casuals and masons are generally paid on a weekly basis, though some working on less formal sites and in more temporary work, reported that they were paid in cash every day. Interviews with workers indicated that payment of their wages was one of the biggest concerns (see below box). This is a product of the informal agreements as well as a knock-on effect of contractors not being paid by their clients on-time for services and as a result, not being able to pay their staff on time.

During research, workers were surveyed to prioritise what was most important: a 10% increase in pay, a regular contract for the next six months, or regular payment for the next six months. The results indicated that workers showed a slight preference for regular payment over regular contracts (ranked second) and an increase in wages (ranked third)[41]. This was more pronounced for masons, whereas casuals ranked all three options with similar preference.

BOX 3: WHAT HAPPENS WHEN WORKERS AREN'T PAID ON TIME?

Four young casual workers, two men and two young women, told us that being paid on time was among their biggest worries in life. They said that when payday was delayed a week or two, they had no savings to buffer essential food purchases or rent payments. So how does one survive in this case? Three workers indicated that they buy food on credit from the neighbourhood shop at where they have developed trust through a long-standing relationship. This arrangement is usually fine if they can pay back the shop-owner in a week. But if they aren't paid for two or three weeks, they fear that they'll never be able to on credit from the shop-owner again - one young female mentioned,"if we don't pay it back on time, we're in trouble." Another worker helped buffer herself through borrowing money from friends and similarly lent to her friends when she had money and they did not.

Sometimes workers' worry and restlessness over pay can boil over to cause problems for the contractor. Many contractors felt pressure to pay their workers as soon as actually possible – worried that their workers would riot on site-escalated riots which would damage property for the contractor and the client if they delayed payment for too long.

Overtime pay is dependent on the contractor as well. One contractor paid overtime for long evenings and work on Sundays in preparation for an upcoming deadline. Another contractor employed workers seven days a week without paying overtime wages.

39. Aggregated and averaged from various contractors, worker surveys and worker interviews and based on Kigali rates, which are higher than in other urban or rural locations.
40. Extracted from RLFS February 2017, Table 32-33.
41. Based on survey of 42 workers on formal construction sites.

The weather can also be limiting for workers. During days with considerable rain, workers may be sent home on arrival and are not paid for any period that they do not work.

BOX 4: WHAT DOES THE LABOUR LAW SAY ABOUT WAGES?

Nothing just yet. The Ministry of Public Service and Labour (MIFOTRA) completed a study on minimum wages at the end of 2017 which has provided the basis for setting the minimum wage across 20 categories. These minimum wage benchmarks are expected to be adopted in the latter half of 2018 through a ministerial order provided by the Draft Law Regulating Labour in Rwanda currently under parliament review. Such a minimum wage would apply to both informal and formal workers and is the first update to address national minimum wage legislation since 1986[42].

For the construction sector, the minimum wages rate will be benchmarked to market rates in public works projects. Research indicated that worker rates, particularly for casuals and masons, are largely the same for public or private works. As such, the new minimum wages may serve as an already used benchmark rather than a push for contractors to pay better wages.

3.3.2 Social security

Pensions: All workers and employers who are covered by the Labor Law are required to contribute to the pension scheme which is managed by the Rwanda Social Security Board (RSSB)[43]. This includes informal workers. In the construction sector, employers contribute 5% of formal worker's salaries, and workers contribute 3 % of their salary to RSSB, which is deducted from their wages and paid by the employers. According to formal companies, RSSB requires contractors to actively make contributions for all salaried workers. This allows the contractor to obtain a quarterly certificate of compliance which is required for public works tendering.

According to Article 17 of law regulating labour in Rwanda stipulates that, any contract of employment concluded for a continuous period superior or equal to six (6) consecutive months must be in written form[44]. This means that if an informal worker works for longer than 6 consecutive months, the contractor (who is the employer) would be obligated to offer the worker a formal contract. The contractor would have to meet severance obligations to the worker if their work is to be terminated. The law also indicates that employers are obligated to make social security contributions regardless if the employee is formal or informal.

On **larger development projects**, there appears to be some confusion about what the law stipulates. Most large-scale contractors indicated that they either cut worker contracts after three months or rotate them to another site (if they have one) as they are worried that they would be obligated to offer formal contracts and make corresponding RSSB contributions. One contractor showed more loyalty to workers and kept their casuals employed for more than three consecutive months, but admitted that

42. As indicated in an interview with Rwanda Workers' Trade Union Confederation (CESTRAR).
43. Law N° 05/2015 of 30/03/2015 cited from *Official Gazette nº 20 of 18/05/2015.*
44. Law N° 13/2009 of 27/05/2009: Law regulating labour in Rwanda Law.

he thought they were taking a legal risk in not formalising these contracts[45]. Another contractor indicated that he subcontracted out works such that the company was not liable for compliance.

Most workers are completely unaware of what a pension scheme is or what their entitlements are according to the law. If workers were aware, one contractor indicated that they would have a very defensible legal case against the contractor. This rotation fuels the contract instability which is one of the principle worker concerns.

> ***If workers knew their rights, they could take us to court over this.***
>
> **– Medium-sized contractor**

In discussions with **single residential unit contractors** who are largely informal, it was indicated that their recognition of RSSB obligations and/or ability and willingness to pay them is limited.

Health insurance: All formal contractors and informal workers identified that they needed to be enrolled in the Community Based Health Insurance (CBHI) scheme known as Mutuelle de Sante, prior to starting work on a site. The annual cost is between RWF 2,000-7,000 (USD 2.35 - USD 8.20) per year[46], and this registration and payment is the responsibility of the worker. In discussions with workers, they often identified the coverage from Mutuelle as quite basic - both the availability of medicine in pharmacies and the range of services at the community hospitals is limited. As one worker quipped, "the only thing the pharmacies **have** is paracetamol!"

> ***If we have informal workers, we either fire them every three months or rotate them to another site.***
>
> **– Medium-sized contractor**

With formal contracts, health insurance must be covered by the employer; however, for most lower level formal workers, this coverage is still the "Mutuelle". Employer provided private insurance coverage costs at least RWF 150,000 (USD 175) per year and is only viable for top site supervisors or engineers.

Workers' Compensation: As a part of the formal contract process, contractors are obligated to have workers compensation on large projects, a coverage to pay workers for missed days while they are incapacitated from severe injuries incurred on the job. All contractors who worked on larger developments had workers' compensation. Some contractor purchased workers' compensation as part of a larger insurance package which covered site risks such as theft, liability and weather. This more comprehensive insurance costs around 2%-2.5% of the value of the contract. Other contractors purchased it on a per worker basis for 1% of the maximum compensation cover or about RWF 10,000 (USD 12) per worker. For the single residential units, informal contractors do not have workers' compensation coverage and if a worker is incapacitated, will not receive compensation time lost due to the injury.

3.3.3 OSH

Occupational safety and health (OSH) is an inherent risk on any construction sites. However, those risks are amplified in Rwanda where a preventive culture toward safety is extremely rare. Even at the most formal of sites, which has a safety officer who conducts 15 minute daily safety briefings, workers are exposed to exceptional OSH risks. At the most formal of sites, workers wear personal protective equipment (PPE) which includes boots, helmets, and a jumpsuit, however, the PPE is largely a box ticking exercise and does not safeguard against most site accidents.

For example, the work boots most commonly provided by contractors cost USD 5 and do not protect against nails puncturing through them - the most common site injury (see figure below). Some sites employ casuals specifically to sweep nails, but punctures are still a daily occurence. Upgrading to boots to prevent such punctures would cost the contractor an additional USD 45 per pair which in the transactional contractor mindset, far exceeds the value of the time lost by a worker suffering a puncture. Other

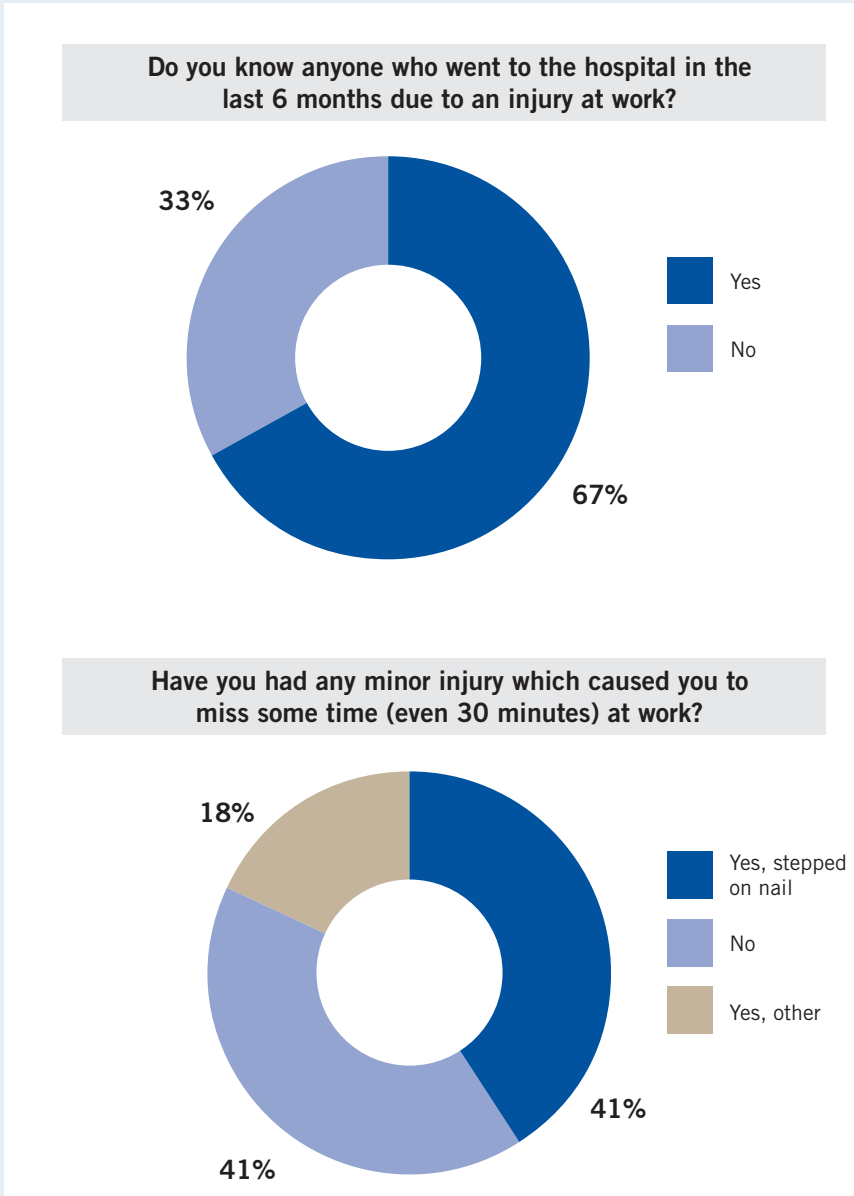
45. This contractor did not pay RSSB contributions either as his workers still remained unsalaried.

46. Payment depends on defined social Ubudehe category (1-4), with those in lower socio-economic categories paying the least. Tashobya, Athan. *Mutuelle Month: Govt targets 100% subscription*. 03 April 2017. The New Times.

PPE is rendered largely useless against safety risks. On one site, a number of workers were working on the edge of the fourth floor of the building and none were wearing a harness, despite sufficient harnesses being provided on site.

As the construction sites become more informal so do the safety concerns. Casuals who work on informal building sites were spotted walking around barefoot, in sandals, or with canvas shoes with holes in them. No other PPE is provided and no preventative culture exists - and thus accidents happen regularly (see below figures[47]).

Figure 4:
Worker safety on the building site



47. Data taken from a survey of 42 workers, mostly on more formal building sites where safety culture, albeit minor, is stronger than on informal sites.

BOX 5: FROM THE PERSPECTIVE OF THE OSH OFFICER

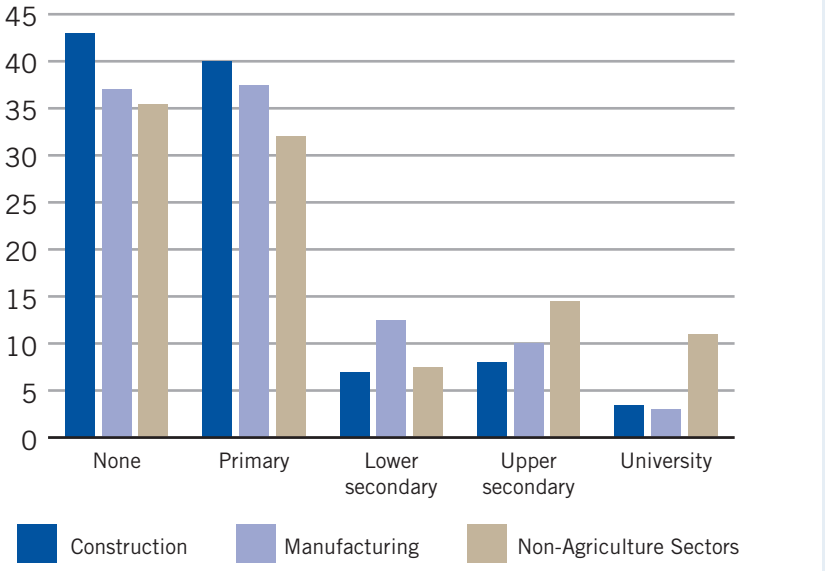
During the research, a full-time on-site health and safety officer was interviewed. She indicated that her position was created as a requirement in complying with the ISO certification standard. She hosts 15 minute safety briefings every day and a 30 minute briefing on Friday afternoon, but in the end, she feels powerless. While she was being interviewed, workers ran and jumped down scaffolding at the closing of the work day - a violation of the safety briefings. When she shouted at the workers to warn them about their conduct, they smiled and laughed. On working at height she said, “we have safety harnesses, but nobody uses them, despite the number times I tell them they need to use them.”

3.3.4 Skills

Although skills are not a decent work deficit per se, the lack of skills are a substantial contributor to poor working conditions (in particular poor wages and OSH). Given the importance of skills to the sector and to decent work, they have been examined in further detail in this study.

Casuals make up the majority of the building construction workforce and are perceived by contractors as requiring a limited skillset. The casual work is largely untechnical, and to a certain extent, is attractive to many young people, and in particular single mothers, that have few skills for other equivalent or higher paying work in the job market. At 83%, the construction sector has the third highest proportion of workers that have just primary education or less - ranked behind mining/quarrying and activities of households as employers (largely domestic services). Source?

Figure 5
Worker educational attainment profile[48]



48. Figure developed from data in RLFS February 2017, Table 22.

Technical Training: Higher skills are learned formally through TVETs or informally through on job training or internship. The demand for TVET education exceeding supply- there are 18 polytechnic centres in the country and 10 of those are private[49]. WDA indicated that private institutions offered a similar standard education, were approximately 20% more expensive than public institutions though generally had poorer quality training facilities. Students generally attend private TVET when there are no more places at the public institutions.

Certifications: For more specialised skills, the Workforce Development Authority (WDA) and STECOMA, the construction worker's trade union, have developed a certification of prior skills programme called Recognition of Prior Learning which began in 2014 and to date, has certified an estimated 6,000 construction workers. The assessment lasts between one and two weeks and it certifies the competencies of a range of skill-sets including plumbers, roofers and steel benders which validate a worker's skills for the labour market. The certifications go into a formalised "skills passport" which can be presented to employers. The tests are done at active public contract construction sites for which WDA buys the building materials to use during the testing process. This adds significant cost to the certification process and may limit WDA in achieving its goal of certifying 150,000 construction workers in the next five years.

Both STECOMA and the Association of Construction Companies representatives indicated that the certificates were valued by contractors. However, this remains unclear as none of the three medium-scale contractors that were probed during the research had heard of the Recognition of Prior-Learning certification scheme and the skills passport where skills are documented. Contractors collectively indicated that they do not look for certificates but source skilled workers through their trusted networks - if the worker can't do the job to the quality they need, the supervisors will know fairly quickly and the agreed working arrangement will be terminated immediately.

> ***We have less than 10% of the skills in Rwanda.***
>
> **– Key sector informant**

Some of the more specialised skills are in high demand. In interviews with cabinet making and painting contractors, both indicated that they bus in workers from Kenya - a two-day trip each way - when they have a surge order as they cannot source workers locally. A shortage of Rwandan specialised workers appears to be common across a number of specialised trades. For example, Congolese are most commonly employed as machine operators and Kenyans as stone tilers, cabinet makers and aluminum workers. One key informant indicated that there was a sizeable pay gap between foreigners and Rwandans in trades where sufficient Rwandans were not yet skilled.

> ***If you want good finishing work, you need to import (labour) - we need skills to develop the sector!***
>
> **– Architect**

As a part of this research, an assessment on various trades, their associated wages, the level of demand, the presence of women and the type of training required was conducted and is included in Annex B.

49. Nkurunziza, Michel. *Rwanda: Technical and Vocational Education and Training Schools Urged to Prioritise Energy Sector.* 18 Feb. 2017. Published by AllAfrica.

BOX 6: A DIFFERENT TRAINING MODEL FOR PAINTERS

Through the research, one painting contractor indicated that all of his workers learned the trade through paint supply companies, principally Crown, Duracoat and Sadolin. These suppliers typically spend two weeks demonstrating how to apply their range of products along with basic painting techniques to prospective and current painters. The trainings are free and lunch is provided. A paint retailer who exclusively sells Crown paints, indicated that Crown requests that he recruit potential painters to attend the event as a means of building loyalty and market the retailer and in turn Crown. The retailer indicated that Crown hosts three trainings a year, each with about 200 participants and that Duracoat and Sadolin have similar scale trainings - which would have an estimated training outreach of 1,800 per year.

3.3.5 Gender dynamics

Women working in construction are exposed to a number of challenges which may not affect men in the same way. The below list indicates some of the most common challenges – identified by contractors and workers alike - that women face for both large development contractors and informal residential contractors.

- **Family obligation:** One site engineer indicated that the majority of women that work on site are single mothers - many of which receive no financial support from the children's' fathers. This appeared to be a common thread on numerous sites. One single mother indicated that working as a casual is physically demanding, but the hardest part is getting home and not having a chance to rest before tending to household activities and taking care of the children. Also, some sites allowed women to feed at lunchtime, however, others indicated that a woman would be rotated off site if she brought her child to the site. This disproportionately affects young women since their children are usually younger and less independent.
- **Pregnancy:** On construction sites, there were differing strategies toward managing pregnant workers. On more employee focused sites, supervisors and management shifted women to less strenuous tasks in the lead up to the birth. However, contractors more commonly rotated pregnant women off the site as supervisory staff and management perceive them as too weak to perform the job appropriately.
- **Maternity leave:** Rwanda is quite progressive with maternity leave, recently enacting a Law in which ensures that formally employed women receive 12 weeks of fully paid maternity leave[50]. However, just three percent of the women are formally employed in construction and those that have access to these benefits already have better incomes and more security than the informal women workers. For the 97% of informal working women, many of which are single mothers, taking time off from work to give birth is not possible and translates into less income.
- **Sexual harassment:** From the contractor's perspective, casuals are the most expendable workers on site due to the relative abundance of low-skilled replacements. This has helped exacerbate sexual harassment as women feel that reporting harassment would put their job and family livelihoods in jeopardy. Both STECOMA

> ***A site job is not for a pregnant woman.***
> **– 49-year casual women worker**

> ***If a woman is pregnant she'll never get a job. If she gets pregnant she will be forced off the site.***
> **– Site foreman**

50. http://www.ilo.org/addisababa/media-centre/pr/WCMS_536225/lang--en/index.htm

and CESTRAR indicated that sexual harassment is widespread in the construction sector, though little has been done to address it as the incidences are largely unreported.

- **Workplace perceptions:** Supervisory staff indicated that they thought were less committed than male workers - a bias which could affect their recruitment and selection onto the site, the way in which they are treated at work and the number of opportunities that they have to upskill and progress.
- **Access to clean bathrooms:** Site bathrooms are unisex and often nothing more than a hole in the ground shared by all the site workers which is particularly unhygienic for women and sometimes a place where sexual harassment happens.
- **Upskilling:** Family obligations, to a certain extent, are a contributing factor that keep women trapped at the casual level. As they are providing for a family on a very low income, they cannot generate savings to pay for training let alone take time off from work and lose out on income to actually take the course. Norms also limit onsite upskilling that would help transition women from casual to mason level. Most male masons start as casuals and learn to upskill through spending time with other masons. Culturally, it would be difficult for a woman to spend a considerable amount of time alongside a man and as a result, women never get the opportunity to upskill from the casual level.

3.4
DRIVERS TOWARD INFORMALITY

Informal workers are a mainstay in the Rwandan economy - approximately 91% of all workers and 84% of non-agricultural workers are classified as informal workers. In the construction sector, the degree of informality in the workforce is much more pronounced where 98% of all workers are informal, ranking 2nd out of 20 non-agricultural sectors in proportion of informal workers[51].

The way in which workers are sourced is often quite informal too. Contractors ranging from large-scale to micro, source lower-skilled workers through their existing worker networks or at what is known locally as “the airport” - a formally designated place within each village where labourers line up in the morning, tools in hand, to wait for cars or trucks to pass by to offer them work for the day[52].

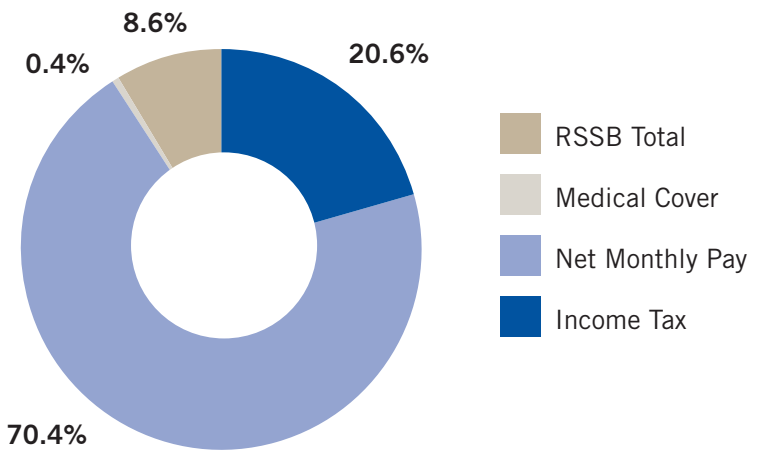
So why are so many building construction workers informal? A number of factors are at play:

- **Contract size**: Although data could not be sourced, sector professionals agreed that the majority of building construction occurs in single residential units. For those residential units, the contracts are largely informal and so are the contractors organising the work. Thus, contractor-employee engagement is informal as well.
- **Irregularity of building contracts**: Contractors of all sizes are competing in a very tight space, and contracts come in waves. It’s difficult to ramp up and draw down on resources if worker contracts are formal. As one contractor noted, his biggest barrier to formal contracts was the threat of paying a severance package if workflow runs dry - severance cost as per the Rwanda labour law can range from one month (for less than five years experience in the company) to six months (for more than 25 years’ experience in the company) [53].

51. RLFS February 2017, Table 27. Note that 98% of men are informal and 97% of women.
52. Through observation and in talking with those responsible for sourcing staff, it was identified that few women find work here.
53. Article 35 of N° 13/2009 of 27/05/2009: Law regulating labour in Rwanda Law.

- **Variable labour demand**: The number of workers on a site is highly variable throughout its lifetime. Large sites generally require low-skilled, labour intensive work at the early building stages while later downscaling to more specialised work at the end.[54]
- **Shifting delivery timescales:** Construction is notorious for delays and changing deadlines. As one contractor indicated, if he wins a 12-month contract, the project can often be put-on hold or conversely, shifted to a seven-month delivery, which is not conducive to formalising contracts.
- **Cost**: Formalisation is perceived as costly. Figure 6 to the right shows an example of the costs borne by the employer in paying a mason. Here, taxes, medical cover and Rwanda Social Security Board payments make up almost 30% of the labour cost - which is a 42% cost increase to the contractor per mason. As contractors are constantly driving toward a lower cost in a competitive space, adding such a cost – which is not perceived to be necessary – is a barrier to formalisation.

Figure 6
Contractor cost breakdown to pay a mason[54]



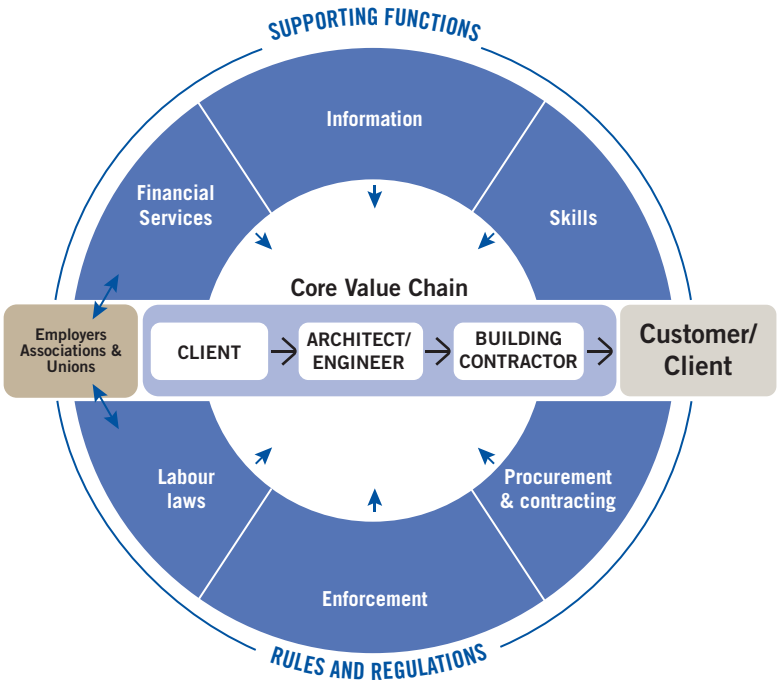
54. Data sourced from ILO research into Mutuelle requirements, average mason pay, national income tax code, and sector RSSB required contributions.

4 THE MARKET SYSTEM

The **market system** is the overall picture of how a sector operates. The market system includes the supply-demand transactions in the core value chain - from developer to contractor to end client - and the 'supporting functions' and 'rules and regulations' that shape how the way in businesses and employees work in this core chain. The market system takes a broader scope, because different actors in the value chain do not operate in a vacuum; their commercial success and their working conditions are influenced - directly and indirectly - by what happens in their surroundings. For example, financial services, which are a supporting function, do not directly operate within building construction, but it strongly influences every developer, contractor and buyer, their transactions and the way they work.

Figure 7 shows an illustrative market system which includes a simplified value chain surrounded by the supporting functions above (financial services, information and skills, etc) and rules and regulations below (enforcement, procurement and contracting, and labour laws) which strongly influence and constrain both market performance and decent work for women, young women and young men.

Figure 7
The Building Construction Market System



Going forward, the analysis (Section 4) and opportunities (Section 5) sharpen the focus on contractors and workers in small-, medium- and large-scale companies. Such companies are more visible, compete for projects that are subject to more formal regulation, and often have more entry points to achieve scale through project implementation. Also, trends indicate that construction will shift more to larger-development projects in the urban context so the project may be better focused to address constraints in the emerging part of the sector rather than that of the consolidating part of the sector. However, to a certain extent, the analysis flags constraints to informal, micro-contractors and their sub-contracted informal workers.

4.1 CORE VALUE CHAIN

4.1.1 Client

Clients can generally be classified into three segments: 1.) Public projects financed by **government** for institutional facilities, offices, or public buildings; 2.) **large private developers,** for office, commercial or housing developments who are largely financed through debt; 3.) **single residential unit owners** who finance through a mixture of equity and debt to build residential homes.

- **The Government:** National public works are awarded through the Rwanda Public Procurement Authority (RPPA) whereas those for district level municipalities are awarded by the districts themselves. Contractors consider public government contracts as extremely reliable as the government always pays on a contract, albeit sometimes a bit delayed. Promptness on the payment of government contracts has

> ***Pretty soon the government will be the best client.***
> **– Medium-scale contractor**

recently improved in the last year as a result of amendments to the construction public procurement guidelines which now levy a penalty of 1/1000th the value of a contract per day that payment is delayed[55]. Though this has incentivised better government accountability, one contractor indicated that the penalty does not make-up for the cost incurred to the contractor on borrowed capital to pre-finance machinery and building materials.

- **Large private developers**: Multi-story apartments and offices are mostly developed by local developers. For these developments, construction companies are contracted through a competitive bidding process. Contractors indicate much higher risks with private real estate developers, identifying that changes in specifications, timelines and materials are commonplace and that payments were often delayed and sometimes (though not commonly) withheld. The market for this client is the smallest of the three.
- **Single-residential unit owners**: Property owners generally hire and contract micro-scale contractors on an informal basis. In this arrangement, the client undertakes the supervisory role with limited knowledge for quality control. The client also procures the construction materials and the individual contractor sources and contracts the labour. Contractors perceive payment from this group as risky, often delayed and frequently not paid at all. One roofing contractor estimated that 20% of his clients didn't pay for services and in those occasions, he could not pay his staff.

4.1.2
Consultants: Architects and Engineers

Architects are often the lead consultants on construction projects and are tasked with sourcing specialised design skills and managing the design process, processing the building permitting, supervising construction and signing-off payment certificates for the contractors. The building regulations require that any development be designed and supervised by a registered professional. Without this, a developer, even of small residential sites, will not get necessary approvals. For both government financed and large developments, consultants are outsourced by the client to act as site supervisors to oversee quality and time effectiveness on behalf of the client.

Professionals (architects, engineers, valuers and quantity surveyors) are required by law to be organised in their respective associations which regulate their practice, certify them, and train them.

4.1.3
Contractor

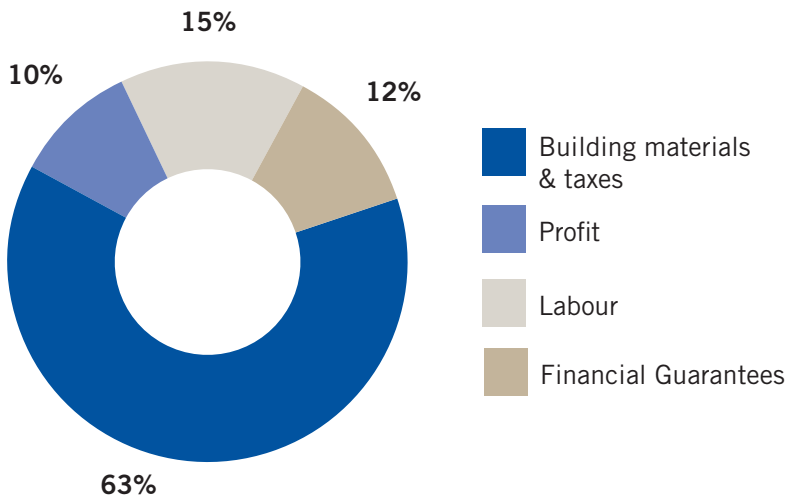
The job of a contractor isn't an easy one. Against the backdrop of a highly competitive market, they are constantly managing risks, unexpected delays and changing contract demands from the client. Controlling costs and making sure that the company remains in the black are the top priorities, however, their flexibility to control costs is quite small. Figure 8 to the right shows the estimated contract cost breakdown for one formal contractor - indicating that building materials, taxes and financial guarantees, which are costs largely outside of the contractor's control, make up 75% of the contract value. This signifies that contractors are competing on the remaining 25% of the contract value that accounts for labour costs, profit and its built-in risk. For single residential development, informal contractors are only competing on labour and in-built profit.

Contractors will naturally explore means to reduce their "competitive costs" and the first area subject to cost review is often labour. This can facilitate a "race to the bot-

55. As indicated by various contractors and the Contractors Association.

tom" - incentivising contractors to keep wages low, stretch staff to work more days or longer hours or not invest in worker OSH and social security.

Figure 8
Contractor Cost Summary



BOX 7: PRESERVING COSTS, A CONTRACTOR'S PERSPECTIVE.

Negotiations between client and contractor always involve a back and forth process, with the client's objective - particularly in the price sensitive market of Rwanda - of arriving at the lowest possible cost. When asked about the negotiation process, one small-scale contractor identified a three-step process to help keep his company competitive. His tactics involve

1. Better understanding what the client wants and do some value engineering to modify and often downsize the design;
2. Review scaling back costs of finishing materials; and
3. Review profit margins and labour costs.

BOX 8: WHERE DO BUILDING MATERIALS COME FROM?

With the exception of sand and crushed stone, Rwanda currently imports most of its building materials from neighbouring countries. Although Rwanda manufactures steel and has a cement quarry, both materials are largely imported from Kenya and Uganda, respectively. Rwanda's production capacity for finishing materials is nearly non-existent. The principle paint suppliers are from Kenya and Uganda; MDF board from China, Kenya and South Africa; and all fittings and tiles from China or the United Arab Emirates[56]. Importing materials carries a cost, namely transport and tariffs (Vat 18%, Customs duty 25%, Withholding tax 5%), though no contractors indicated any challenges in sourcing materials in a timely manner.

Contractors almost always subcontract-out more specialised tasks such as plumbing, electrical, roofing, finishing. However, some contractors indicated that they also subcontract parts of the main building works. Main building works were subcontracted if a subcontractor proposed to do the work for a lower price. Subcontracting is a way for the contractor to guarantee profitability on the subcontracted component of the works, though shifts and further induces the cost-cutting (most likely in labour) from one contractor to another.

4.4.1 Customer/Client

In consideration that 67% of current residential demand is for affordable or social housing market segments, and that 99.5% of demand is for mid-range housing or below, the vast majority of residential end-clients are extremely price sensitive. This strongly drives the sector toward prioritising speed and efficiency of contract delivery and functionality of the building over the quality of the craft. This minimises the differentiation between contractors and contributes to minimising costs, particularly on those that can be controlled (labour), driving down investment into working conditions.

However the challenge goes beyond providing affordable houses for the developers, financing which helps customers buy and occupy these units is also essential. Currently, financial services collateral requirements (70%) and commercial lending rates at 17% largely put financing out of reach for most customers.

56. Based on anecdotal interviews with specialists working with or selling such materials.

4.2 SUPPORTING FUNCTIONS

4.2.1 Financial Services

Every contractor, ranging from micro- to large-scale, indicated that financial services have constrained their growth and/or operations. Micro-scale contractors indicated that they could rarely access financial products to upgrade in equipment or participate in competitive bidding. Contractors bidding for both large public and private works, are required to take out three financial guarantees, which each cost approximately 4% of the contract value or collectively, 12% of the total contract value:

1. **Performance Guarantee**: To cover 10% of the contract value in case of poor-quality work by the contractor;
2. **Advance Payment Guarantee:** Provides 20%-25%[57] upfront financing to contractors that enables them mobilise quickly-to acquire or rent machinery, procure building materials; and
3. **Overdraft Guarantee**: Allows contractors to overdraft their account to help safeguard against delayed payments from the client, the corresponding collateral has to be more that 100% of the overdraft amount.

Beyond the cost[58], contractors need to provide 100% of the total contract value in collateral to the bank to get provide the guarantees. This can be limiting to contractors in two principal ways: 1.) it limits the number of contracts that they can take on as they can only work to the collective maximum value of contracts that their collateral can cover (limiting growth); 2.) drives contractor investment decisions toward assets which can serve as collateral instead of toward professionalising operations or investing in staff. During interviews, contractors showed the research team houses which were being built adjacent to their offices exclusively for bumping up their collateral. Other contractors did the same or less commonly in machinery, which despite its functionality for a contractor, is a depreciating asset.

Given the importance of financial institutions in contracting, servicing bank demands is a top priority. One contractor attributed his rapid growth to not defaulting on any of his payments to the bank which led to favorable arrangements; however, he identified that he managed to do this by sometimes delaying payments to his workers such that he could service his financial obligations.

The underlying causes to the market constraint for financial services includes:

F1.) Large-scale contract modalities: The requirement for contractors to pre-finance the purchase of building materials as well as delayed client payments which are inherent in the sector not only incur a cost to the client[59] but require contractors to access additional financial services.

F2) Collateral requirements: Providing 100% of a total contract value in collateral severely limits the financial services that can be accessed by contractors.

57. Contractors with better relationships with financial institutions can get larger proportions of advance funding.
58. Cost is equal to all competing Rwandan contractors. However, foreign contractors, and in particular, Chinese contractors, can get access to these guarantees at much lower rates giving them a competitive advantage in the bidding process.
59. It is unclear if the 8% cost incurred by the two associated guarantees is comparatively higher or lower than the client cost of borrowing capital to safeguard against these guarantees.

4.2.2
Information

Throughout the numerous worker, contractor and sector expert interviews, two things became clear: 1.) the awareness on labour regulations and laws were very limited; and 2.) the gravity of poor working conditions in the sector did not reach top level management.

Awareness of labour regulations and laws: Large-scale contractors do not have complete knowledge about the law. When contractors were asked to identify their obligations to informal workers, they gave varying responses:

- *Contracting obligations to informal workers:* One contractor said he would be obligated to put informal workers on formal contracts after three months, another said after six months, while another thought it was three months though still kept workers on informal contracts indefinitely;
- *Contractor contributions to RSSB:* Contractor perceptions ranged between 3.0% and 5.3% of worker salaries; and
- *Worker Severance notice period:* The responses ranged between one and five months.

There is little perceived risk with playing ignorance to the obligation, and for good reason, there is little to hold contractors accountable as there is a general lack of enforcement (section 4.3.2).

Beyond larger contractors, informal contractors and workers largely do not know their obligations or protections. STECOMA, the construction workers' trade union has done well to recruit 48,000 workers in to the union across the country and certainly knows the issues and worker entitlements, however, their message has not yet reached workers.

Awareness on how working conditions affect workers: Contractors, and to an extent, some government officials, overwhelmingly identified that safety was the largest worker concern in building construction. Beyond that, both sides generally did not see the impact that low wages, delayed payment, low prospects for upskilling and high staff rotation have on workers' lives. This is natural considering that contractors are largely removed from the trenches of the workforce and operate on a transactional basis - concerned about pencilling out a bottom line in a highly competitive market. However, their oblivity toward any worker issues was striking when compared to other contexts.

In looking at the market constraint to information, the below underlying causes surfaced to the information constraint became evident:

I1.) Limited compliance risk: Law enforcement is limited and does not hold contractors accountable. Given the perceived transaction cost of compliance and that no contractor in the sector is fully compliant, contractors see compliance as a competitive disadvantage.

I2.) Ineffective advocacy: STECOMA has limited financial backing and has not yet effectively advocated through workers, contractors or government to raise awareness on governing laws or concerns on working conditions cases.

I3.) High-skilled education curricula: Architects and engineers, often the only employees on the frontlines of a construction site and with direct communication to management, do not learn about legal compliance and obligations (outside of building compliance) and thus do lack knowledge on law infractions and risks that they could report back to the contractor.

I4.) High staff rotation: The informal nature of the work and the short-term nature of construction sites limits the time that site teams work together and he time

that workers can build a comfortable relationship with supervisory staff. This limits their comfort before raising a concern.

I5.) Lack of internal feedback mechanisms: Contracting companies have feedback on resourcing, workflow, and quality but do not have mechanism to hear back from workers. This does not help considering workers are not aware of how or when they could even raise the concern.

I6.) No centralised inventory of legal obligations: Contractors have a fairly lean team and often are more focused on finding, closing and executing contracts than reading the fine print of legal obligations. Looking through the obligations in Building Code,

4.2.3 Skills

Construction is the fastest growing industrial sector in Rwanda (12.8% per year)[60] and is growing so quickly that even under ideal conditions, absorbing skilled workers would be a challenge. Specialised skills are in high demand (see Annex A) – it is estimated that only 56% of construction artisans have skills which are proficient for the job[61]. These artisan positions pay better than both the masonry and casual labor positions and nearly one in three (29%)[62] are filled by non-nationals, mostly Kenyans, Ugandans and Congolese. And as the sector becomes more formalised and shifts from developing scattered individual residential units to denser buildings that meet an emerging middle class, the demand for more professionalised and specialised skills will increase.

The Skills Passport introduced by STECOMA and the Recognition of Prior Learning is a good first step to help professionalise the sector such that sourcing and contracting skilled workers becomes more dependent on standards. However, neither scheme helps address the core problem - the shortage of skilled workers.

So what's driving the skills shortage? A number of contributing factors to the skills market constraint are at play:

> ***The biggest challenge is if you train them, you lose them.***
> **– Cabinet Maker**

S1.) Contractor investment into on the job training: Contractors do not invest in staff development of workers below the engineer level. This is due to the informal nature of most workers' contracts as well as the variability of demand for such contracts. Specialised sub-contractors (painters, roofers, plumbers, etc.) contract their workers informally, meaning, that any worker they invest in has no obligation to work for that contractor and can use those skills to better market themselves to other subcontractors. One cabinet maker, who couldn't source necessary skills domestically, trained workers to become qualified in cabinetry. Once these workers became skilled, they would leave and start their own business after having acquired the skills. He cited the investment into training and departure of trained staff as the biggest challenge to his business.

S2.) Cost of formal training: Formalised training through TVET institutions for workers who have not completed lower secondary school (87% of the construction workforce) requires that workers go through a TVET foundation course/certificate that lasts between 3 and 12 months of training full-time. The opportunity cost of giving up at least three months of income for most lower-skilled workers is too high a barrier to even enter into a formal scheme[63]. The training is priced out of most casual workers' budgets as well. One worker indicated that a 12-month course to become a mason cost RWF 200,000 (USD 235), which equates to about 35% of

60. Business Sweden (2017)
61. Rwanda Development Board. *Rwanda Skills Survey: Construction Sector Report.* (2012).
62. Ibid.
63. Evening training programmes are available though are considered difficult to attend due to the nature

her annual income, an amount of savings which is unlikely. Over 20 women casual workers were probed on what they thought was the biggest barrier to training, and most indicated financial cost and that they could find a way to survive without an income but could not save enough to pay for such courses.

S3.) Norms: At least 95% of the specialised positions or masonry jobs are occupied by men. Most men learn specialised trades while on the job and by spending time alongside other specialised workers, who are almost all men. For women, social norms appear to be a barrier to this on the job training as - it is not socially acceptable for women to spend considerable time among men on a construction site.

S4.) Poor finishing quality standard: Due to the permitting and inspection process instilled by the One-Stop Centers, the structural integrity of buildings is at a high standard. However, for end clients, affordability trumps quality and most projects have a limited finishing quality standard. In looking around one finished yet unoccupied building targeted for the high-end market, paint has been sloppily applied to the woodwork, about 25% of the tiling is chipped or severely damaged and doors and cabinets scratched, among many other traditional building "snags". The quality accepted by the client appears to be quite poor and thus so does the differentiation between who is skilled professional in the sector.

4.3 RULES AND REGULATIONS

4.3.1 Laws

The Laws governing and protecting the building construction are largely nascent and to some extent, are under the process of evaluation. As recent as 2009, one key informant indicated that the sector had no policy or law coverage, with the first considerable sector specific law, the Law governing urban planning and building in Rwanda, coming into force in 2012[64].

On one hand this is limiting as the regulations are still in a trial phase at a time when the sector is rapidly developing. However, stakeholders, particularly in regulating government agencies, seem to acknowledge that the laws can and often should be adapted to improve them. Evidence of this can be seen in the City of Kigali's five-year review of the master-plan, the Rwanda Public Procurement Authority (RPPA) adding 15 amendments to procurement law sponsored by the Association of Construction Companies, and MIFOTRA updating the Labour Law to take account of minimum wages. The Rwanda Housing Authority (RHA) also has committed to review the collective laws every two years to ensure that it laws are updated in time – however, such regular review seemingly does not happen.

Rwanda Building Control Regulations[65] (RBCR): It determines urban planning and building regulations in Rwanda and is the governing document when it comes to building codes, standards, specifications, and design guidelines. It includes provisions on urban planning, infrastructure, building principles of supervision and inspection. However, apart from requirements for the use of safe machinery (Section 4.4.4) and temporary sanitary facilities which are not gender inclusive (Section 4.4.6), provisions for workers are noticeably absent. Contractors largely comply with the RBCR as they are enforced through the inspections by the One Stop Centres.

64. Law N°10/2012 of 02/05/2012 "Governing Urban Planning and Building in Rwanda";
65. *Rwanda Building Control Regulations, 2nd Edition*. (2012).

Rwanda Labour Law[66]**:** The Labour law is quite comprehensive in its coverage of the rights and provisions for formal workers which includes such provisions as maternity leave, breast feeding, severance pay, preventative safety culture at work. However, application of the law to the informal sector combined with its enforcement within the sector is quite limited or perhaps largely ignored.

City Masterplans (2013): Detailed physical planning for Kigali City of Kicukiro, Nyarugenge and Gasabo as well as the six secondary cities. It provides guidelines for development of transport, infrastructure, housing and environment for Kigali, as the city grows and expands as well as guidelines on inspection.

> ***If the law covers contractors then they can push back against the client.***
> **– Architect**

Contractors will cut costs to the point where they have minimum compliance to law, or at least have minimised the negative business risk associated with non-compliance. At the moment, provisions for workers in building construction are quite weak, and thus, competitive contractors cut cost to a minimum level on workers. If worker provisions in regulations could be strengthened, all contractors would find it in their business interests to comply as non-compliance would be too costly for their businesses. In this case, the cost of compliance shifts to the client rather than current set-up where the cost of non-compliance is being born by the worker in terms of poor working conditions.

The underlying causes to poor sector governance of the laws include:

L1.) Nascence of RBCR: Laws take some time to trial and review before they are best suited for a sector and the suitability of the RBCR seems to be in testing phase - professionals have indicated that revisions and an update is necessary particularly in light of the sector's rapid growth (see below).

L2.) Focus of sector regulation: The rapid growth in the sector has kept the sector regulating attention to fast changing building technology, methods, materials and nature of the uptake market. To some extent, this has kept the focus on core building functions rather than on other areas of concern such as working conditions.

L3.) Limited recognition of Labour Law in building codes and regulations: The inclusion of even the smallest components of labour law within the building construction regulation is limited. This could be related to a lack of information (Section 4.2.2) and also a lack of perceived visibility or influence that MIFOTRA has in the sector.

L4.) Lack of information on Labour Laws for employees and employers: As further discussed in Section 4.2.2, most contractors and consultants are largely ignorant about the laws and regulations.

4.3.2
Enforcement

In discussions with contractors and a number of regulatory agencies, the degree and quality of enforcement is quite varied. A summary of the different inspections and enforcement entities is included below.

One Stop-Centres: The City of Kigali and the six secondary cities issue and approve construction permits through their one stop centres with one of their core roles as being "to ensure respect for safety standards in the construction sector."[67] As mandated by the Rwandan Building Code, representatives from the One-Stop Centres perform three specific inspections[68]:

66. Law N° 13/2009 of 27/05/2009
67. Extracted from City of Kigali website: http://www.kigalicity.gov.rw/index.php?id=91
68. N° 04/Cab.M/015 of 18/05/2015.

1. Before construction works: Includes the site immobilisation inspection to review the proposed site to ensure that it can conform to the planning and/or permitting application.
2. During construction works: Ensure that the work is being built as approved. This involves an inspection to approve the completion of the foundation as well as scheduled or unscheduled inspections. The City of Kigali indicated that such inspections include some labour inspection which is isolated to checking for PPE and if workers have health insurance, however, one official indicated that sanctions had never been levied against a contractor for safety concerns.
3. After construction works: Ensures that the building is ready for occupancy.

> ***Inspectors target new companies or those with problems. If you have a good track record, they almost never come.***
>
> **– Medium-scale contractor**

This process has helped facilitate exceptionally strong building quality control - the World Bank Doing Business Report ranked Rwanda 4th internationally and the co-best in Sub-Saharan Africa in terms of building quality control[69].

However, from a working conditions perspective, the most important inspection is the site inspection and One-Stop Centres and representative districts often lack resources to execute these inspections which form a worker perspective focuses on workers' compensation coverage and varying levels of PPE. Site inspections are thus prioritised on a risk-based approach - prioritising higher visibility or government funded projects for inspection.

Rwanda Housing Authority (RHA): Performs inspections on any site that has been suspended through inspection by a district or One-Stop Centre. This inspection is done to verify that the decentralised inspector's decision has been fair. RHA indicated that about 10% of building sites are suspended and 90% of suspensions are a results permitting violations. Suspensions for labour-based infractions, either for lack of safety equipment or insurance, were nearly non-existent. RHA noted that their four national inspectors have difficulty keeping up with inspection demand.

MIFOTRA: The Ministry of Public Service and Labour indicated that it had just one labour inspector per district and two for every district in Kigali. With limited resources and a mandate that generally covers formal workers[70] their inspection outreach is small. They try to optimise resources by prioritising one sector per year while doing less intensive inspections across other sectors. To date, construction has never been identified as a priority sector for inspection. MIFOTRA, also indicated that although it inspects informal businesses, most resources are committed to inspecting formal businesses, due to the scope of the Labor Law.

Contractors: None of the medium and large-scale contractors who were interviewed felt this was a threat to their business and none, which collectively have decades of experience working on medium and large sites, had ever been inspected by the MIFOTRA or had ever been inspected for working conditions otherwise. A lack of enforcement relative leads to a general ignorance to, or application of, the laws related to working conditions on construction sites. If enforcement was better, contractors would be incentivised to comply with the law, which would shift the obligation of paying for working conditions to the client who currently forces the contractor to cut any costs associated with working conditions.

69. Retrieved from: http://www.doingbusiness.org/data/exploretopics/dealing-with-construction-permits
70. Article 3 of Law No. 13/2009 of 27/05/2009 indicates that informal workers are only subjected to the law with respect to trade unions, OSH and social security.

So what are the **underlying causes** to poor enforcement of laws around working conditions?

E1.) Overwhelmed inspection resources: The resourcing is limited at most agencies and has been stagnant against the backdrop of a rapidly growing construction sector - all agencies indicated that it was difficult or nearly impossible to perform their mandate given the resources dedicated to the cause.

E2.) Coordination between agencies: Three authorities inspect construction sites but for different purposes - however, MIFOTRA does not coordinate inspections with RHA or the One Stop Centres and vice versa, which stretches inspection resources over the sector.

E3.) Limited inspection mandate for labour issue from core building construction inspection agencies: The inspections which influence contractor decisions, at times, check for the presence of PPE and health insurance. However, these are not the core issues for workers[71]. For the One Stop Centres and the RHA, who are the principle inspection agencies in the sector, inspections follow instructions from the Rwanda Building Code. However, the Rwanda Building Code does not specify a more broad inspection of working conditions.

4.3.3
Procurement and Contracting

The Rwanda Public Procurement Authority (RPPA) leads the procurement of public goods and services in government. Procurement within government is subjected to the Law on Public Procurement[72] and procurement within construction has a subset of procurement guidelines[73]. The RPPA categorises contractors into 6 classifications which separate contractors based on financial turnover, number of tenders executed, available machinery, and quantity and type of technical/senior staff[74]. The categorisation serves as a pre-qualification for contractors, setting the maximum value of tender that a contractor can actively pursue[75]. RPPA also has a "blacklist" of companies who are restricted from tendering for public contracts for at least four years due to infractions on providing false information, poor performance, or not delivering on the contract[76].

When diving into the Law on Public Procurement, some components are ambiguous and have scope for stronger consideration of workers and working conditions. These include[77]:

- Article 39: Evaluation of Bids - "The successful bidder shall be the lowest responsible bidder";
- Article 63: Selection method and criteria - Of the five tender award methods, two incorporate quality and that the "quality and cost-based selection (QCBS) shall be the method of default."
- Article 64: Evaluation of technical proposals - identifies that technical proposals can be evaluated on the "transfer of knowledge, if required in the terms of reference."

71. This may not be a worker core issue precisely because contractors comply due to the inspections which cover these issues.
72. *Law N° 13/2007 of 29/03/2007* on Public Procurement
73. It should be noted that such guidelines were not ascertained for the study and thus the details and their relevance to decent work were not reviewed.
74. *Categorization of Companies Operating in the Field of Building and Civil Engineering Works* (December 2014). RPPA
75. Contracts brackets range from under RWF 100 million (USD 117,000) to over RWF 2 billion (USD 2.3 million).
76. Retrieved from: http://www.rppa.gov.rw/index.php?id=564
77. Extracted directly from: Law N° 13/2007 of 29/03/2007.

- Article 96: Respect of Laws and regulations in force - "The successful bidder shall be required to respect all Laws and regulations in force and shall insure that they are respected by his or her staff. The procuring entity shall not be held responsible for any breach of any Laws and regulations by the successful bidder or his or her staff."

In practice, "responsible" is rarely evaluated (Article 39), "quality" is based on the technical competencies of management, architects and engineers put forward in the tender as the project team (though those put forward may not work on the project), "transfer of knowledge" and there was no evidence that "respect of laws" includes Labour Law. RPPA indicated that "knowledge transfer" indicates that companies should train staff but could not identify how this was monitored or if it was ever evaluated.

Other shortcomings in public procurement Law is that companies only need an RSSB certification which identifies contributions for salaried staff and only the numbers of technical/formal staff are included in submissions.

Consultants (architects and engineers) as well as contractors have been particularly critical of this practice indicating that tender evaluations to procurement law do not differentiate between quality and are too focused on price. Several contractors identified that they believed that contracts were rarely awarded on technical capability, something they plan to petition with RPPA through their professional Associations. This focus on price puts the emphasis on contractor cost-cutting which puts a strong downward pressure on working conditions. This direct impact of this pressure was observed at one site where casuals earned RWF 1650 (USD 1.95) per day, 18% below the market rate.

The underlying constraints to contractors competing in the public procurement space and the working conditions that their workers are subject to include:

P1.) Quality of companies not evaluated: Although provided for in Procurement Law, company quality is not evaluated in practice which drives lower cost proposals, poorer quality construction and worse working conditions.

P2.) Weak supporting sector regulations: The laws and codes do not provide for working conditions meaning that they are not considered in procurement evaluations and subsequent monitoring of projects (see section 4.3.1).

P3.) Subcontracting: Contractors often subcontract large components of building works on large projects. Although subcontracts are reviewed and approved by the client supervisor (on behalf of the government), they do not go through as rigorous a vetting process as contractors themselves and are one layer further removed from the inspections and compliance of the main contractor.

P4.) Transfer of knowledge often not required: Though the Procurement Law provides a space for holding companies accountable for transferring knowledge through projects (Article 64), this does not happen in practice, limiting skills investment and upgrading on government contracted work.

4.4
CONSTRAINTS SUMMARY

Table 2:
Constraints Summary

Constraint	Underlying Cause	Impact on decent work
	Supporting Functions	
Access to Finance	F1.) Large-scale contract modalities F2.) Collateral requirements	Drives contractor investment decisions away from workers and toward meeting financial requirements.
Information	I1.) Limited compliance risk I2.) Ineffective advocacy I3.) High-skilled education curricula do not include legal obligations I4.) High staff rotation I5.) Lack of internal feedback mechanisms I6.) No centralised inventory of legal obligations	Contractor management oblivious to worker challenges and largely unaware how decisions that cut costs on working conditions impact worker lives.
Skills	S1.) Lack of contractor investment into on the job training S2.) Cost of formal training S3.) Norms that limit opportunities for women to learn alongside men S4.) Poor finishing quality standard	The most vulnerable workers (women and young women casual workers) can not upskill into more specialise, higher paid and less precarious sector jobs.
	Rules and Regulations	
Laws	L1.) Nascence of Rwanda Building Control Regulations L2.) Sector regulatory focus L3.) Limited recognition of Labour Law in building codes and regulations L4.) Lack of information on Labour Laws	Contractor compliance focused on building standards and rather than in investing workers
Enforcement	E1.) Overwhelmed inspection resources E2.) Coordination between agencies E3.) Limited inspection mandate for labour from construction inspection agencies	Contractors do not comply with laws and have no onus to invest in better working conditions.
Procurement & Contracting	P1.) Quality of companies not evaluated P2.) Weak supporting sector regulations P3.) Subcontracting P4.) Transfer of knowledge often not required	Contract bids focused on financial competitiveness, cutting “costs” on wages, OSH protections, formalisation and skills development

5 OPPORTUNITIES

5.1 SYSTEMIC INTERVENTION OVERVIEW

A market systems approach seeks to identify, address and remove system-level constraints inhibiting the growth of more inclusive markets. By nature, projects using the market systems approach pilot many different interventions, hoping that some gain traction and drive a larger systemic change benefitting the many while expecting that some never make it to a point where they can have significant impact (though do no harm). The reason for this is that so many factors, many of which are often outside of programme control determine how the success or failure of a pilot intervention. Such factors include, for example, partner capacity and motivation and market forces which affect prices and demand. Once pilots are tested and have been demonstrated as effective for working conditions of women and youth, the project would then try to see how these approaches can be upscaled to have further impact.

Finally, sustainability and scalability will be a central focus, ensuring that business and intervention models can be scaled up and replicated by market actors to further increase the long-term impacts.

5.2
KEY MARKET ACTORS

Table 3
Key Stakeholders in the Building Construction Sector

Organization	Relevant information	Motivation/Capacity[78]
STECOMA – (Construction Trade Union)	• 48,000 national members with representatives in all districts. • Intends to protect the interests of members (workers in construction industry), through promoting better living and working conditions – often through one-off capacity development. • Have spearheaded Skills Passport and Recognition of Prior Learning (alongside WDA). • Most workers/members interviewed during the research perceived STECOMA to be weak or not providing value for money	**Motivation:** High **Capacity:** Low/Medium
Contractors Association	• Operates under the Private Sector Federation, representing the interests of construction contracting companies. • Successfully lobbied for 15 amendments to construction procurement law that favoured contractors – one of which levies a penalty to government for delayed payments to contractors. • Contractors have identified utility in the association	**Motivation:** High **Capacity:** Medium
Ministry of Public Service and Labour (MIFOTRA)	• Responsible for enforcement of the Labour Law though largely incapable of enforcement in the construction sector as its inspection team is underfunded and rarely has resources to adequately cover more than one sector per year • Perceived as having no impact or influence on the sector	**Motivation:** Low **Capacity:** Low
Rwanda Public Procurement Authority – RPPA	• RPPA builds capacity and monitors public procurement proceedings, whereas the procuring Ministries, departments and agencies define the procurement requirements. • Regulate public procurement through pre-qualification of consultants and contractors through a categorisation system. • National public construction works are awarded through RPPA. • Currently do not effectively evaluate quality and technical competence. • Have a perceived interest to develop the sector more coherently.	**Motivation:** Medium **Capacity:** Medium
Workforce Development Authority - WDA	• Created in 2009 with the mandate to promote, facilitate, and guide the development and upgrading of skills and competencies of the national workforce in order to enhance competitiveness and employability. • Implements skills development programs under the national employment program (NEP). These include the Rwanda Priority Skills for Growth (PSG) program which covers short-term vocational training (also called the Rapid Response Training (RRT) program) and apprenticeship and internship programs for TVET students and graduates. • Worked with STECOMA to develop and roll-out the Recognition of Prior Learning Scheme. Have the mandate to certify 150,000 construction workers in the next five years (but have little resourcing to execute this mandate).	**Motivation:** High **Capacity:** Medium

▶ continue

78. Motivation indicates the perceived organisational motivation to drive change in the sector. Capacity is related to human resource capacity to drive change in the sector.

Organization	Relevant information	Motivation/Capacity[78]
Rwanda Development Board - RDB	• The Office of the Registrar General is a one-stop shop for tailoring businesses and independent tailors in the garment sector that register their activity. Business registration simultaneously includes registration for social security for workers. • Through its Capacity Development and Employment Services Board (CESB) is working to revise the national training offer, condensing formal trainings from 12 months to 3-6 months duration and taking out the less relevant pieces	**Motivation:** Medium **Capacity:** Low/Medium
City of Kigali and One Stop Centers	• Work under the City of Kigali and support RHA in other districts countrywide. • Oversee the approval of construction permits. • Conduct inspection relative to construction quality and the completion of the project to plan and building code.	**Motivation:** High **Capacity:** Medium
Rwanda Housing Authority (RHA)	• Operates under the Ministry of Infrastructure and assesses the implementation of its policies, with particular reference to: affordable housing; government building construction; and human settlement. • Trying to drive development of affordable housing (though to very limited success). • Conducts inspection on sites where contractors works have been suspended by inspectors from One-Stop Centres and district level inspections.	**Motivation:** Medium **Capacity:** Medium
Rwanda Institute of Architects	• Represents architects as a chapter of the bigger association of all construction consultants. • Promotes the interests of the profession through regulating the practice as well as working with government to develop construction related policies such as the building code.	**Motivation:** Medium **Capacity:** Medium

Source: Research interviews across sector actors.

5.3
POTENTIAL PROJECT INTERVENTIONS

The below potential interventions have been identified alongside potential implementing partners to serve as a starting point for the project. It should be noted that some of these interventions may never get off the ground as buy-in from driving actors may be minimal, while others will change quite significantly as the lead partner may see a better way to implement in line with their core interests. Some interventions may be relatively quick to execute with more limited impact while others may take a year or two to push through with efforts yielding higher outcomes.

5.3.1
Core Value Chain

Throughout the research, areas for implementation within the core value chain, and in particular, for contractors, were probed and evaluated. However, two considerations limit the project's ability to implement in this space:

1. **Cost competitiveness**: In an effort to compete in a highly competitive and predominantly low-cost consumer market, contractors cut costs where they can, and potential to trial interventions which require further investment into workers or the business are limited.
2. **Relatively high labour productivity**: A business case can often be made that links investment into better working conditions – it can generate a positive return on investment through catalysing improved labour productivity[79]. However, no interviewed contractors indicated a presence of low labour productivity and most cited fairly good labour productivity to begin with. This is a consequence of informal contracts – if a worker underperforms or does not work fast enough, they can be easily replaced by someone that will perform.

Thus, the project is better positioned to focus implementation on addressing the underlying causes to market constraints rather than intervene directly in the core value chain.

79. ILO. *Can better working conditions improve the performance of SMEs? An international literature review.* 2013

5.3.2
Supporting Functions

Financial Services:

In review of financial services, potential interventions that address the underlying causes to poor working conditions did not seem feasible within the scope of the project and thus have not been identified.

Information:

1. **Launch advocacy campaign which targets government and contractors (underlying cause I2)**. The campaign could first try to develop an emotive story, providing real cases or discussions on worker plights to target both contractors and officials which influence the legal framework in government. However, emotional stories and awareness raising will not be enough, the project would need to make a "compliance case" to contractors, indicating the risks and associated costs and a "better coverage" case to relevant government bodies quantifying the cost of poor working conditions to both government and workers.
2. **Influence capacity development of technical staff and management (underlying cause I3).** To help bridge the gap in lack of knowledge of technical staff on legal obligations, the project could work through the ***Rwanda Institute of Architects (RIA)*** to host a series of events that help contractors, engineers and architects understand their legal obligations and risks relative to workers. This could be organised as a part of the continuous professional development (CPD) series which professional engineers and architects already attend regularly. The project could help establish connections to ***RSSB, RHA, MIFOTRA, and/or One-Stop Centres*** such that speakers from relevant organisations could deliver technical sessions to the audience. The project should develop events with a view that RIA can use the content and host them annually.
3. **Develop centralised inventory of legal contractor obligations (underlying cause I6)**: To remove the barrier of contractors chasing up legal obligations in different locations, the project, alongside the ***Contractors Association, RHA or the One-stop Centre***, could develop a centralised online inventory of legal obligations for contractors. The inventory could include a summary of the most overlooked areas of the framework and corresponding risks. Among general legal risks and potential costs, the inventory would strongly highlight obligations to workers that identifies the risks of non-compliance. The ***Contractors Association*** could ultimately manage the resource as means to add value to their members.
4. **Set-up value engineering knowledge course:** The project could supplement interventions 2 and 3 with the development of some form of value engineering CPD talk (an add-on to intervention 2) or online course on the legal inventory platform (an add-on to intervention 3), giving contractors some strategies and techniques to cut costs on materials and design rather than immediately defaulting to cut costs on working conditions. This could be done in partnership with the ***Rwanda Institute of Architects (RIA)*** or ***the Contractors Association.***

Skills:

Interventions associated with upskilling workers provides a chance for more Rwandans to fill higher skilled positions which are already in high demand and will continue to be in higher demand as the construction sector continues to grow and shift its market toward growing middle-class demands. However, even if this upskilling supports a transition of existing casual workers into higher-skilled trades, the positions vacated by casuals will be filled by other low-skilled workers, who will be subjected to the same poor working conditions. Thus, it is important that support to such skills development interventions is balanced by interventions which target the incremental improvement of working conditions in the sector's rules and regulations.

5. **Work with paint supply companies to advance existing training model80 (underlying cause S2)** to: 1.) better understand how the training models work; 2.) identify where painters are in high demand and/or where market coverage/penetration for the supply company is limited; and 3.) identify means to roll-out further trainings in underserved market areas. The intervention can help workers develop an initial skill-set to get a foot into a new trade, which can be enhanced through work on the job and later verified through the Skills Passport once that becomes more valued by contractors.

6. **Explore testing a similar (paint supply training) model with other material and equipment suppliers (underlying cause S2)**. This could be explored with companies that supply to trades with a perceived skills shortage, i.e. tile, stone tile and waterproofing material suppliers. The ***project could also work with machinery suppliers/retailers*** as the training cost could be small relative to the cost of the machinery and thus the model may be more viable in this space. However, it is noted that the capture of potential workers to upskill into machinery is much smaller than in painting, tiling, or waterproofing.

7. **Develop a low-risk model to promote employer investment into skills development in trades where specialised workers are in short-supply (underlying cause S1):** The project could estimate the resource cost (and duration) of on the job training for a number of trades, adjusting the workers wage such to account for the employer cost in training the individual[81]. This will limit the cost to the company itself while also providing an avenue for workers to leap to a higher skilled position without savings or having to give up income due to a loss in working time needed to complete more structured training. The ***project could initially test the viability of the idea with building construction companies*** that have specialisation in high demand trades (stone tilers, solar fixers, and waterproofers) or where women have been reported as active already (steel fixer, electrician, landscaper, mason), or where women have perceived interest (plumbers). Such a model would remove the largest training barrier to women, cost. This work could link into the apprenticeship work that GIZ is doing in wood and carpentry and has already completed in plumbing. If pilots prove successful, ***project could work with the Contractors Association and STECOMA*** to advocate for further uptake.

8. **Work with private TVETs to develop short-courses in high demand specialised trades (underlying cause S2)**. The project should first identify specialisations which require limited training time to for workers to transition to entry level position where minimally trained workers can get on site, be productive for an employer and upskill while on the job. For example, painting takes considerably less time to learn (weeks) than cabinetry (years) so the project could first focus on trades such as painting as opposed to cabinetry. The ***project could approach private TVET institutions*** to develop "starter" courses in these trades, helping develop

80. For further details on the paint supply training model, please see Box 6, section 3.3.4.

81. As an alternative strand for this intervention, the project could explore piloting potential tax incentive schemes through the government as an additional incentive for contractors to invest in skills development.

a price point that could bring in low-skilled workers while still being sufficiently remunerative for the private TVET institutions. Such courses could be offered at times when the institutions' workshops are otherwise idle and could diversify their business offerings.

5.3.3
Rules and Regulations

Laws:

9. **Lobby for inclusion of working conditions in Rwanda Building Control Regulation (underlying cause L3):** Contractor compliance with the RBCR is quite strong as what is mandated in RBCR is reviewed on a compliance basis in the permitting and inspection processes through the One Stop Centres. The ***project could work with both MININFRA and the One Stop Centre*** to add a new section in the regulation which would better cover workers on construction sites and which could be enforced through quick inspection on site (in tandem with intervention 11). Recommended additional obligations in RBCR should be prioritised based on their pragmatism to be taken on board by contractors, ease on inspection resources and impact on workers. Providing a laundry list of compliance to decent work deficits may be counterproductive as this may ensure that very few or less important elements are taken on board rather than those that can be actionable and help workers. Depending on the success of the intervention, this could be the first step in a long-term goal of bringing the building code in line with the labour law.
10. **Actively participate in the next RHA revision of law (underlying cause L3):** The RHA reviews laws every two years and consults with all stakeholders to review and amend them. The ***project could engage with RHA*** to learn about the process and how it can actively participate. Any suggested revisions should be done broadly in line with the suggestions in intervention 9.

Enforcement:

11. **Influence mandate to inspect core issues (underlying cause E3):** Work with One-Stop Centre to trial out measurement of a simple working conditions checklist with the intent of collecting simplified metrics which can provide useful feedback on working conditions on site. The idea of such a checklist is not to penalise contractors. The ***project could help the One-Stop centre*** develop indicators that identify if preventative safety culture, RSSB contributions, wages, staff rotation. This exercise can be used to test and refine the utility of the measurement indicators such that they can later integrated into an inspection checklist or be mandated in the RBCR (see intervention 9) such that inspections take better account of working conditions.

Procurement and Contracting:

The Contractors Association has successfully lobbied for the adoption of 15 amendments to the construction procurement law (of 17 proposed) on behalf of the contractors. Such amendments include levying a penalty of 0.1% of the contract value against the government for every day that a payment is delayed and subcontracting out 30% of contracts won by foreign companies[82]. This is a strong indicator that lawmakers are willing to take stock of the functionality of the system and adapt it where needed and that the project has space to push forward similar measures.

82. The latter amendment has not proved to be successful as foreign contractors often subcontract the least profitable parts of the contract.

12. **Define and work to adopt "responsible" in procurement evaluation (underlying cause P1)**: The project could ***kick-off discussions with RPPA*** to test the idea that the Procurement Law take stronger consideration of "responsible" contractors as a requirement in either categorisation of contractors or in the evaluation of tenders[83]. If pushing a measure forward seems plausible, the project could develop metrics or criteria for quickly measuring, assessing and certifying "responsible" contractors as well as the party who could perhaps conduct the certification. Some areas for consideration include having payroll evidence of informal workers, % turnover invested in training low-skilled staff, % locally employed, % women in semi-skilled positions, % RSSB contributions on non-technical staff, among others. This may add some cost to government contracts and may be viewed as adding another layer of bureaucracy, however, further government investment would be directed toward improving workers' lives in highly visible projects for which the government could be identified as the flag bearer for better working conditions.
13. **Develop mechanisms to better evaluate quality in building construction tenders (underlying cause P1):** The project could work with the ***Contractors Association*** to develop a method to better account for quality in tender submissions, which is a cause that contractors have already indicated support for during research. Resetting how quality is evaluated reduces the relative importance of the financial proposal and provides contractors with more protection against cost cutting and on-site risks, which often disproportionately affect the worker. The award of higher quality contracts at better prices should drive demand for more skilled workers and better pay for such skill. The Government of Rwanda will also invest in better quality buildings which could potentially reduce maintenance costs or increase the usable life of such buildings, potentially generating better long-term return on investment.
14. **Develop a mechanism to evaluate knowledge transfer in building construction tenders (underlying cause P4):** This may include developing and trialling metrics to evaluate knowledge transfer, which may be of particular significance on category A and B contract categories (large-scale projects). Such a metric could include a small percentage of the contract value to be dedicated to staff development, particularly for lower-skilled staff – and if trialled in a tender submission, would require contractors to invest in skills development of their staff. This could be particularly relevant for larger contract types which are often delivered by foreign contractors. ***The project should work with RPPA*** to develop a knowledge transfer metric and pilot its potential use in contracting construction projects.

83. This could also include establishing a minimum working conditions standard in tender documents

6 CONCLUSION

The project has a considerable opportunity to transform the building construction sector such that it provides better working conditions and opportunities for informal female, young female and young male workers. T**he analysis in this study provides the project with a starting point** to engage with, and drive change in, the sector and through it, 14 potential intervention avenues have been identified (see Section 5.3).

One of the most **promising areas for implementation is in skills development**. Here, the project should look to develop and pilot new **private-sector driven training models** which can provide an avenue for the lowest skilled workers to develop and access to higher-skilled, higher-paid jobs that are not only in demand but also offer better working conditions.

Simultaneously, the project will need to work with government stakeholders to develop the sector's relatively nascent policy and legal framework to better account for working conditions. In **developing the sector's rules and regulations, the project can drive meaningful and sustained impact** that can help the sector professionalise at a time when it is going through tremendous growth.

It should be noted that although this analysis is considered comprehensive, the project should strive to revisit, update and build upon it as the project team gathers more insights in the sector, its constraints and the market actors. This will help the project more aptly adapt and deliver in a dynamic and fast-growing sector.

ANNEX

A ORGANISATION INTERVIEW LIST

1. Ministry of Public Service and Labour (MIFOTRA)
2. National Institute of Statistics Rwanda (NISR)
3. City of Kigali -Department of Urban Economic Development
4. City of Kigali -Department of Building Inspection
5. Rwanda Workers' Trade Union Confederation (STECOMA)
6. Workers Union of Enterprises in Construction, Carpentry and Handcraft (CESTRAR)
7. Private Sector Federation
8. Private Sector Federation: Chamber of Youth
9. Private Sector Federation: Chamber of Contractors (AEBTP)
10. Large-scale construction company (A)
11. Large-scale construction company (B)
12. Medium-scale construction company (A)
13. Medium-scale construction company (B)
14. Medium-scale construction contractor (C)
15. Small-scale construction contractor
16. Individual construction contractor (A)
17. Individual construction contractor (B)
18. Small-scale roofing company
19. Small-scale painting company
20. Small-scale cabinetry company
21. Finishing material supplier
22. Paint supply retail store
23. Rwanda Institute of Architects
24. Rwanda Development Board (RDB): Capacity Development and Employment Services Board (CESB)
25. Rwanda Development Board
26. Rwanda Green Buildings Council
27. Rwanda Public Procurement Authority (RPPA)
28. Rwanda Housing Authority (RHA)
29. Workforce Development Agency (WDA)
30. Kigali One Stop Centre Directorate
31. TVET-St Joseph Integrated Technical College Nyamirambo
32. GIZ

ANNEX

B SPECIALISED BUILDING CONSTRUCTION SKILL SUMMARY

Trade	Average Daily Wage (RWF)[84]	Demand	Worker Origin	Presence of Women
Cabinet makers	15,000	High	KE	None
Alumunium workers (windows, doors, partitioning)	10,000	High	KE	None
Equipment operator	10,000	Medium	CO	None
Crane Operator	10,000	Medium	CO	None
Big Machine Operator	10,000	Medium	CO	None
Stone Tiler/fixer	10,000	Very High	KE	None
Painter	7,000	Low	RWA	Low-None
Carpenter	7,000	Medium	RWA	Low-Medium
Tiler	7,000	Medium	RWA	None
Welder	7,000	Medium	RWA	None
Plumber	7,000	Very High	RWA	None
Steel fixer	7,000	Medium	RWA	Low-Medium
Roofer	7,000	Medium	RWA	None
Landscaper	7,000	Very High	RWA	Low-Medium
Waterproofer	7,000	Very High	RWA	None
Scaffolding expert	6,000	Medium	RWA	None
Electrician	5,000	Medium	RWA	Low-Medium
Masons/Builder	5,000	Low	RWA	Low-Medium
Plasterer	5,000	Medium	RWA	None
Laborer	2,000	Low	RWA	High
Solar fixers (water heaters/ solar panels)	5,000	Very High	KE	Low-None

84. Wage, demand, worker origin and presence of women identified through informal key informant interviews with professionals in such trades.

ANNEX C SAMPLE QUESTIONNAIRE

The three core groups interviewed include:

1. Ecosystem actors
2. Business operating within the core chains
3. Workers disaggregated by women, young women and young men

Interviews will be semi-structured, and therefore indicative / example probes only have been included below (this is not a comprehensive list of survey-style questions). These probes are different for each of the three core groups, and are designed to stimulate discussion designed to respond to the research questions:

Ecosystem actors

1. Is there any push to bring more businesses into formality?
2. Can you talk a little about labour inspection relative to the construction and tailoring/garment sectors? What are the principle challenges?
3. Do you have any data that you would be willing to share on sector trends, wages, numbers of workers, formality that we might be able to obtain for research purposes?
4. Can you tell us about any particular businesses that have good examples of working conditions in either sector?

Business Probes

Business operations in the chain (various segments)

1. Can you tell us a little about the business in terms of the history, size (employees temporary, full-time), contract types/lengths?
2. What do you feel have been the largest challenges and threats for your business over the past year (probe: rules and regulation, terms of contracting with other businesses, worker skills, financing,)?
3. Do you feel like your business would benefit from any type of training opportunity?
4. Can you tell us a bit about the training opportunities that your workers have? Are they sufficient? Do they have access to skills training outside of the company?
5. Can you tell us a bit about staff turnover? What happens to workers after leaving?

Working conditions

6. Can you tell us a little about any workplace safety risks that you might have?
7. Can you tell us what would happen to a worker if they are injured on the job or become sick? Is their salary and/or medical expenses covered?
8. What is the process of finding new staff or making a decision about how you hire them or what type of contract they are given?
9. Is there any government or business social security offered to workers?
10. Are you as business owner covered under social security? If so, for what?
11. How do wages vary by role/skill type/target group in your business?
12. Do you provide any other non-wage benefits (food, housing, transport) to workers?
13. Are workers paid on a regular/expected timetable?

Target Groups

14. Can you tell us where women, young women and young men work in your organisation?
15. Do you think that women or young people are at a disadvantage in your organisation compared to men or adults? If so, why and how?

Workers Probes

Business (worker)

1. Can you tell us a bit about your job? (probe: what they do, working hours, full-time contracted, how long working there)
2. How did you find this position and why did you decide to work at this business?
3. Can you tell us about your working arrangement or contract?
4. Do you work outside of this business?
5. Can you tell us about any training that you have received?

Working conditions

6. Do you feel that you and your co-workers have an opportunity to be promoted? Do you feel like your gender or age helps or hurts your promotion prospects?
7. What do you feel is important to motivate you at work? (probe: more free time, personal well-being, money advancing in career, being part of a community or group, feeling valued, etc.)?
8. Do you have a way raise any working concerns like safety, working hours, contracts or wages, with the business?
9. Are you a member of any representative organization, association or union for your work? If you wish to be, could you?
10. Can you explain a bit about how you cover health costs for you and your family? (probe: insurance)
11. Would we be able to ask how much you are paid? Is your salary enough to cover your living expenses? And your family's?

Productivity

12. Have your manager ever complained about your performance?
13. What could your business do to help you improve your performance?

Formality

14. Do you know workers in formal businesses? How do their working conditions differ from yours?
15. Are you covered under a government or private social security scheme (e.g. for health insurance, life/accident/disability insurance)? Are you member of a self-help group to cover such risks?

Target Groups

16. Do family responsibilities (unpaid work, mobility restraints) play a role in how each part of the target group is integrated into the sector?

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