Decent Work in Brazil’s Construction Industry: Possibilities for Inter-jurisdictional Consortia

Asuka Yoshioka

M.A. Candidate, School of Community and Regional Planning
University of British Columbia

Prepared for delivery at the 2009 Congress of the Latin American Studies Association, Rio de Janeiro, Brazil June 11-14, 2009
Introduction

This paper will examine the potential of inter-jurisdictional governance structures in effectively promoting decent work principles in the construction industry. It will begin with background on consortia in Brazil, provide an overview of the concept of decent work, then discuss the key characteristics of the construction industry. It will take up a case study of a program that was implemented in Brazil that has been hailed as a successful urban construction project implemented by local authorities, and how the four principles of decent work can be observed in the program. Finally, it will integrate the themes of decent work, the construction industry, the role of local authorities, and how inter-jurisdictional consortia may enhance the ability of governments to promote decent work in the construction industry.

Background

Brazil’s Constitution of 1988 gives federal status to its approximately 5000 municipalities. This constitution has given birth to the possibility of different types of collaborative structures among municipalities. Moreover, in April 2005, the federal government of Brazil passed a new law which authorizes governments at all levels to form inter-jurisdictional consortia for any purpose that serves the public interest and promotes social inclusion. Inter-jurisdictional consortia could be formed among governments horizontally (such as neighbouring municipalities coming together to form a consortia), as well as vertically (consortia that include senior levels of government). This ‘Lei Federal n.°11.107’ has allowed for more flexible institutional formats and innovative consortia to be established in order to attend to issues that would be better addressed through collaborative structures.

The municipalities in Brazil are increasingly faced with various problems that are greater than their ability to respond. With its limited resources and capacities, local authorities are having difficulty attending to the various needs and demands of its population; meanwhile, populations continue to grow as a result of rapid urbanization, causing further strain on municipalities. The fluidity in movements of people in and out of urban centers creates fluidity of the needs and demands of that population. Governance structures have not kept up with the increased demand for basic services and increased movement of the populations. Inadequate mechanisms to coordinate action among municipalities and other levels of government have hindered the municipalities’ ability to respond, creating gaps in service provision. The services provided by individual municipalities create a jigsaw puzzle of services that are glaringly uncoordinated, leaving many people unable to access support and services.

Creating consortia will encourage communication and collaboration among governments and key stakeholders to create a more seamless provision of support and services to its populations. It can provide a space for discussion, planning, and implementation of innovative action that can address issues that individual municipalities could not. It allows for the involvement of civil society and other stakeholders who would contribute to the initiative through advocacy or support in delivery. Furthermore, consortium creates an opportunity for municipalities to come together to examine common issues and identify similarities and differences as well as compare government response to those issues. They can share information, resources and ideas in addressing the problem in such a way that harmonizes the service delivery both horizontally and vertically.
History of Consortia in Brazil

The enactment of the new law has created momentum in Brazil, a country that has had a history of governments forming cooperative arrangements. Origins of consortia had a bottom-up beginning in Brazil, having been formed out of a voluntary association of municipalities that simply agreed to cooperate on a certain issue. In the 1960s and 1970s, Consortium for Social Development and Consortium for the Development of the Paraiba Valley were formed in the state of Sao Paulo. In the 1980s Sao Paulo also saw the formation of the first inter-municipal health consortium. The first democratic government of Brazil saw such consortia based on agreements by municipalities as a simple way to avoid the illegality of inter-municipal loans and allow municipalities to cooperate on a certain task by contributing through financial, technical and administrative recourses. Since then, consortia have sprung up all across Brazil, including the inter-municipal water basin management consortia formed by seven mayors within the ABC region.

The constitution of 1988 recognized consortia as an option for inter-municipal cooperation framework, but the constitution fell short of explaining the details. The amendment in 1998 still only mentioned that “Union, States, Federal District and Municipalities, would develop the necessary laws for public consortia and cooperation agreements between the different federated entities, authorizing the associative management of public services as well as the total or partial transfer of charges, services, people or goods essential for the continuity of transferred services.” Although the amendment only stated that there “would” be laws developed, it took until 2005 to finally pass the consortium law through congress and gain presidential approval. During that time however, an estimated 50% of the municipalities existing within Brazil were involved in some form of consortium. This data collected by the IBGE demonstrated the prevalence of simple cooperative arrangements among municipalities that were based on common interests. However, much of these consortia have been criticized as limited in delivery, having weak accountability structures, and being ad hoc coordination structures that have little support from higher levels of government and thereby limited in its effectiveness.

Despite the criticisms, with this history of inter-jurisdictional cooperation fueled by the new law, now is an opportune time for the formation of more permanent, accountable consortia to address some of the issues that cut across municipal boundaries. One such issue that can be taken up is the promotion of decent work in the construction industry in Brazil.

Concept of Decent Work

Decent work is a concept coined by the International Labour Organization (ILO). The term was first used in 1999 when the Director-General of the ILO, Juan Somavia, explained that “the primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity. Decent work is the converging focus of all its four strategic objectives: the promotion of rights

---

2 Ibid.
3 Spink, p2
4 Ibid.
5 Ibid.
6 Brazilian Institute of Geography and Statistics (IBGE): Brazil’s official statistical agency
at work, employment, social protection and social dialogue.” This statement only reiterated and reconfirmed the principles that the ILO had been striving to achieve in their 80 year history, but the birth of the term “decent work” served to conceptualize the ILO’s objectives in a comprehensive manner. The concept has been convenient and effective in highlighting the four key elements of sustainable employment, and the framework of decent work has also helped to bring greater consistency and coherence to ILO’s activities.

Decent work is not simply about employment generation, it is also concerned with the quality of employment. Since 1999, it has been promoted and encouraged in many countries and regions around the world, through various strategies and policies. Principles that are promoted through the decent work agenda allows workers to work in a safe condition, and to provide the minimum living standard for their family. It is fundamental in achieving sustainable development and a more equitable society, and is a way of guaranteeing development with human dignity. The decent work framework is composed of four core dimensions of employment, social security, rights of workers, and social dialogue.

**Employment**: Creating employment opportunities is essential in providing a means for people to earn a minimum standard of living. Without generating employment, there can be no improvement to the lives of the people. Employment refers to all forms of employment, including self-employment, wage employment, home-based work, full-time work, part-time work, temporary or casual work, regardless of whether it is by men or women. One crucial characteristic of employment in Brazil is that approximately half of the employment force works in the informal sector. This will be discussed further in this paper.

**Social security**: The objective of providing social security is to protect workers from vulnerabilities that they may be subject to. Social security systems include health care, sickness, unemployment, old-age, employment injury, family, maternity, invalidity and survivor’s benefit. Generally, public authorities are responsible for providing such social protection. In Brazil, social security is a centralized public system, but is very poorly managed and is often criticized for being inefficient.

**Rights of workers**: This reflects the ethical and legal aspects of decent work. Rights of workers include both substantive rights and procedural rights. Substantive rights are related to the concrete conditions of labour such as minimum wages, maximum hours of work, and right to equal treatment. Procedural rights are about the process through which substantive rights are established, such as the right to collective bargaining, rights of workers’ representation, or the right to equal opportunities.

**Social dialogue**: This is a means through which workers, employers, and representatives of government can discuss issues that relate to economic and social policy that is common among them. This can be a tripartite or bipartite process, and can take the form of a negotiation, consultation, or simply an exchange of information. It can also take place at the national level, regional, or enterprise level, and can be formally institutionalized or it can also be informal. The goal of social dialogue is to promote consensus-building and democratic involvement of the main stakeholders.

These four pillars compose the broader concept of decent work. Unpacking the concept into four components allows for the examination of the interlinkages and connections between these elements. To some extent, it can be useful to categorize the four dimensions into two

---

groups, in order to comprehend the nature of the different elements and how they can be promoted. The first two principles of employment and social security can be categorized as elements which are somewhat determined by the level of economic development of the country. On the other hand, worker’s rights and social dialogue are more connected to legislation and administration and are the ethical and legal frameworks within the decent work concept. Depending on the economic structure, level of development, institutional framework, and socio-economic values of the country or region, these four pillars interact differently.

Due to the historical background of the concept of decent work having been developed out of the capitalist, market industrial countries, there has been debate about its universal applicability. The decent work agenda is based on the standards and conditions valued in western countries, thus is subject to criticism over its validity in countries with structural or institutional differences. Critics argue that if the employer-employee relationship is a key basis on which the decent work paradigm is founded upon, it may only be marginally applicable to developing countries in which the informal economy has a large proportion within the national economy. It may also be less applicable to countries with state-controlled economies if the voluntary and independent nature of workers’ and employers’ organizations is an important feature of the concept.

However, these concerns are related to the content and mechanisms through which decent work can be achieved, and not about the objectives of the decent work principles per se. Such concerns can be addressed by adapting strategies for the decent work agenda to each country’s specific circumstances. Regardless of the worker’s status or sector of employment, all workers want to be remunerated with adequate wages that allows them and their families to live a decent life. Therefore, the objectives of decent work can be argued as a universal aspiration. There is a large informal sector in Brazil’s economy, but the fundamental desire of people to have employment that will allow them to provide for their family, work in safe and healthy conditions, have the right to form their own organizations to protect their interests as workers, and to participate in decision-making that affect them as workers are all evident.

The Construction Industry

The construction industry is considered a very important sector in promoting employment. It provides a large source of employment especially for people who are poor or unskilled, and is often the first point of entry into the workforce for migrant workers. In addition to being a major provider of direct employment, the industry has many jobs in related services, such as production of materials used for construction, production of equipment used, post-construction maintenance, etc. While agriculture employs approximately 20% of workers, the construction industry employs around 6.5% in Brazil in 2003. In 2004, the construction industry accounted for 6.8% of the GDP, though this has been on the decline since 1998.

Of the total people employed in the construction industry, 72% have never participated in any type of training program, 80% have not completed elementary school, and 20% are illiterate. Workers are often trained on the job, and a common path for a worker is to begin by working as an apprentice, who is assigned manual tasks such as digging holes, transporting

---

9 Ghai, p9.
building material, etc., and acts as an assistant to the craftsman. The craftsmen can be bricklayers, electricians, etc, and some apprentices may move up to this position through gaining experience on the sites. A very small minority become the foreman, who will organize and oversee the activities of both the craftsmen and apprentice.

Although it is true that the construction industry often provides employment to the most disadvantaged and marginalized people, the quality of this work is not always acceptable. Compensation for workers in the construction industry is often very low and inadequate to meet basic living needs. Wages are set by supply and demand of the market, and workers are sometimes paid on a “piece-based” salary. Many laborers work for long hours to make enough money to live on, and others do so to make money while the work is available. There is a high turnover rate in the sector, with 56.5% of the people staying for less than one year on their jobs, and 47% of the people work in the sector for less than 5 years. Absenteeism is common among workers, with 52% of the workers being absent at least once a month due to a health problem. The workers often find themselves with health problems as a result of their work, such as back pains from lifting heavy loads, and lung diseases from inhaling dust, but are unable to refuse dangerous work because they are in a weaker position. The growth of subcontracted work has increased the difficulty of coordinating site safety and ensuring the safety of workers.

Not surprisingly, 60% of workers in the construction industry in Brazil are not protected by any type of social security system such as health insurance, unemployment benefits, accident insurance or pension schemes. In addition to having no income security, with only a temporary worker status, they often enjoy little or no social security. Comparing the social security coverage between 1992 and 2001, there has been a slight overall increase, however, the social security coverage for the construction industry has fallen by more than 10%. In an industry where basic labour rights are generally non-existent, most workers are excluded from joining any trade unions because of their temporary working status, or because they are self-employed or because they are foreign workers. The fragmentation of the industry has weakened workers’ and employers’ organizations, as a result, collective bargaining has been undermined dramatically.

A significant characteristic of the construction industry is the large percentage of workers who are not formal workers, and are thus, a part of the informal sector. This is not a phenomenon limited to this sector, but Brazil as a whole has a large informal economy. The informal economy accounts for what is estimated to be about 40% of the gross national income, and within the overall economy, approximately 55% of workers are in the informal economy. In the construction industry of Brazil, the percentage of workers who are working informally have increased, as it was 61.3% in 1992, but has risen to 71.1% in 2002. In Santo Andre, 62% of the workers in the construction industry had informal status in the year 2000.

The prevalence of temporary workers being hired through small enterprises is a growing trend not only in Brazil’s construction industry but all over the globe. It is also very common for workers to move back and forth between the formal and informal sectors. Many people will leave the formal sector after having gained some experience and migrate to the informal sector because of better earnings and/or because of unemployment in the formal sector. It is also

---

common to go back to the formal sector for a sufficient amount of time so that they can access the social security benefits, and then leave again to work in the informal sector, and continue that cycle.

There are reasons as to why the construction industry has a large proportion of subcontracting and temporary work. It is partly due to the nature of the work, as much of construction work is done sequentially or in phases, and certain phases require specialized skills and labour. As a result of this growing trend of sub-contracting, the construction industry is becoming increasingly fragmented, with a few big construction companies concentrated at the top, many small sub-contracting firms below them, then the numerous workers under that. This triangular structure allows the construction companies to be physically removed from the actual construction site and from the laborers who work on the site. Another reason for the increase in subcontracting can be seen in the benefits of this structure. Having sub-contracted workers gives the “parent” companies much more flexibility in recruitment of labour, as they can hire workers only when needed, thus paying for the minimal labour necessary. In addition, by hiring informal labour indirectly through sub-contracting firms, the construction company can delegate responsibility over the workers to the sub-contracting firm, freeing themselves from concerns of labour control.16

It is clear that the construction industry is far from being worker-friendly. The realization of decent work principles would require enormous effort, but would benefit many workers and their families.

The New Role of Local Authorities

In considering how decent work can be promoted in the construction industry, it is important to note the role of local authorities in this endeavor. There has been both a change and an expansion in the roles and responsibilities of local authorities due to several factors and trends. Since Brazil’s freedom from military dictatorship, it has welcomed the advent of democracy. This has led to the revitalization of sub-national politics, which has contributed to the increased autonomy of regional and local governments. In addition, Brazil’s economic restructuring in the 1980s and 1990s along with the spread of globalization has resulted in increased economic liberalization of the country. With considerable flows of financial capital at the international level, the role of the state in managing their economies through macro-economic policies diminished, and countries began to embrace deregularization and trade-liberalization.17 Through this process, additional responsibilities and associated authority were delegated to regional and municipal levels of government, leading to the decentralization of power.18 This has resulted in the increased role of local authorities in the management of the local economy. These circumstances have placed municipalities in a suitable position to be the promoters of decent work.

In the past, local authorities were seen as implementing agencies of policies devised at the national level. However, as Klink notes, “local authorities have transformed themselves… into promoters and enablers of sustainable urban development services.”19 Since the 1990s, cities have been adopting responsibility over sectors that they are not statutorily responsible

---

16 ILO, p209.
18 Ibid, pVI.
In addition to their traditional responsibilities, they have taken on additional responsibilities from which the national government has gradually withdrawn, mainly employment creation and income generation. As the economic activity taking place at the municipal level generated an increasing share of the GDP, there was growing recognition of the key role that local authorities played. Regional competitive advantage, sustainable employment, and income generation became high on the list of priorities for local authorities to address. They have become initiators of local economic development strategies, bringing a new entrepreneurial dimension to their work.

Case study: FUNACOM Program

This section will take an in-depth look at a program that was implemented in Brazil. Although this program was not specifically designed for the purpose of promoting decent work, Klink refers to the “Municipal Program to Support Housing for Low Income Groups through Self-management (FUNACOM)” program as a successful example of local authorities delivering decent work in the construction and urban development sector. FUNACOM was also recognized at the HABITAT-II summit as a ‘best practice’ for improving the living environment of urban settlers. It is also an example of local authorities initiating local economic development.

FUNACOM Program

The FUNACOM program was designed and implemented in the municipality of Sao Paulo between 1989 and 1992. At the time it was considered a radical political program of the Worker’s Party, as the local government actively created both the legal and financial conditions conducive for self-help and self-managed housing projects. The self-help programs that existed in Brazil prior to FUNACOM were more rigid, with local officials defining the terms and conditions of the projects, resources centralized, and administrative procedures cumbersome. Community participation was only seen in the form of labour at the building stage, and community members did not participate in the decision-making process. It was generally thought that self-managed programs could not be implemented at a larger scale due to the perception that the implementation process was long and managing the projects was difficult. The FUNACOM program was the first to fully embrace the concept of locally self-managed housing projects, successfully proving that large-scale self-help programs were possible.

There were two specific developments that set the stage for the introduction of such a program. One such development was the new constitution that was initiated by the national parliament in 1988. The new constitution allocated more autonomy to municipalities in Brazil, furthering the trend of municipalities relying less on the national government. The other factor was the election of the Worker’s Party in Sao Paulo. This administration pushed for community participation, decentralization, and municipal autonomy, and the promotion of new urban housing policies. These two developments unfolded upon a strong social movement in the housing sector that existed in Sao Paulo at the time. One of the strongest in Brazil, the social housing movement in Sao Paulo continuously pressured policy-makers to give citizens a greater voice in policy design. These conditions facilitated the adoption of the FUNACOM program.

---

21 Klink, p16.
The FUNACOM program had three main objectives. First, it had set out to increase the institutional capacity of the municipality in managing housing programs, second, to cut costs in housing and infrastructure, and finally to promote autonomous participation of the community in self-managed housing programs financed by the municipality. The institutional arrangement of the FUNACOM program reflected these principles.

The FUNACOM program was managed by the Municipal Housing Fund and the Municipal Housing Wing. The Municipal Housing Fund was created to assist low-income families in acquisition of land and to purchase infrastructure and construction materials. In 1989, the Fund was restructured to allow for assistance to community-based organizations to carry out community-managed projects, and became managed by a council made up of members of both the municipality and of the community. The Fund is operationally managed by the Municipal Housing Wing, which was responsible for managing housing programs of the municipality.

The procedural steps that were necessary for projects to begin are outlined in Table 1. The community, in partnership with a Technical Assistance Team (a multi-disciplinary team of experts who the community associations needed to consult in all stages of the project as a condition to receive funding), would outline a preliminary proposal and financing request to be presented to the Municipal Housing Wing. Once the Municipal Housing Wing and Municipal Housing Fund approve the proposal, the association signs a contract with the Municipal Housing Fund that signifies that the association is responsible for the management of the construction of houses and infrastructure, from beginning of the project until completion.

<table>
<thead>
<tr>
<th>Community Associations</th>
<th>Municipal Housing Wing</th>
<th>Council Municipal Housing Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 1: Formation of associations and linking up with Technical Assistance Team</td>
<td>Stage 3: Analysis of preliminary proposal (regional team)</td>
<td>Stage 6: Approval of project including financial request</td>
</tr>
<tr>
<td>Stage 2: Working out the preliminary proposals and making financial request</td>
<td>Stage 5: Evaluation of project including documents</td>
<td></td>
</tr>
<tr>
<td>Stage 4: Final project proposal including cash flow projections</td>
<td>Stage 7: Drawing contract between Municipal Housing Fund and the associations (central team)</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: The procedural steps in the approval process of FUNACOM projects (From Denaldi, p217)

Although the FUNACOM program was not designed specifically to achieve decent work principles but rather to address the objectives outlined above, it has received a lot of attention as a ‘best practice’ in the construction and urban development sector. The following is a preliminary examination of the FUNACOM program using the decent work principles. Implications for inter-jurisdictional governance structures are also considered.

---


23 Klink, p16.
FUNACOM Program and Decent Work

Of the four decent work dimensions of employment, social security, workers’ rights, and social dialogue, some principles are more easily recognizable in the FUNACOM program, while others are less obvious. For the employment principle, two aspects of the FUNACOM program can be raised as a means to increase employment opportunities for the community’s members. Firstly, as the community members were directly involved in the construction process, they gained skills to seek employment after their project completed. This was particularly noticeable in women. Like most men, women had no prior experience in construction, but after the project, many began to work outside of their homes. In the “Vila S. Jose” project, only 25% of the women had a job prior to their community project, but after the project finished, 67% of women were employed.24 The projects equipped both men and women with employable skills to seek employment. In addition, the projects often included an income-generation venture that was established in the community. FUNACOM funded micro-credit schemes which supported small businesses, sometimes using space that was built as a part of the construction process. In these two ways, the FUNACOM projects helped the community members to achieve employment.

The principle of social security is more ambiguous. It is unclear whether the community members of the associations became registered in Brazil’s national social security system or whether there was another form of social security that was established as a part of the FUNACOM program. Cases in which community members formed a service-oriented cooperative (mostly for construction services) may have had the members registered in a social security system through their cooperative, but this cannot be confirmed through the literature available to the author.25 If they were not registered in the national social security system, this may be one area in which a vertical coordination with higher levels of governments in the form of consortia could be useful. A municipality may have been able to coordinate with higher government agencies in order to connect their scheme with the national security system.

Rights of workers within the project were defined by the community members. Community associations, along with the Technical Assistance Teams established ‘Internal Building Regulations’ to outline general rules of the project. There was also an internal ‘Group Code’ for the Technical Assistance Teams that defined things such as management structure within the team and criteria for the handing over of houses to families. These rules essentially defined the workers’ rights within the project, and were agreed upon through consultations and discussion. A lesson to be learned when considering the application of a similar type of project in an inter-jurisdictional format would be to ensure dialogue with key actors. The effectiveness of inter-governmental consortia can be enhanced with the participation and discussion with the actual workers that they are trying to serve.

The social dialogue dimension can be observed in the process of formulating the abovementioned ‘Internal Building Regulations’ and ‘Group Code’ and in the process of forming the project plan. Although there is no traditional employer-employee relationship between any of the three groups of stakeholders (i.e. municipal officials, the Technical Assistance Team, and community association), the institutional structure of the program incorporates mechanisms to allow for social dialogue. Community members were included at all levels of decision-making with regards to the FUNACOM project, allowing for greater democratic input and consensus over project design and implementation. The ILO states that “social dialogue enhances the capacity of countries to choose their own path towards sustainable

---

24 Denaldi, p223.
25 It is possible that literature written in Portuguese may provide answers to this question.
pro-poor growth,” and this effect held true in the FUNACOM program, as the communities were able to design projects that were sustainable, and that reflected their needs and priorities.

The lack of constraints in the FUNACOM program permitted flexibility in project design, allowing each community association to design the project to meet their needs. There were many decisions to be made, and all of these decisions were made through participatory methods. Furthermore, this experience led to the increased capacity of the community. The project brought the community together to work towards a goal, raising cohesion among the association members. Through the experience of dealing with the local government, the people also enhanced their political awareness. The outcome of the project was not simply physical improvement of the living conditions but also capacity-building of the community. Furthermore, as the project objective had identified, the project also resulted in the increased institutional capacity of the municipality.

On the negative side, a crucial weakness of the FUNACOM program was that it was vulnerable to political changes. When the Worker’s Party was ousted from power in 1992, the change in administration compromised the program. The new administration was not keen on continuing a successful program initiated by the opposition, as continuing the program would be acknowledging the success of the opposing party. As well, the new administration perceived the beneficiaries of the program to be supporters of the Worker’s Party, and by continuing the program they believed they would have been serving the needs of the opposing party’s constituents. Instead, the new administration wanted to implement policies that favored the interests of big developers. The establishment of an inter-jurisdictional consortium could help address the volatility of political circumstances by making programs less attributable to a certain political party or politicians. Having a consortium implementing a program removes the ownership of programs from individual municipalities and their mayors to a shared entity. This detachment of initiatives from politicians or political party may make it less subject to political changes.

This project demonstrates the ability of local authorities to contribute to local economic development and promote decent work. However, as noted, it is not without its weaknesses. The remaining section will discuss how inter-jurisdictional governance opens doors to more effective ways to promote decent work in the construction industry.

**Inter-jurisdictional Consortia: The possibilities**

Through effects of globalization, retraction of the national government from service provision, increased responsibility of the local governments in local economic development, local authorities are well-positioned to be agents at the forefront of promoting decent work. In order to respond to the new responsibilities, cities have begun to adopt more flexible institutional structures. This has been aided by the momentum created by the new law passed in Brazil in 2005, which opened doors for public consortia to be formed among and between all levels of government. Local authorities’ potential to promote decent work can be enhanced through horizontal and/or vertical collaboration with other governmental agencies or non-government actors.

---


27 Ibid, p226.

28 Klink, p13.
Horizontal forms of cooperation are especially crucial to promote decent work in the construction industry. Due to the characteristic of the construction industry having a very fluid pool of laborers hired by small sub-contracting firms who are commissioned work by a few large construction companies, there is virtually no geographical coherence between the workers, small sub-contractors, big construction industries, and the actual construction site. This creates situations in which one construction site is host to companies and workers coming from many different municipalities in the area. It would be admirable for one municipality to promote decent work principles by raising labor standards within their geographical boundaries; however, without horizontal cooperation among authorities, it is foreseeable that the laws will render the municipality unattractive for business, resulting in the decrease of employment opportunities in that municipality. Therefore, one municipality’s attempt to improve decent work conditions may only have negligible effects in the broader scheme, while punishing the municipality for their initiatives. In addition, without a concerted effort, corporations will find loopholes that will enable them to evade such laws and moreover, it is difficult to define who is subject to the laws, when so many actors from many different municipalities are involved.

Needless to say, one municipality’s attempt will not be sufficient to create lasting improvements to working conditions. Combating this issue will require a more collaborative approach that creates a safer environment for local authorities to promote decent work principles. As single entities, municipalities will compete amongst each other and be forced a “race to the bottom” in which municipalities lower standards in order to attract business. A consortium involving multiple municipalities can circumvent such futile competition among neighbouring municipalities. Inter-jurisdictional cooperation with neighboring municipalities can raise standards of all municipalities in the region, making it inevitable for large corporations to improve their labour standards. It will prevent inequalities from deepening between municipalities, and prevent other municipalities from exploiting another municipality’s efforts at raising labour standards. Sustainable, positive changes become more plausible with a coordinated effort.

Vertical forms of collaboration are as useful and important as horizontal cooperation, as they both function to compliment one another. Through forming consortia with higher levels of government and/or more specialized national agencies, local authorities may have access to specific expertise, training, resources and services that otherwise may be out of their reach. Enhanced resources and capacity can increase the effectiveness of the promotion of decent work. In addition, networking with national agencies that are the intermediary bodies between municipal authorities and the global economy can enrich the local governments’ understanding of their ties to the international economy and thus be better prepared to respond to changes that happen at the international sphere.

Some aspects of decent work require working closely with higher levels of government. Globalization, weaker ability of the state to enforce regulations, and the emergence of new forms of organization at the ground-level are some of the factors contributing to the growth in the informal sector. Amendments to national-level legislation may be needed in order to dismantle the incentives that exist for companies and workers to operate in the informal sector. Although incentives and disincentives for formalization must be considered, formalization is

30 Helmsing, p10.
one way to achieve inclusion of marginalized people. Increased employment in the formal economy allows for more workers to access social protection that is difficult to extend to the informal economy. In Brazil, private companies can easily evade tax payments due to the challenges in tracing tax payments of smaller companies. To tackle such an issue, strong vertical channels of communication between the hierarchical levels of government will be essential. National legislation and policies can be formed with adequate input from local authorities, and legislations and policy that are formed at the national level can be effectively carried out at the local level.

Various strategies are available to address the informal economy, some which promote formalization and others that support continued informality. These include introducing dual regimes, simplifying bureaucratic procedures, extending legal protection, amongst others. Regardless of the strategy adopted (whether the informal economy is supported or will be subject to formalization), the possible strategies are better addressed through inter-jurisdictional structures. Such reforms to the status quo are often costly in terms of time and resources for one municipality to undertake. Furthermore, as the informal economy is such a prominent part of the economy, inclusion of various government agencies, private stakeholders, workers associations, civil society groups will ensure that the action taken is one that is feasible, adequate and built on consensus.

Vertical consortia allow for flow of information that can be beneficial to both higher and lower levels of government. Consortia involving higher levels of government gives local authorities more clout in the political arena where needed, in addition, a vertical collaboration not only helps the local authorities but may have positive implications at the national level. As local authorities have embraced their role of being closer to the people, they are increasingly able to represent the interests of their citizens. A vertically collaborative structure between, for example, municipalities and the federal government, may be what is necessary to incorporate voices from below into national initiatives. With local governments communicating the interests of their constituencies and working in a collaborative structure with higher levels of government through public consortia, meaningful changes can take place through shared actions and programs.

In the construction sector and other related services, local governments have been expanding their role, through direct execution of projects as well as through partnerships with the private sector. Forging partnerships with the private sector will become essential in promoting decent work, along with partnerships with various levels of government, non-government organizations, community-based organizations and civil society groups, and employers and workers associations. Inclusion of these key stakeholders in the decision-making process and implementation of policies and strategies that are directed at promoting decent work will be important in ensuring the effectiveness of the actions. This is a realistic endeavor, as the current trend of local governments has been to involve other local non-government actors in the formulation of government policies and programs as well as in the implementation of such initiatives.

---

32 Ibid.
36 Helmsing, p9.
Establishing inter-jurisdictional consortia will attract these various actors to become involved in the process. It is much more likely for these stakeholders to discuss or negotiate with the government if municipalities and/or other levels of government have self-arranged themselves as a consortium with a coherent vision, rather than for the stakeholders to negotiate and discuss with individual municipality separately. Especially for the private sector, since their work is unlikely to be confined within the boundaries of one municipality, it makes much more sense for these actors to discuss with one entity comprising of multiple municipalities. The buy-in of the industries becomes more achievable through the consortia, and governments gain more leverage through the arrangement. As well, communication with the private sector enables consortia to relay the voices of not just the local people but also of local enterprises to a higher government body.

Inter-jurisdictional consortia could enhance the effectiveness of a program such as FUNACOM by taking advantage of economies of scale. There are many smaller municipalities in Brazil that simply lack the resources and/or capacity to deliver programs. Collaborating through an inter-jurisdictional arrangement may be the only way in which citizens of such smaller municipalities can deliver certain programs and services. It cannot be assumed that larger is better, however, as the optimal population size and threshold to achieve economies of scale remains unclear and would take further research to understand. Further research is necessary to better understand the distinction between initiatives that should be done through collaboration and those that are more effectively managed through a smaller-scale municipal level. However, consortia do open up the possibilities for smaller municipalities as it enables them to carry out programs that they otherwise could not. Enhanced capacity of smaller municipalities will also contribute to eliminating inequalities that exist between municipalities.

Although there are many positive aspects that could be raised about inter-jurisdictional government structures, there are plenty of foreseeable difficulties and challenges to reach that point. An inevitable challenge in any form of inter-governmental collaboration is the difficulty that authorities have in relinquishing their autonomy. In addition, the power of the construction industry its actors may trump attempts by municipalities to create change. It is unlikely to be a smooth road; however, the gains from achieving an effective, functioning inter-jurisdictional governance structure may be hugely worthwhile.

Conclusion

The exercise of attempting to determine the most effective yet realistic form of inter-jurisdictional governance to promote decent work in the construction industry is likely to be a challenge in itself. However, the potential that inter-jurisdictional consortia possess in addressing issues that cut across municipal boundaries is immense. A body that transcends traditional boundaries vertically and/or horizontally will have the synergistic capital that each entity would not have on their own. With the enactment of Brazil’s new law, the momentum to create such arrangements exists. It may not be long before innovative consortia demonstrate their true potential by bringing positive change to Brazil’s urban centers.

---

**Bibliography**


