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**Labour-oriented Participatory Approach as an Instrument  
of Urban Governance**

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## Abstract 1

This paper reviews the literature on labour-related participation in urban areas, contrasts it with the existing knowledge on urban participatory approaches, and analyses its contribution to governance. It argues that labour-related participation requires a different process than more common urban participation processes – notably community-based and city-wide approaches. While experiences in labour-related participation in urban areas are still incipient, it is possible to learn from them. The paper reviews such experiences and draws lessons about the process, considering its potential and challenges to contribute to urban governance. It concludes with recommendations to strengthen and scale-up labour-related participation in urban areas.

## 1. Introduction

Participation is central to urban governance. There is already a wealthy body of knowledge about urban participatory approaches, and how they feed into governance. But in what regards urban labour specifically, there is so far scattered knowledge about participatory approaches, let alone how they link to governance processes. Throughout the present and the past decades there have been indeed many practices of promoting labour (especially employment-creation) in cities and towns. But the possible participatory practices in which they might be embedded have been seldom analysed.

However, with the continuous trend towards decentralization, a growing number of local authorities and/or other urban stakeholders have engaged in labour-related participatory approaches. The ILO (International Labour Office), the UN agency with a mandate related to the "world of labour", has also gradually increased its attention to urban participation. Yet, there is a need to analyse what has been done, to contrast the labour-related experiences with participatory experiences in other fields (sanitation, housing, etc.) as well as to analyse the value-added to urban governance as a whole. These are the issues addressed by the paper – noting that it is still a general (and at the same time pioneering) analysis, which should lead to a more in-depth research, and following, to the construction of an updated methodology to guide labour-oriented participatory processes.

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1 The majority of the sections were adapted from two articles, namely van Empel's "*Social dialogue for urban employment: Changing concepts and practices*", and Werna's "*Urban Labour: Guest Editor's Introduction*", both included in the special issue on urban labour of *Habitat International*, due 2008. Most of this work originated from previous work commissioned by various structures and programmes of the ILO. The authors would like to thank all ILO colleagues who have contributed to this earlier work and also to the Editor of *Habitat International*. The usual disclaimers, however, apply, and the paper remains the sole responsibility of the authors. While specific sections of this paper were initially drafted either by van Empel or Werna, the final product entailed cross-fertilization, as well as joint decision-making. As such, the present paper is a joint authorship of van Empel and Werna.

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The paper starts by presenting background information; firstly on the importance of labour in urban areas (Section 2) and secondly on the definition of labour, drawing on the concept of “decent work”. Next, Section 3 notes that the existing community-based and city-wide approaches in urban areas are not enough to properly address the labour issues. This section also explains the importance of a specific labour-related participatory approach, with attention to urban governance. Labour-related participation (broadly termed “social dialogue”) has already been widely applied at the national level. But it needs adaptations to the urban level, which is the subject of Section 4. Next, in Section 5, the paper presents the roles and contributions of urban social dialogue; followed in Section 6 by its obstacles and favourable conditions; and in Section 7 on how to sustain and institutionalize the process. Finally, the paper concludes, in Section 8, with a set of recommendations on how to strengthen and scale-up urban social dialogue.

## **2. The importance of labour in urban areas**

The ILO report on “*Global Employment Trends 2005*” points out that there are 184 million people in the world who have no jobs. The number skyrockets to at least 1 billion if underemployed people are taken into account.

Over the next ten years, the ILO estimates that 500 million people will join the world’s job markets, most of them young people in developing countries. They will join the 184 million unemployed and the 550 million working poor, all wanting to use their talents and abilities in a productive and gainful manner. Therefore, a large number of jobs have to be provided by the end of this decade simply to employ the new entrants. This would require not only improved economic growth but also policies and programmes to increase the impact of economic growth on decent and productive work opportunities. The inability of cities and towns to productively absorb the influx and generate enough quality jobs has led to rising levels of poverty and insecurity.

At the same time, cities and local governments have a number of areas of comparative advantage for employment creation, which are often misunderstood or poorly exploited. A large number of people have to resort to informal employment, and many work in precarious conditions. Many workers in the informal economy are working long hours for low pay without any form of representation or social protection – often in dangerous, and sometimes violent and illegal activities.

The above paragraphs are intended just to introduce this article with general information, but there is no need to go beyond in order to argue about the importance of labour in a context of urban development. Both researchers and practitioners in such a field by and large have understood its importance. Yet, there is still a need to better understand labour in the specific context of urban governance. Before doing this, it is necessary to explain what the paper means by “labour”, with the help of the concept of “decent work”.

## **3. The elements of labour: the concept of decent work**

The ILO utilizes the broad concept of “decent work”, which is helpful for the understanding of the specific issue focused by this paper. Therefore, the concept will be explained here.

Decent work is an organizing concept used by the ILO to provide an overall framework for action in economic and social development. It is the converging focus of the four strategic

objectives of the ILO, related to the following themes: *employment creation, social dialogue, social protection and rights at work*.

The first theme is probably the one that urban specialists are more familiar with. It encompasses the issues which lead to the direct creation of employment or/and which increase the possibilities and potential of workers to access jobs or self-employment (e.g. skills training, development of cooperatives and small enterprises, self-employment, etc.).

The second theme, social dialogue, is basically the participatory approach used in the world of labour – which is not the same as community-based participation or city-wide participation. It can include various forms of negotiation, consultation or simply exchange of information between representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. The main goal is to promote consensus building and democratic involvement among the main. Successful social dialogue structures and processes have the potential to resolve economic and social issues, encourage good governance, advance social and industrial peace and stability and boost economic progress.

Thirdly, social protection, is defined by the ILO as aiming, through government action and constant social dialogue, at ensuring that men and women enjoy working conditions which are not only not harmful, but as safe as possible, which respect human dignity, take into account family and social values, allow for adequate compensation in case of lost or reduced income, permit access to adequate social and medical services, and respect the right to free time and rest.

Finally, there is a need to protect or strengthen the implementation of principles and rights of workers. The ILO's *Declaration on Fundamental Principles and Rights at Work* focuses on four areas: freedom of association and the right to collective bargaining; elimination of forced and compulsory labour; abolition of child labour, and elimination of discrimination in the workplace. Furthermore, a number of other internationally agreed labour standards are central to promoting sustainable and good quality employment, beginning with the Employment Policy Convention.

The bulk of the literature on urban development which deals with labour concentrates on the first theme, i.e. employment generation. While this is indeed important, it is also essential to address the three other themes. This paper concentrates on the theme of social dialogue, which is about participation. The next section will make inferences to social dialogue within the context of urban governance.

#### **4. Urban governance and the role of labour-related participation**

In the present and past few decades, literature on governance in general and on urban governance in particular flourished. Among other authors, Werna (2001) made an attempt to summarize the definitions put together in the literature, and noted that governance refers to the relationship between civil society and the state. Thus, as a concept, it is broader than government, and more inclusive. Also, governance has been defined as the manner in which power is exercised in the management of a country's economic and social resources for development – following, urban governance refers to the exercise of power in the management of such resources in cities/towns.

In short, urban governance refers to the interplay of the social actors which actually shape the public decisions and activities in a city/town. Therefore, urban governance in different places have different degrees of participation, depending on the social actors which are involved, and on how and to what extent they are involved. Considering the importance of having a more inclusive

process, it is necessary to discuss the role, scope and challenges of the existing participatory processes used in urban areas.

The bulk of the literature on participation in urban areas focuses on low-income communities. It dates back from the 1960s with the pioneering work of John Turner (e.g. Turner, 1967, 1968, 1977, Turner and Fichter, 1972), and amasses a large amount of publications up to the present (e.g. Vilorio-Williams, 2006; World Bank, 2005; to mention just a few recent publications). It is a consolidated approach which has been, and continues to be, widely used by local actors and international cooperation actors alike.

Such participatory approach has brought benefits for low-income communities, leading to the physical upgrading of their settlements as well as to the improvement of social services such as educational and health facilities, among others. It also helped local authorities and other stakeholders to better understand the needs of low-income communities. However, such an approach is limited in bringing benefits related to decent work.

The present decade or so has also brought to attention the importance of a city-wide participatory approach. For example, the concept of “participatory budgeting”, pioneered by the city of Porto Alegre in Brazil; and now spread to many municipalities in different (developing and also some developed) countries, and promoted by international organizations such as UN-Habitat. However, such an approach is also limited in specific relation to decent work issues.

Both community-based and city-wide participatory approaches have brought some labour-related benefits especially regarding employment generation in the context of small enterprises and self-employed producers. While this is commendable, there are many other issues which need to be addressed in order to achieve decent work in urban areas. For example, a large number of workers lack the many elements of social protection and/or respect to their rights (noted in Section 3). These are important issues for reducing urban poverty, yet seldom addressed in participatory processes.

In addition, even the effectiveness of employment-generating activities is limited without a proper participation of organized/unionized workers and associations of formal enterprises/employers. The linkages between the formal and informal sectors of the (urban) economy are already well understood, and do not need to be repeated here. It is known that a large amount of informal sector activity is tied through a sub-contracting chain to formal sector activities. Contrary to what early theses about the informal sector argued, formal and informal workers do not operate in unconnected universes. The expansion of job opportunities for informal workers and small producers is tied to decisions made by larger scale businesses as well as negotiations with those (formal) workers which have access to them. Therefore, it is important to expand such opportunities, which by and large so far are not addressed by community-based and city-wide participation.

In sum, labour-related participation requires a different approach. Socially viable cities cannot exist without fair representation and the involvement of the different groups urban workers and other stakeholders in the decisions that affect them. Various aspects of work are related respectively to the role of the government, companies and the workers themselves. It is therefore important to have a dialogue among – a participatory process involving – these actors to establish a common and mutually beneficial agenda, which seeks synergies and complementarity and avoids duplication of effort.

Section 3 outlined the basic definition of social dialogue, which is the participatory approach used in the “world of labour”. It therefore involves the principal actors in this field, employers,

workers and government (also known as a tripartite process). Other actors active in labour-related initiatives sometimes also participate, as for example national NGOs. The purpose of social dialogue is to discuss together questions related to decent work and put forward solutions leading to concrete activities to implement them.

In social dialogue at the national level, the workers are represented by the trade unions, the employers by employers' organizations and the Government by the Ministry of Labour (when the matter under discussion specifically relates to a particular sector of the economy, the ministry responsible for that sector also takes part).

In the case of urban/municipal social dialogue, the workers and employers should be represented by their respective organizations in the municipality and the government by the local authority. Federal and provincial bodies may also send their representatives. Urban/municipal social dialogue also offers an opportunity for other locally organized actors, which very often are not represented at national or even provincial level, notably the associations of informal workers and/or enterprises, associations of micro-enterprises, together with grassroots community associations and social movements (housing, women's movement). Also local universities and research centres, depending on the importance of recording and documenting the process as well as unleashing a continuing and participatory course of learning and evaluation.

Furthermore, it should be noted that the decent work questions of national relevance do not necessarily apply to all municipalities in a given country – in addition to the fact that they do not include other issues specific to each municipality. A possible integrated urban plan of action on decent work, derived from a social dialogue process in a given municipality, has the advantage of focusing specifically on local questions, which cannot be addressed in detail in the overall policies of the Ministry of Labour. Also, such an urban programme, because it is local, is more flexible and can take specific measures more quickly than national-level initiatives, depending the extent of decentralization in the country.

There is a significant magnitude of efforts to strengthen the roles of local actors in labour policy-making and -implementation. This reinforces the importance of social dialogue, as a platform to bring together and jointly conduct efforts which by and large have been dispersed – as well as to bring on board new issues not yet discussed.

Given the above reasoning, social dialogue can add value to a participatory process of urban governance, by bringing on board social actors not yet included or prominent in the existing urban participatory approaches, and by holistically addressing decent work and its impact on urban poverty reduction.

Social dialogue has been widely used at the national level by the ILO and other actors. The use at the urban level is still incipient, and, as noted in the beginning of this paper, deserves more attention. But it is possible and important to make inferences about the adaptation of the existing methodology to the urban level, as well as to analyse some existing experiences. This will be presented in the following sections.

## **5. From social dialogue to urban cross-sectoral dialogue**

The urban reality calls for a social dialogue form that differs from the national or enterprise level bi-partite and tri-partite social dialogue structures. In general, one can distinguish four elements that differentiate urban social dialogue from the more regular forms of social dialogue. At first, the broad-based involvement is typical for urban social dialogue.

Depending on the specific context, dialogue partners can include municipal authorities, decentralized line ministries, local branches of trade unions, chambers of commerce, small business associations, cooperatives, business service providers, micro-finance organizations, vocational training institutions, community and religious leaders, NGOs, universities / research centers, etc. In this respect, special attention should be paid to groups that risk to be excluded from consultation processes because they are not well organized or because of other socio-cultural reasons. Besides the before-mentioned informal economy workers, one should think more specifically of women, youth, disabled persons, migrants, ethnic or religious groups and home workers. One should avoid that the dialogue shall institutionalize or sustain unequal power relations. Actually, inclusive dialogue is a way to address such inequalities. Therefore, dialogue facilitators should grasp the opportunity to foster the participation of less common or visible groups.

Secondly, there is the urban level at which dialogue takes place. The urban level can refer to a city or a human settlement and sometimes to a broader, surrounding geographical space where one finds a critical mass of inhabitants, resources and organizations representing public and private sectors as well as civil society.

At the third place, the dialogue topics are of a distinctive nature. They concern urban development issues that impact on decent work. For example, the lack of productive and economic infrastructure and services (e.g. a market, a business incubator, ICT, financial services, etc.) can be a source for dialogue. Such topics typically require a transversal, cross-sectoral involvement.

The fourth and final distinctive feature of urban social dialogue concerns its pragmatic orientation whereas social dialogue at the national level is mainly policy oriented. In some cases, it is the practical nature that facilitates public-private partnerships among the dialogue partners for the actual implementation of the outcomes.

This is not to say that current practices of urban social dialogue correspond exactly to all four features. Across the world, there is a wide variety of urban dialogue forms that match in varying degrees to the above described characteristics. They are known under various terms including “multi-stakeholder dialogue” or “multi-partite social partnerships”, “cross-sectoral dialogue”, “territorial pacts”, etc. In this paper we refer to these practices as “urban social dialogue and “urban cross-sectoral dialogue”. The social dialogue tradition in Marikina in the Philippines is an example of tripartite dialogue that has become a pillar of growth for the city (see Box 1).

### **Box 1 Social dialogue in the City of Marikina, The Philippines**

In the 1960s, Marikina was the envy of the emerging metropolitan Manila because it was host to big industries availing of incentives Marikina enjoyed as a special industrial zone. Moreover Marikina was home to a flourishing footwear cluster. However, in the 1970s, it lost its special status due to changes in national policy. In the 1980s, Marikina's national status deteriorated further, as it suffered from the harsh competition of the Chinese footwear industry. In addition, the City was plagued by floods and nasty stories on crimes and grime. The negative image was compounded by the chaotic system of industrial relations, when Marikina became a center for militant unionism in the country, with the 'class war' even becoming 'physical' for some management and union officials. As a result, a large number of business and industrial establishments either closed down or relocated elsewhere. Thus, by the early 1990s, nobody wanted to invest in Marikina.

Two subsequent mayors did a lot in transforming the City's image, by initiating reforms in the social and physical infrastructures of the city such as the rehabilitation of the Marikina River, instilling civic discipline among the residents, cleaning up the city and improving the overall system of local governance. These City Executives also succeeded in establishing industrial peace and a favorable labour and business climate through social dialogue. To this end, the Mayor undertook the following steps:

- Making personal contacts with wide range of workers' and employers' representatives. This resulted amongst others in the forging an alliance among the City's fractious unions, i.e. the Alliance of Trade Unions in Marikina (ATUM). The Marikina Valley Chamber of Commerce and Industry (MVCCI) was acknowledged as the main voice of business as other employers' organizations are represented in its board. This regrouping of workers and employers eventually facilitated the Mayor in convening tripartite consultations in the City based on balanced representation among the parties;
- Arranging a series of formal and informal dialogues, initially facilitated by the Mayor himself;
- Creating an official tripartite body capping the ongoing dialogues and followed by several tripartite agreements;
- Institutionalizing the dialogue system backed up by a Workers Assistance Office financed by the City;
- Formulating City policies in line with the tripartite agreements.

Through dialogue the City of Marikina was able to settle labour disputes at the tripartite or company level. Dialogue has been a major factor in the enactment of labour- and business-friendly ordinances such as the creation of a one-stop-shop business registration. Above all, dialogue has been crucial in inculcating respect and trust between and among the tripartite social partners.

The decentralized tripartite system that has developed in Marikina is characterized by continuity and a clear development focus. Furthermore, its institutionalization through a regular secretariat and mechanisms for dispute settlement is typical for the success of this experience as it avoids ad-hocism and crisis-focused management. Thanks to the support and participation of the workers' and employers' organizations, the mayors could play a key role in making this happen. (Rene E. Ofreneo / ILO, 2005)

## **6. Participating in urban cross-sectoral dialogue: roles and contributions**

The roles and contributions of the most common categories of urban dialogue participants (local government, private sector organizations, civil society organizations) can be summarized as follows.

Local government is key in initiating and facilitating urban social dialogue. The role and success of local government depends to a great extent on the enabling dialogue environment provided by national and/or regional government. Local government can organize the practical and logistical aspects of dialogue (e.g. invitations, agenda, accommodation) and

ensure the implementation of dialogue outcomes such as adjusting regulations, allocating resources according to concerns raised and linking up with national policy makers. However, involving private sector and civil society organizations in decision-making processes is not yet common practice everywhere. In such cases, the know-how and means of local government to structuralize urban social dialogue can be reinforced.

Private sector organizations (employers and workers) are important urban dialogue partners. Private sector representatives can provide information on labour demand, obstacles in the business environment, and in the end become implementing partners of the dialogue outcomes. For example, in Sri Lanka, Micro and Small Enterprise (MSE) Forums have been created as public-private dialogue bodies that address in particular constraints in the business policy and regulatory framework. See Box 2. But in most urban economies, organizations regrouping micro and small (and hence often informal) businesses are normally characterized by fragility, structural constraints and limited effectiveness. They are rarely officially registered or recognized and therefore have limited access to and influence over relationships with the institutions and enterprises of the formal economy or with the public authorities. Only in a small (albeit growing) number of cases are they affiliated to formally structured national or international organizations of employers, chambers of commerce, trade unions or cooperatives (ILO/ILC, 2002). However, in many developing countries, national level federations also have a limited operational capacity at the urban level, an issue which needs to be addressed.

Civil society organizations bring a variety of information and interests at the dialogue table that otherwise may be overlooked. Examples include: gender equity, environmental protection, health issues and other community matters. Also, they can become key implementing partners. It should be taken into account that NGOs may lack representation, as they are not member-based. In addition, democratic control is not systematically ensured.

In some countries, there is also a need to involve traditional authorities (e.g. religious or ethnic leaders), as they remain very important in organizing the life of people at the urban level. For example, traditional authorities regulate social life, control access to land and settle disputes, among others. Therefore, traditional structures may be key in conflict management. However, this is locality specific. In some localities for example, the multiplicity of traditional authorities and chieftaincy disputes make it difficult to have coherent legal/socio-cultural norms or can be a source of conflict.

The complementary roles and contributions of the various public and private partners to the dialogue process are also illustrated in Box 3 that presents the Ghanaian experience with District Committees on Productive and Gainful Employment.

## **Box 2 Micro and Small Enterprise (MSE) Forums in Sri Lanka**

The ILO Enterprise for Pro-Poor Growth project has facilitated the establishment of MSE forums in the districts of Anuradhapura, Polonnaruwa, Puttalam and Kurunegala. They bring together representatives of the District Secretariat and Provincial Government, the private sector, and NGO and Government service providers. They were established following a number of half-day workshops with each of the three sectors separately, which addressed issues of collaboration and cooperation, to generate support for dialogue. Representatives for the Forums were elected at the end of the workshops. Their mandate is, broadly, to facilitate “local economic development through MSE development” in their Districts, and function as a forum for dialogue.

The MSE forums discuss topics in relation to policies and regulations that are brought up through participatory exercises to assess local competitive advantages in each district. If the issues cannot be solved by those represented on the Forums, they are passed on and discussed with relevant District or Provincial authorities, or raised at the national level Enterprise and Export Development Forum. This strategy has proven effective, as improvements have been realized. The following are some concrete examples:

- In Puttalam District, there is a regulation against mining clay, aimed at avoiding environmental problems due to large-scale mining for bricks and tiles production. When the District Secretary was made aware of the regulation’s negative impact on small-scale pottery producers, he has made an exception for them so they can continue their craft. They are allowed to mine two cubic meters a month, which has little impact on the environment.
- The validity of tickets for archeological sites in Sri Lanka’s “Cultural Triangle” is just one day, discouraging tourists from staying longer. The MSE forum brought this issue to the national Enterprise and Export Development Forum. As a result, the Cultural Triangle Authority has now extended validity to three days.

So far, all stakeholders appreciate the way the Forums have been functioning and contribute to the development of public-private dialogue and collaboration among agencies. However, of course there is variation in the way the Forums are developing. One of the Forums is expanding its membership and considering options to formalize its status. Others have not yet reached this stage, although all are increasing their scope and moving towards the inclusion of broader and more contentious dialogue issues, such as, for instance, land ownership. (Roel Hakemulder/ILO, 2006)

## **7. Obstacles and favorable conditions for urban, cross-sectoral dialogue**

Literature on regular social dialogue practices and country experiences on urban, cross-sectoral dialogue indicate a range of favorable conditions. First of all, there needs to be political will and commitment to engage in dialogue and participatory decision-making by all urban actors. Moreover, existing dialogue committees and decision-making bodies should accept to open and enlarge themselves to “new” partners, who for social, cultural or political reasons were not included before. Also, the existence of representative, transparent, accountable organizations increases the legitimacy of the dialogue process and its outcomes. And dialogue partners need to have technical competence to engage in debate on wider issues beyond parties’ immediate interests (Ishikawa, 2003)

### **Box 3 District Committees on Productive and Gainful Employment in Ghana**

The ILO assists the Ghanaian government and social partners in mainstreaming Decent Work and Informal Economy concerns into national policies and the Ghana Poverty Reduction Strategy. The decentralized planning framework provides that district and regional development plans contribute to policy formulation and budgeting at the national level. However, district assemblies and regional government encounter difficulties in providing those inputs because of –among others- a lack of know-how on employment issues and the absence of a forum bringing together the main local stakeholders in the district. For this reason, the ILO supported the establishment and functioning of a District Assembly Sub-Committee on Productive and Gainful Employment (SPGE) in two pilot districts (one urban and one rural district) in the Central Region.

District Assembly Sub-Committees are statutory bodies under the Local Government Act. They assist the Executive Committee of the District Assembly in exercising its executive and coordinating functions. Each District Assembly shall have the following sub-committees: development planning, social services, agriculture, works, justice and security, finance and administration. In addition, the District Assembly may decide to set up other sub-committees. The sub-committee can co-opt representatives from civil society. The costs of the sub-committee’s functioning are covered from District Assembly resources.

The SPGE consists of 15 members. Six are private enterprise representatives, 4 are district assembly members and 5 are technical staff of the District Assembly. The latter represent other district assembly sub-committees such as the ones on agriculture, social services, and works. This ensures that economic growth and employment can be treated in a transversal way. The roles of the members differ from and complement each other. The elected assembly members make information on the activities of the SPGE available to all other assembly members. They play an advocacy role for the SPGEs by explaining issues to and sensitizing other assembly members as well as by lobbying for support. The District Assembly staff on the SPGE provide technical support. They give relevant socio-economic information to members for effective decision-making. Because they control the resources of the Assembly, they are able to facilitate the work of the SPGE. Representatives of Small Business Associations (SBAs) pursue the interest of their business associations. They carry the information on economic opportunities and binding constraints on growth from the SBAs to the Assembly through the SPGE and vice-versa. They have received training in areas like good business practices and service provision through association as part of the capacity building of the SPGE and act as resource persons for their SBAs. The SBAs have for example played a vital role in mobilizing their members to join the public health insurance and in some cases even the pension system.

Given the specific nature of the SPGE’s, there was a need to add on the existing Standing Orders for “regular” Sub-Committees of the District Assembly. Consequently, a local governance expert developed a specific handbook on SPGE rules and regulations. The concerns for transparency, continuity and sustainability of the SPGE are central in this handbook. It covers issues such as:

- Membership rules (qualification, representation, selection on merit, term of office, transition management)
- Roles and responsibilities inside the SPGE
- Roles and responsibilities in relation to outside bodies
- Sustainability of the SPGEs
- Use of the District Development Fund (a co-financing initiative of the ILO programme and the District Assembly)

For more information see: <http://www.ilo.org/public/english/bureau/dwpp/countries/ghana/index.htm>

In situations where there is a lack of economic support agencies and business service providers that can support the implementation of social dialogue outcomes, it is important to consider the effectiveness of the current structures and arrangements to see if there is a need to modify existing, or create new institutions. A guiding question in this respect is: what kind of structure could effectively promote economic development through social dialogue while being socially, institutionally and financially sustainable? In countries in Central and South America as well as in, amongst others, Albania, Croatia, South Africa and Mozambique the

answer to this question was to create Local Economic Development Agencies (LEDAs). They link a dialogue-based economic and employment development strategy with support services to entrepreneurs and local government. In Mozambique the successful experience of the LEDAs resulted in incorporating them into a broader institutional set-up at the national level, recognizing LEDAs as essential instruments in implementing the national poverty reduction strategy. This is described in Box 4.

The success of social dialogue at the urban level also depends of the national policy environment. In this respect, the adherence to democratic principles such as the respect for and the implementation of freedom of association to unions and other workers organizations is vital. Especially when this is combined with a certain degree of decentralization and the existence of legal provisions for public-private consultation and partnerships. Another favorable factor is the receptiveness of national actors towards urban dialogue outcomes. However, in some situations these conditions may be hard to achieve and should be considered as long term objectives.

Hurdles that may need to be confronted in the dialogue process include for example the lack of population's confidence in the dialogue partners. In particular in times of political transformation, insecurity or (labour) conflict, the urban political configuration can make that certain groups do not easily trust them. In this respect, it is important to be aware of existing power relations (based on gender, age, ethnicity, religion, disability, etc.) within the urban setting in order to avoid reproducing existing, unequal patterns of influence through social dialogue and decision-making. Related to the lack of confidence are possible deficiencies in democratic accountability and legitimacy.

Other obstacles in promoting urban social dialogue can be the narrow vested interests of one or more dialogue partners, which can result in blocking reforms. Finally, when the dialogue process is highly dependent on one driving force, such as for example a local leader or an international donor, the process risks to get biased or even politicized (Junko Ishikawa, 2003).

## **8. Sustaining and institutionalizing dialogue fora**

The institutionalization of urban dialogue mechanisms in the policy environment contributes to its impact and sustainability. There are multiple ways of organizing and rooting dialogue in the local setting. In this section, concrete examples of sustaining cross-sectoral dialogue are presented. They include informal dialogue fora that are driven by a dynamic, dialogue culture and formal dialogue fora that are attached to urban governance structures or formalized through agreements and institutional back up, like in the before-mentioned case of Marikina City. Besides, dialogue bodies can transform into implementing structures. This is the situation, for instance, of Local Economic Development Agencies (LEDAs), which are constituted by a broad-based public-private assembly. Also, some types of public-private partnerships are an example of an implementing arrangement of dialogue outcomes. These varying forms of sustained dialogue mechanisms have two aspects in common. First, they are all the result of a lengthy process of confidence building between and among the dialogue partners. Secondly, they have gained recognition of related decision-making structures such as Municipal Assemblies, Ministries at the central level or national tripartite social dialogue bodies. The external recognition of the dialogue forum is influenced by, amongst others, the representation, legitimacy and technical capacities of the dialogue partners.

When a social dialogue process has taken off and the issue of institutionalizing gets on the agenda, many aspects need to be considered. The first question to be asked is whether

formalizing dialogue and/or creating an organization is appropriate in the given local setting. In some situations formalizing the dialogue mechanism may not be necessary because there exist already a range of bodies and organizations. Especially in localities where there subsists a culture of cooperation and participation an *informal* way of operating can be envisaged.

In Ghana, the social dialogue body has been institutionalized through the Local Governance Act, which has tremendously increased the perspective on sustainability in political, financial and technical terms. This is described further in Box 3.

In situations where there is a lack of economic support agencies and business service providers that can support the implementation of social dialogue outcomes, it is important to consider the effectiveness of the current structures and arrangements to see if there is a need to modify existing, or create new institutions. A guiding question in this respect is: what kind of structure could effectively promote economic development through social dialogue while being socially, institutionally and financially sustainable? In countries in Central and South America as well as in, amongst others, Albania, Croatia, South Africa and Mozambique the answer to this question was to create Local Economic Development Agencies (LEDAs). They link a dialogue-based economic and employment development strategy with support services to entrepreneurs and local government. In Mozambique the successful experience of the LEDAs resulted in incorporating them into a broader institutional set-up at the national level, recognizing LEDAs as essential instruments in implementing the national poverty reduction strategy. This is described in Box 4.

<p><b>Box 4 LEDAs in Mozambique</b></p> <p>In Mozambique, the first LEDAs were created in 2000 and 2001 in the Provinces of Maputo, Sofala and Manica within the framework of the UN Interagency Programme "Human Development at the Local Level" financed by the Italian government (1997-2003) The LEDA is an association at provincial level with 15 members from local government, civil society and the private sector. LEDA's main activities are focused on promoting the Provincial growth potential by attracting economic and development partners whilst improving the living and working conditions of the population and of disadvantaged groups in particular.</p> <p>An extensive dialogue process preceded the constitution of the LEDAs in each Province. But also after the creation of the LEDA, the dialogue process continued. In fact, the LEDAs function as provincial network institutions, involving its members and other stakeholders in the design and implementation of a wide range of employment creation and development initiatives. For instance, LEDA Sofala recently undertook a participatory risk analysis in order to identify social protection needs and opportunities for informal economy workers in three districts. On the basis of the risk analysis, a social protection strategy was formulated in consultation with the LEDA members and other relevant stakeholders.</p> <p>The successful LEDA experiences have triggered national government to formulate a multisectoral LED policy. An institutional framework has been set up to support the replication of the LED approach to the other seven provinces of the country. It exists of a national network of LEDAs, an inter-ministerial Commission for LED and a LED support unit based in the Ministry of State Administration. (Carlien van Empel, Walter Urbina, Eloisa de Villalobos / ILO, 2006).</p>
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Finally, agreements or contracts are a way of formalizing social dialogue outcomes. In some cases, the implementation takes the form of public-private partnerships (PPP). It can be argued that social dialogue in public-private partnerships is key in enhancing trust, promoting informed decision-making, finding appropriate responses to urban needs and, last but not least, increasing local ownership and transparency. In their turn, PPPs consolidate urban social dialogue processes as they link dialogue with visible action. In fact, PPP and urban

cross-sectoral dialogue can be considered mutually reinforcing processes. (Carlien van Empel / ILO-ITC DELNET 2005)

## 9. Conclusion

The outcomes of social dialogue at the urban level vary from locality to locality. They depend for example on the entry point (what triggered social dialogue), the objectives, the participants, whether or not dialogue is institutionalized and the linkages that exist between the local and national level. On the basis of the case studies that were presented in this article, the following preliminary lessons can be drawn:

**Institutionalizing** urban social dialogue within the national legal framework increases ownership and sustainability. It makes represented and related decision-making structures more committed to the outcomes of dialogue. The complementarity of skills and resources also makes it easier to implement dialogue outcomes. Furthermore, institutionalizing dialogue is a way to ensure that the basic costs of the functioning of the body are covered. Institutionalizing dialogue also requires significant investment in the capacity building of urban social dialogue partners.

**Legitimacy.** Institutionalizing dialogue does not per se guarantee its legitimacy. One should be aware of not reproducing existing, unequal power relations. The composition and representativity of the dialogue forum should be dealt with carefully. It is therefore important to agree upon membership rules before the creation of the forum. Such rules and procedures also contribute to the forum's continuity. Besides, transparency and a constant flow of information among forum members and other stakeholders, increase the legitimacy of the forum.

**Need for tangible results.** The involvement of groups that have previously been excluded from decision-making processes can be considered an achievement in itself. But urban social dialogue is not only an objective; it is also a means to achieve a higher end. Without tangible results, dialogue partners will soon lose interest and are likely to become less committed to the dialogue process. This is especially true for private sector representatives who have a business to run and expect some return on time invested.

As has been stated at the beginning of the paper, urban social dialogue is a relatively recent phenomenon and in-depth research and literature is not yet available. However, some aspects deserve further attention in order to find better-informed solutions for remaining weaknesses. For instance, the effective participation of informal economy operators and workers in the dialogue process remains a challenge. How can workers' and employers' organizations best reach out to unorganized workers and operators? And, how can one ensure the continued partaking of informal economy operators and workers, given the fact that their participation often implies a loss of income? Related to these questions, is the risk that only the voices of the wealthier MSEs are heard. This is important because the scope for conflicts of interest in improving the business environment is strong, notwithstanding the "win-win" mythology of market economics. Sides need to be chosen, sometimes. The Sri Lankan MSE forums experience that the involvement of Government agencies and NGOs, however ineffective they may seem at times, does give some level of guarantee the interests of MSEs and the poor are prioritized (Roel Hakemulder/ILO, 2006).

Another issue that merits further reflection is the legal status of forums. Although in some cases like for instance in the state of Ceará (Brazil), the informal nature of dialogue works out rather well, in other countries the lack of legal status risk to impact negatively the sustainability and effectiveness of dialogue forums. In Sri Lanka this means that the decisions of the MSE Forums

have no legal status and are not binding. Whether they are implemented depends on the authority of the District Secretary or Provincial authorities, and the goodwill of the NGOs and private sector organizations involved (Roel Hakemulder/ILO, 2006).

An additional challenge relates to the financial sustainability of the dialogue mechanisms that are put in place. Although their costs are relatively low, they do need to be financed. Even in the case of Ghana, where legal provisions ensure the allocation of district funds to the functioning of the Committee, the SPGEs require more resources to cover its running costs because of their exceptional composition and nature of their activities (e.g. field visits, computerized databases, etc.) compared to regular District Committees.

One can conclude that today's urban economy requires new forms of social dialogue. This dialogue should involve a broad range of stakeholders and in particular informal economy workers and operators. Moreover, it should be organized at urban level to tap into urban knowledge, networks and partnerships. In addition, such new forms of dialogue should not only cover labour rights and norms but also take into account broader urban development issues that impact on decent work in general. This implies a pragmatic approach that goes beyond the regular policy making function of social dialogue. One can state that urban social dialogue is an indispensable mechanism when one wants to tackle the intrinsic decent work dimension of urban development.

The arguments and evidence presented throughout this paper show that a labour-related participatory approach – social dialogue – add value to an inclusive process of urban governance; therefore it should be supported. The paper has also noted that urban social dialogue is still incipient, therefore more research is needed. At the same time, there is already a wealth of experience and knowledge on the community-based participatory approach –and to a lesser extent also on a city-wide approach. Therefore, further research should analyze the lessons from community-based and city-wide approaches which can be applied to social dialogue. For example, how to conduct the decision-making process, the practical steps in organizing and conduction a participatory process, among others. A number of publications, such as for example Imperato and Ruster (2003) bring together practical and detailed recommendations on community-based participation, which need to be taken into account.

A final word should be made about the challenge for local authorities to implement social dialogue, in parallel to everything else that they have to do. Since the early 1990s, WHO (World Health Organization) has promoted a health-related participatory approach through the initiative known as “Healthy Cities”. WHO's argument for health is somehow similar of that noted in this paper for labour. I.e. that cities and towns need a specific participatory approach – leading to specific operational activities – focused on health. Other organizations may come up with similar arguments to other themes of urban development. Therefore, the question is, how can local authorities organize a number of parallel participatory platforms – in addition to established platforms of community-based and city-wide participation. The possible answer is that social dialogue and other possible thematic platforms should not bring a burden to local authorities. There are other stakeholders involved, as should be in processes of urban governance. In the case of social dialogue, workers and employers need to be preponderantly involved, as noted throughout this paper. Local authorities may need to promote and organize the process at the early stage. But for continuation and sustainability, workers and employers need to come up to the front. Local authorities would need to continue to be involved throughout the process, but with a much lesser burden.

A recently-constructed method to conduction urban social dialogue – based on the analysis presented in this paper – is currently being piloted by the ILO in a number of municipalities in

Brazil, notably Santo Andre, Belo Horizonte, Diadema and Osasco. It will be important in the future to conduct research to learn from such experiences, leading to the construction of an updated methodology to conduct a labour-oriented participatory process broadly.

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