

Better Services, More Jobs

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“Releasing the energy of local entrepreneurs to deliver basic services”.

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Mr.Chairman,

The point of engaging small enterprises in local service provision is not whether, but how this should be done. Informal service markets are developing rapidly in almost all urban centres in poor countries. Growing cities, persisting poverty and enterprising communities do not leave municipal authorities much of a choice. They should recognize and appreciate the viable and valuable contribution local service providers make to the sustainability of human settlements.

An enabling regulatory environment at the local level is the key prerequisite. This means: political will to engage the local private sector, a contracting system and bye-laws that are pro-local and recognize the needs of the poor, and strong backing through sensitization, mobilization and enforcement of the roles of stakeholders.

The Municipality of Dar es Salaam, Tanzania, did it. They had the vision, the voice and the vote to adopt a citywide franchising system for solid waste collection that builds on the capabilities of the local private sector. Since 1999, about 50 community based enterprises and for-profit SMEs collect and transport waste from households and business premises. Each of them has the sole right to collect waste, and the service fee, in designated wards. More than 2'000 new jobs have been created, many for women and for youth. Recycling and transport has brought about dozens of new enterprises too. The coverage rate in the city went up 10 times. The city is much cleaner. More importantly, previously unserved areas – where many of poor live - are now being offered a service. This expansion of the service market brought about new roles for the municipal staff, avoiding job losses among waste workers.

The approach has been heralded as “Better services, more jobs”. UN HABITAT and ILO have been working together to expand this concept. Technical assistance to municipal authorities guides them through appropriate tendering and contracting procedures. Entrepreneurship training through a programme called “Start Your Waste Collection Business” helps community enterprises to get started. An innovative scheme of micro leasing addresses the capital needs of the small contractors. Dialogue and consultations between government staff, communities and representatives of small business underpin the approach. The concept of Public Private Partnerships is now taken up by another 10 municipalities in Tanzania, and has interested the Kenyan and the Ugandan government. Through a series of sub-regional workshops, UN HABITAT and ILO are jointly promoting the strategies and tools in other parts of the world.

This form of public-private partnership is a win-win situation:

- It gratifies the entrepreneur, for the investment and risk taking

- It amplifies the workforce, in response for the need of new jobs

- It satisfies the communities and the municipality, for their want of basic services.

Mr. Chairman,

Employment-intensive investment strategies and enterprise-based service delivery are proven means to improve living conditions of the poor. We at ILO have worked on rural road construction and urban drainage systems – through community contracting and the engagement of local enterprises. They marry the need for quality services with the cry for decent jobs. Water distribution and sanitation could be improved in this way too. Already, a training package is developed on “How to start and run a community-based water distribution business”.

Today there is an expanding service market with new services being offered to residents and business owners able to pay for a reasonable, affordable fee. It is the task of the municipality to make these services also accessible for the poorer clients, and ensure that service workers have decent jobs. By formalizing local enterprises through agreed partnership contracts, the authorities can also get a grip on safe working conditions, proper wage levels and the elimination of child labour. (Sanitation, fresh water distribution, minor road maintenance, and drain construction – these are all business venues where the local private sector can make a

fair profit, whilst making the concerned communities participate meaningfully). An enabling contracting system with adequate monitoring mechanisms is critical to obtain cities that work for all.

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