



**THE SOCIAL DIALOGUE
EXPERIENCES FOR THE
INFORMALITY REDUCTION:
A SOCIAL INTERVENTION
MODEL ON THE TERRITORY**

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DIEESE – Inter-union Department of Statistics and Socio-economic Studies

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FOREWORD

This publication is the result of the fulfilment of the “Reduction of the Informality through Social Dialogue” project, coordinated by DIEESE (Inter-union Department of Statistics and Social-economic Studies), and seeks to register the results achieved in its development.

In order to be able to recognize the forms of informality manifestation in the world of work and to offer solution recommendations collectively to the problems raised, DIEESE has been experimenting with the DIALOGUE TO FORMALIZE method. It consists in the creation of a space for social dialogue aiming at triggering the social intervention process in the selected locations.

In the first stage of the execution, considered as the period from 2010 to 2012, the following pilot-projects have been defined¹:

- Pilot in the Commerce, in Porto Alegre, Rio Grande do Sul (RS)
- Pilot in the Construction Sector, in Curitiba, Paraná (PR)
- Pilot in the Clothing Industry in the Agreste of Pernambuco (PE)
- Pilot in the Rural Sector: in the onion cultivation in Ituporanga, Santa Catarina (SC); and in the cashew chain, in Ceará.

These pilots have been selected because they presented a high incidence of informality, a significant social mobilization and conflict resolution capacity, as well as a pre-existing inter-institutional cooperation process.

Moreover, the project's goal was that the respective experiences achievements could be disseminated across the country.

In 2012, the project was extended in order to continue the method dissemination, and to understand the problems faced in other activity sectors and locations, by starting the following new pilots:

- Food service: Bars and Restaurants, in Natal, Rio Grande do Norte (RN)
- The construction chain, in Salvador, Bahia (BA)
- Rural wagedworkers in the border regions, in Uruguaiana, Rio Grande do Sul (RS)
- Domestic work, in Brasília, Federal District (DF).

In order to achieve the fulfilment of the pre-defined actions, DIEESE, with the support the Multilateral Investment Fund of the IDB (Inter-American Development Bank) and the support from the union centrals CGTB (Brazilian Workers General Central); CUT (Unified Workers' Central); Força Sindical; NCST (New Labour Union Central); UGT (General Workers' Union). These organizations joined the MPS (Ministry of Social Security); MTE (Ministry of Labour and Employment); MDS (Ministry of Social Development); ANFIP (National Association of the Tax Inspectors of the Department of Federal Revenue of Brazil); Contag (National Confederation of Workers in Agriculture); ILO (International Labour

Organization); FBB (Bank of Brazil Foundation); SEBRAE (Brazilian Support Service to the micro and small enterprises); and UNISOL Brazil (Cooperatives and Social Enterprises' Central).

This book aims to present the experiences of the selected pilots seeking not only to systematize the information, but, most of all, it seeks to provide a wide thinking on the achievements, the deadlocks, the challenges and the promising possibilities to widen the social protection to which those practices point, for the locations and for the country. The efforts of the countless organizations that have dedicated throughout the last five years could not have been assessed in a bureaucratic manner. The strong commitment provided significant transformations in the Brazilian reality.

One should, however, highlight some figures that express the investment and the mobilized resources: since 2009, 32 social dialogue workshops were held, as well as 16 seminars, 11 training courses, 106 national coordination meetings with the organizations and government bodies, 22 meetings with the social actors in the pilot sites (sensitization visits), 19 attendances in national and international events, 16 lectures in congresses, forums and other events, 7 publications, 4 sectorial studies and research, 15 electronic bulletins and 3 videos, involving thousands of organizations' representatives and participants.

Apart from the introduction, the book is divided in two parts. The first one addresses the topic of SOCIAL INTERVENTION MODEL, from a contextualization about the programme coordinated by DIEESE and the social dialogue method developed and exerted in the several territories and in different productive activities selected. The second part, entitled THE SOCIAL DIALOGUE EXPERIENCES, consists of: **1)** social intervention in sectors and production chains; **2)** social intervention in occupational categories; and **3)** social intervention in territories –grouping, thus, the respective case studies.

Finally, we would like to thank the trade union organizations active in each pilot and the unquestioned support of the union's centrals and partner organizations that have contributed so much for the realization of this piece, played by so many hands!

¹ We consider as a pilot each experience of application of the social intervention model.

INTRODUCTION

The informality phenomenon counts with several interpretations that point out to particular concerns of each historic moment and the disputes related to the interests at stake. One cannot dissociate informality from the economic structures and historic conditions of the development of the societies and countries. The complexity of the theme and the interaction between informality and formality require the formulation of new conceptions and analytical categories that consider the current dynamics and the interactions in the world of work.

The Brazilian development engender a heterogeneous conformation of the production and occupational structure, in which the informality phenomenon has stood out for its dimension and, also, for its dynamic, in which a significant proportion of workers transits from situations of formality and informality, hindering their capacity to contribute to the social security system. The informality analysis, therefore, has been providing a reflection about the several phenomena of the urban and rural Brazilian reality that characterizes our economy and society and the role of the state and the social protection institutions.

The intensification of the economic activity with the advent of industrialization was not followed by the structuration of a homogeneous labour market. As a result, it was unable to reach a universal coverage of the social protection network, with regular work and well paid, with labour and social security rights during and after the working period to all the insertions in the world of work. On the contrary, the existence and reproduction of a significant number of people who make a living from their work without social protection nor coverage of collective bargaining established by the labour union's representative organizations have remained. This feature challenges the policymakers and the workers' movement in the direction to gain more security and guarantees, but also a protected status of work and universal citizenship.

The development of its own methodology to assess the Brazilian unemployment rates undertaken since the 1980s and from which it has originated the Employment and Unemployment Survey (PED), conducted by the DIEESE in partnership with the State governments², was the demonstration of the:

“(...) genuine concern with the problems originated from an occupational structure that has constituted itself and has developed in the marks of heterogeneity. In this regard, the opened unemployment is not opposed to the formal employment. On the contrary, the relatively low share of registered wagedworkers gets along well with countless occupational insertions marked by the absence of social protection and by underemployment that can only account for the simple survival strategies to the workers and their families. Since the first formulations, the PED has been able to register and assess this diversity, presenting a complex employment range present in borderline situations between employment, unemployment and idleness. Moreover, it has enabled a reflection about the causes and consequences of the de-structuration

² Currently, the PED is carried out with the support of the Worker's Protection Fund (FAT), and through agreements with State governments and the Federal District's government, in the following Metropolitan Regions: Porto Alegre, São Paulo, Belo Horizonte, Salvador, Recife, Fortaleza and Federal District.

of the Brazilian labour market – a result of the peripheral capitalist development and of a productive structure with screaming disparities on the revenue and productivity levels, and, more, with access differentials to the markets and to the technologies that characterize the adopted development model, especially during the process of industrialization, pursued since the beginning of the last century”³

Recently, the emergence of “atypical” forms of hiring, and the de-structuration of labour markets then considered structured, gave more relevance to the debate and to the formulation of new conceptions and analytical categories⁴. The challenge is to improve the social protection within the frame of the independent work, as well as in the cooperative activities, and how to foster better production synergy by fighting the job insecurity of the wage work.

With about 93.9 million people employed, the dimension, heterogeneity and sectorial and regional inequality observed in Brazil allow us to take it as a reference to the research on informality and on the ways to face it. The presentation of the experiences taken from the pilot-projects, grounded on the social dialogue, allows a reflection about the possibility of this democratic exercise geared towards the recognition of social rights, as well as right to participate in the formulation of innovative public policy and articulated in the local and national levels.

³ MAIA, Rosane & GARCIA, Lúcia (2011). “Informalidade Atualizada: análise das Regiões Metropolitanas e DF no período 1999 a 2009”, IN *Marchas e Contramarchas da Informalidade do Trabalho – das origens às novas abordagens* (Véras de Oliveira, Gomes and Targino; orgs.) Editora Universitária UFPB, p.262.

⁴ “Defining informality (and, on the other hand, the formality) is not trivial, since the British anthropologist Keith Hart (1973) started to use this concept to refer to the emerging autonomous work in Ghana, several actors and institutions use the terminology with a certain degree of ambiguity. The definitions of informality many times are determined by what it can be measured in practice. The two most commons are: the production definition, which considers informal those workers, both wage workers and owners, the ones who work in production units of small scale (less than five employees); and the definition of social protection, according to which formal is covered by a package of social provisions that the country's social security offers. Other definitions are based on the existence of a written or unwritten work contract and on the legality of the worker as differential elements between formal and informal works”. BOSCH, Mariano; MELGUIZO, Ángel & PAGÉS, Carmen (2013). *Melhores aposentadorias, melhores trabalhos: em direção à cobertura universal na América latina e no Caribe*. IDB, 2013, pg. 31.

Occupational Heterogeneity and Informality⁵

The informality is the condition of almost half of the employed population, when the lack of social protection situation is considered and, also, when the coverage stemming from collective bargaining carried out by the labour union organizations⁶.

The Brazilian development observed over the last decade, with the dynamics of growth with income distribution, had a positive impact on the labour market and promoted important changes. The results show improvement in the main indications: employment growth, unemployment reduction, increase of formalization and informality fall, followed by the rise of the real value of the minimum wage, significant increase of the aggregated wage bill and more positive results in the collective wage bargaining.

This set of favourable transformations does not allow, yet, foreseeing the overcoming of the heterogeneity that has always characterized our occupational structure. Historical and structural challenges remain, therefore, specially the low income levels, the significant productivity differentials and the informality.

According to data from the PNAD – National Survey by Sample of Households of IBGE –, in 2012 the total of 93.9 million employed population presented a very large diversity in the occupational insertions, comprising 62.1% of employees (58.3 million people), 20.8% of self-employed workers (19.5 million people), 6.8% of domestic workers (6.2%). The remaining of workers was distributed in the following manner: unpaid workers (2.7%) workers on the production for self-consumption (3.8%); and self-construction workers (0.1%).

Over the last years, there has been a significant expansion of formality. From 2001 to 2011, the share of people employed in formal work, which includes register work, military, public servant, self-employed worker and employer who contribute to the social security, has registered an increase of 10.7 percentage points, reaching 56% of the total.

The country, however, still keeps on registering a significant contingent of labour in informal jobs: 44.2 million people. So, currently the informality encompasses 45.2% of the working women and 43.2% of the working men, according to the IBGE data.

The informality, as a transversal and multifaceted phenomenon, is not understood only by the consideration of the factor determination that supposedly has created it or even by the conceptualization of its constitutive elements⁷. In Latin America, the informality, in any of its multiple forms, can reach significant shares or even most of the employed workers. Such phenomenon is considered, currently, as a relevant topic to think about development, especially in countries whose work markets is heterogeneous, such as ours.

5 See the DIEESE magazine published in March 2014: “Diálogo Social: para transformar o trabalho no Brasil”.

6 DIEESE. “A Situação do Trabalho no Brasil na primeira Década dos anos 2000. São Paulo”, 2012, p. 165.

7 “The disputes around the conceptualization about informality have always been present. If the dichotomy formal/informal was already questioned since the 1970s, currently it seems outdated or, at least insufficient to explain the increasing diversification of forms of occupational insertion, which reflects in a wide range of income, work conditions and level of social protection coverage. See more in DIEESE (May 2011), “A Informalidade e o Movimento Sindical: uma agenda para o século XXI”, Nota Técnica nº 99.



I MODEL OF SOCIAL INTERVENTION

“The understanding of the situation, the selection of problems, the searches of internal solutions, the learning of the participants, all the qualitative characteristics of the research-action⁸ do not escape from the scientific spirit. The qualitative and the dialogue are not anti-scientific.”

Michel Thiollent
Metodologia da Pesquisa-Ação.

8 In the original version in Portuguese, the author uses the neologism “pesquisa-ação”, wordplay with the suffix “ação” (ation), as in a process, and the word “ação” (action), which is added after the word “pesquisa” (research) (T.N.).

1.1

Social mobilization

By the middle of 2008, DIEESE (Inter-union Department of Statistics and Social-economic Studies) initiated the debate with labour unions organizations from work categories that represented the greater incidence of informality, in order to reflect about its impacts, to formulate participatory diagnostics to social intervention in the locations and to identify solutions regarding the specific form of occupational insertion (unregistered wage workers, cooperative members etc.). The goal was to equate not only the questions related to the urgent need to access the social protection network, but also to search for a new environment oriented towards the development and towards the democratic participation of the social actors at the formulation of adequate strategies to the dimension and complexity of the problem.

In order to articulate the institutions involved with the topic, DIEESE has carried a workshop on November 9th 2007, in the headquarters of the IDB's (Inter-American Development Bank) representation in Brasilia. In this occasion, an inter-institutional group was created to collaborate and follow up the project throughout its development. Amongst the organizations presents at the event, there were: IDB, ILO (International Labour Organization), MPS (Brazilian Ministry of Social Security), MTE (Ministry of Labour and Employment), Bank of Brazil, SEBRAE (Brazilian Support Service to the micro and small enterprises) and IPEA (Institute of Applied Economic Research⁹).

In October 2009, DIEESE and the IDB's Multilateral Development Fund (FOMIN) have signed the agreement ATN/ME 11.684 (BR-1107)¹⁰. It was established, then the Executive Committee, coordinated by DIEESE and with representative of organizations interested in improving the quality of life and the work and production conditions, from a significant number of workers, companies and communities.

Such an effort to foster the agglutination and the cooperation for the project's development was motivated from the common will to: **1)** fight work inequality in a more comprehensive and effective manner, once there were 10.175 million unregistered wage workers in formal companies (22.6% of the

⁹ IPEA is a state-owned (federal government) think-tank.

¹⁰ Informality Reduction Programme for Micro, Small and Medium Size Companies through Social Dialogue. In this date, non-refundable funds from the FOMIN were approved to the execution of the selected pilot-projects in different locations in the national territory. The mobilization experiences and democratic participation of the social actors will be presented in the following chapters.

workers of the formal sector)¹¹; **2)** increase the welfare protection coverage to the self-employed workers, especially in the construction sector and street vendors); **3)** favour the access to credit, technologies and innovation to the associative ventures and Small and Micro Enterprises (MPE); **4)** promote the “welfare culture” and include subjects of “welfare education” in the primary, secondary and vocational schools’ curricula.

Therefore, we consider that the social intervention requires the mobilization of the political, economic, environmental, organizational and cultural resources – local and national – that lead to a greater level of organization to the whole society to access the State, in favour of the achievement and expansion of rights (social protection) and of the wealth redistribution. It seeks, thus, the reality transformation by acting and conscientious subjects.

1.2

The constitution of the social dialogue space¹²

Social Dialogue is built to seek converging positions about a certain topic of interest in common to different social actors¹³. In this space, one does not want to suppress conflicts stemming from disputes and antagonisms inherent to the class society in capitalism. The space of social dialogue is, therefore, where these conflicting interests can manifest themselves in a dialogic way.

Thereby, the social dialogue performed by DIEESE at the framework of this project refers to the field of possibilities set to find convergence, or to get to a common ground, in a process that mobilizes the participation of the social actors (workers, entrepreneurs and governments). The explicitness of the demand and social actors’ needs about a certain topic, i.e., the expression/vocalization of their demands, and needs depend of the disposition to find convergences, and not consensus, from a participatory and democratic process and, therefore,

legitimized by the social actors. The construction of a space where the asymmetries are suppressed and the action subjects’ point of view is valued, who seek the transformation from an initial problematic situation via a transformative intervention, can (or cannot) reach its intended results. Thus, the social dialogue is the end and the means, simultaneously, as it triggers a participatory process considered to be, itself, the goal of the mobilization.

The social dialogue is a social practice. Underlying the concept¹⁴, there are other categories that widen its possibilities, such as: social actors, society, interests, conflicts, competitive democracy (representatives) and radical and direct democracy. In order to render it viable, one presupposes the existence of transparency and trust in the intentions to collaborate for the convergence search, enabling the interaction amongst the actors (where each position is relativized in the position of the other), and the cooperation (in a certain topic), despite the conflicts of interests¹⁵.

The social dialogue for the intervention in the reality departs from the conception of collective participation and exertion of democracy as a social practice. First, one of the reasons for the social dialogue to become increasingly relevant stems from the idea that the collective subjects exert the struggle through discourse, convincing. Second, the need of the strategic and situational planning is put back in place. The own actions organization turns viable from it, depending on the interest of the actors. Thus, the struggle at the arena and the search for convergences, extended as a social dialogue, will use strategic planning and the organization and class consciousness as resources to pursuit results and achievements in favour of the workers. Third, it is worth highlighting the crucial role of education, as it is in the knowing and doing that the subject is formed, built, transforms oneself and transforms the society.

It must be emphasized the convergence is not necessarily consensus, and it is fundamental to consider the possibility to want to reach a certain point (reality transformation), even if through different paths. The convergence is neither the reason nor the assumption for the social dialogue, although it might appear to be as such. It is not, therefore, about launching the convergence in the status quo, because, in fact, what is at stake is the transformative action of the reality.

11 According to the IBGE’s National Accounts System/2005.

12 The following item is based on the debate amongst DIEESE specialists, which took place at the Project Workshop SUPROF/Subproject II: Promotion of the Social Dialogue in the Identity Territories in Bahia 2013-2014, within the framework of the agreement DIEESE-State of Bahia Government, carried out in Salvador, on September 21st November 2013. Participated in the activity: Rosane Maia, Lavinia Moura, Pedro Neto, Eliana Elias, Maria Valéria Monteiro Leite, Ana Georgina da Silva Dias and Cristiane Bibiano.

13 For Carlos Matus (...) social actor is a personality, an organization or human grouping, which, in a stable or provisory manner, has the capacity to accumulate force, develop interest and needs and acts producing facts in the situation. It should fulfil three criteria: 1) it must have organizational base; 2) it must have a defined project; 3) it must control important variables for the situation. See DIEESE: Council Action Plan – orientation notebook. SUPROF Project, Salvador, 2012. p. 17.

14 Like any concept, the social dialogue has been being shaped with the circumstances and in time. Contemporarily, it seems to evoke greater support, vide the name change of the Ministry of Labour in France to: *Ministère du Travail, de l’Emploi, de la Formation Professionnelle et du Dialogue Social*.

15 The dialogic method presupposes that the positions can be changed according, in accordance to clarifications, and this interaction makes the relative position change from the respective points of views of the social actors – that is not the case of collective bargaining, since in this case there is a dispute of interests aiming an agreement, and not aiming for convergence.

One should consider, also, that the argument that convinces is not necessarily the one that would win given the correlation of forces in the society. When the process is established, it is not possible to know if there will be convergence, or convincing *in toto*.

Therefore, the process is opened and undetermined. Its goal is to broaden the possibilities, leverage the space until the limit of the building of something new that revert the initial situation.

1.3

DIALOGUE TO FORMALIZE: the model



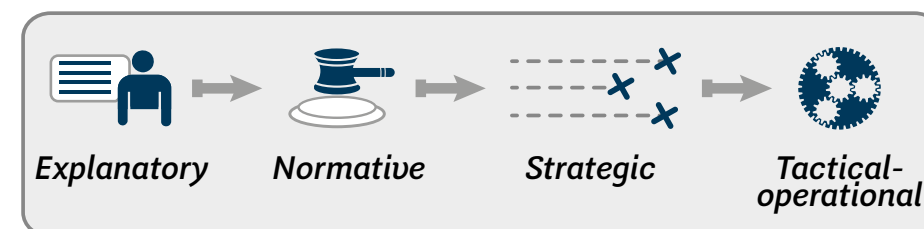
The Research-Action METHOD DIALOGUE TO FORMALIZE, developed by DIEESE throughout the project “Informality Reduction through Social Dialogue” is based in a certain conception of: social participation, situational planning and education¹⁶.

The DIEESE has a vast experience with training activities of labour union leaders and with participation in bargaining spaces. The intervention model is based in the long experience of DIEESE’s training (of union leaders and advisors) built from the following elements: **1)** democracy and social participation; **2)** social dialogue; **3)** planning; **4)** education conception (DIEESE, 2006)¹⁷.

¹⁶ Based at the Balance Report 2010-2012 – Relatório de Balanço: 2010-2012 (DIEESE, 2012) <http://www.dieese.org.br/projetos/informalidade/relatorioBalanco20102012.pdf>

¹⁷ In 2006, DIEESE published “Metodologia para a realização de diagnósticos de MERCADO DE TRABALHO com a participação dos atores sociais” (“Methodology for the diagnostic performing of the LABOUR MARKET with social actors participation”). With this volume, “one seeks to contribute to overcoming the technocratic visions and planning and the appreciation of participatory practices for its accomplishment, recognizing, in this form, the knowledge and experience of the social actors involved as being of fundamental importance to support the decision making process of the public managers” (2006, p.9).

The first element: **1)** the Democracy and social participation considers the crucial role of social participation for the democratic regime. The consolidation of the democratization of the Brazilian society since the 1980s has been allowing the widening of the participation of the different actors in various discussion spaces and proposition of public policies. **2)** Social Dialogue as a space for the identification with a convergence point reflects the maturation of the democracy and the involvement for the widening of the citizenship. The third is about the **3)** Strategic Situational Planning (SSP). Developed by Carlos Matus (1989, 1996), this planning can be pointed as an alternative to the conventional forms that the State present itself as the only protagonist in the act of planning. The planning process is considered to create space for participation of the different social actors, treating the reality as something complex and uncertain that allows different readings of the social processes by the different actors. The Strategic Situational Planning practice occurs through the problem processing and it is implemented in four moments: explanatory; normative; strategic; tactical-operational. These moments are the consequence of the dynamic vision of the planning process and are characterized by the permanent interaction amongst each other and by the constant need to regain any one of them every time the change in situation so requires.



Lastly, the **4)** conception of education adopted by DIEESE, in consonance with its position of knowledge producer, departs from a socio-historical approach that “considers the knowledge acquirement a process in which the interaction of the participants who wish to obtain it is not lonely, but social; not direct, but mediated”¹⁸. Therefore, the education is understood a process because the knowledge is not unique nor finite, but it is produced by subjects that in their daily activities transform and are historically transformed and, at the same way, see and analyse the reality through these experiences.

The activities developed from this conception seek to allow the dialogue amongst the knowledge produced by the participants throughout their lives (i.e.,

¹⁸ DIEESE (2004). Caderno do Formador. Seminário emprego e desemprego: desafios à ação sindical, (kit – Negotiation Seminar Collection). São Paulo, p. 20.

their repertoires) and the accumulated knowledge, socially produced. In the interaction of this knowledge, mediated by the knowledge also produced by the trainer, a new knowledge is produced, transforming, at the same time, the apprentice and the trainer and the own knowledge object – for the view of the subject changes it¹⁹.

1.4

DIALOGUE TO FORMALIZE: the process

The DIALOGUE TO FORMALIZE method allows, therefore, the experimenting of new political articulation forms and actions. This process includes also the 1) implementation of political recommendation, programmes, actions etc. elaborated within the dialogue with social actors in the territory; and 2) the analysis, monitoring and strategic repositioning and tactical-operational of the intervention to the reality transformation.

First of all, it departs from the collective elaboration of a diagnostic, in other words, it departs from a panorama about the current situation from the point of view of each social actor (i.e. the respective position or situational bias), with the objective to raise or map the local demands, according to the different visions and interests.

It is assumed that each of the pilot-projects is indispensable the existence of institutions. In other words, it is a requirement the existence of a certain institutional environment, grounded in the territory, which leverages and broaden the implementation capacity of the action plan. Moreover, it must correspond to the governance expectation of the group, in other words, it must match the group's decision making level and that the other issues should be addressed to the respective stances of decision, especially those referring to government spheres. This will allow us to mitigate certain frustrations that the initial social mobilization might evoke in consequence of the limitations identified in the location. Such institutional environment should allow the establishment of commitments and shared responsibilities, bonding the responsible actors in the implementation and pointing out in a clear manner which way (democratic and republican) can the governments (instituted authorities) be accessed.

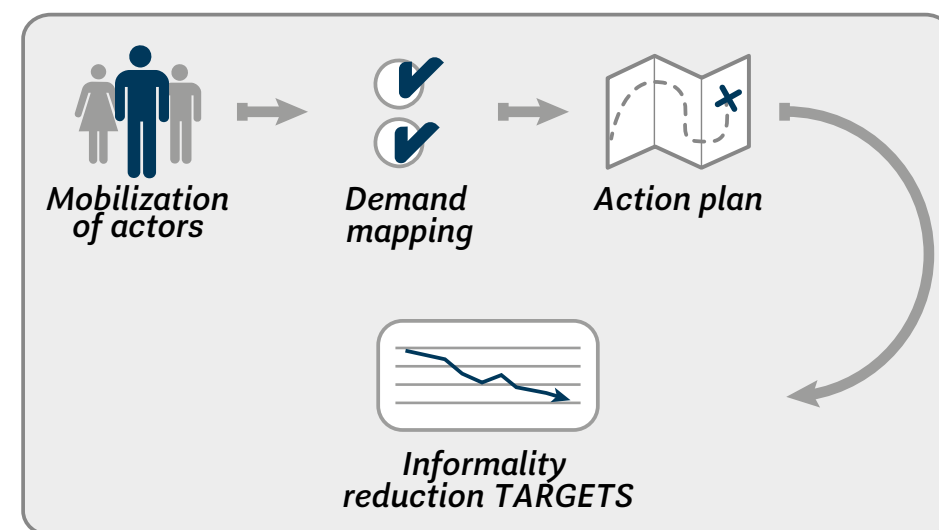
The information, the knowledge collective produced, the strategies drawn by the social actors allow the intervention upon the problems of those who live from work without guarantees and social protection.

Project's General Objective:

To define strategies made explicit on the plan of action to reduce informality at the locations/sectors, through the creation of a space of social dialogue to make the demands of the social actors explicit, and to the articulation of permanent networks of public and civil society's organizations committed to the formalization process (broadening of social protection)..

Specific objectives:

- Building a space of social dialogue amongst public authority, entrepreneurs and workers for the selected economic activity sectors and selected locations of the pilot-project;
- Identifying, through the social dialogue, the main demands for the formalization
- Building collectively the action plans to fight informality (by identifying the responsibilities, implementation of action deadlines).



To sum up, the Social Intervention Model “DIALOGUE TO FORMALIZE” is grounded on the social dialogue as the method for the process of participatory diagnostic construction, from the vision of the involved actors, and for the construction of alternatives of social intervention articulated and systematized in the Action Plans. It should be emphasized that the DIEESE allows the establishment of the negotiation space (social dialogue), as:

¹⁹ See DIEESE (2012). Formação dos Conselheiros dos CETEPS – caderno do formador. Salvador, p. 86.

1. It is a unique institution for it encompasses all the branches of the Brazilian labour union movement²⁰;
2. It has technical capacity to solve questions; and
3. It has credibility with other social actors, despite being organic to the labour union movement.

The “Informality Reduction through Social Dialogue” Project presents itself as a unique opportunity to reach the targets set for the informality reduction in the many pilot-projects and to reach effectiveness in the inter-institutional articulation in Brazil. This is due the following factors as the background:

- A favourable macroeconomic context, which is grounded on development policies; income distribution; employment creation and strengthening of the role of the State;
- Adequate circumstances for collective bargaining, once the Brazilian labour unions are politically relevant and have the capacity to organize and mobilize to exert pressure over the governments (federal and subnational);
- There are favourable conditions to agglutinate institutional capacities oriented towards intervention in the different territories, even in the most remote and poor ones;
- Autonomy for the conceptualizations and recommendations, which resulted in a singular and innovative formulation²¹.

20 The DIEESE was founded in 1955, by a group of 20 union organizations. “The DIEESE was born to be a space of production of knowledge, gathering union leaders and intellectuals. The initial goal of the creation of the organization was to develop research that could ground the worker’s claims. By the end of the 1970s, and, above all, in the beginning of the 1980s, the union movement started to demand DIEESE, apart from research and advise for collective negotiation rounds, also training of union leaders and for union action, encompassing several topics (...). In this way, the DIEESE started to act in the areas of consulting, research and education, as the result of the successful cooperation between specialists and leaders, which allowed the execution of a work that has credibility across the whole society. The production in these three areas is focused in some topics: employment, income, collective bargaining, development and public policy. In all trends of the labour union movement are in the board of the Department, keeping the principles of plurality that gave birth to the institution. The DIEESE is an nationwide organization, with its headquarters in São Paulo (National Office), with Regional Offices in 18 Federation Units (Amazonas, Bahia, Ceará, Distrito Federal, Espírito Santo, Goiás, Mato Grosso do Sul, Minas Gerais, Pará, Paraíba, Paraná, Pernambuco, Rio de Janeiro, Rio Grande do Norte, Rio Grande do Sul, Santa Catarina, São Paulo and Sergipe). Furthermore, it has subsections in all the national territory, organized in sectorial networks. The technical team is multidisciplinary and comprises sociologists, economists, production engineers, computer analysts, among others”. DIEESE. Formação de Conselheiros dos CETEPS – caderno do formador. Salvador, 2012, p. 83.

21 On did not seek to recommend, for instance, programmes that are circumscribed to the job creation and income in an artificial and non-permanent way, but the subjects empowerment and the leveraging of the resources, seeking alliances and partnerships, with an end make explicit in a clear a persistent way: reduce informality, increasing social protection

The process requires:

- Mobilization of the social actors, through sensitizing visits in the selected locations;
- Social dialogue workshops with the social actors to map the demands and needs;
- Social dialogue workshops for the elaboration of an action plan collectively built for the transformation of the initial situation, in favour of the formalization.

It is crucial, therefore, to mobilize the social actors; to make a collective reflection about the history of the phenomenon; to promote a successful experience of problems rising and solution recommendation, to encourage the dissemination and to emphasize the demonstration effect over other actors²². Thus, the social dialogue entails the longed visibility to the informal (workers, ventures and companies) and allows the exertion of the participation to the formulation and articulation of the public policy and “bottom-up” society actions.

One needs to highlight that the social intervention requires the use of resources (political/economic/local/national etc.) for a mobilization that leads to a greater level of organization of the society that access the State in favour of the achievement and expansion of rights, which, in turn, renders possible the productive activity and the improvement of citizen’s quality of life. The limits of this specific strategy are pointed out by the production organization form in the territory and also by the own dynamic and markets structure in the production chain where the social intervention will take place.

All in all, the model of intervention “DIALOGUE TO FORMALIZE” is based on the emphasis on the mobilization process to form collective subjects that accomplish rights and social protections and change the reality in which they live. The method for that is not a step prescription, but the viability of the process points to the empowerment of the ones who live from work to achieve the universalization of the rights.

22 According to Carlos Salas: “the project-pilots are unique, but can be replicated”. See: Relatório da Oficina Interna: avaliação intermediária. Projecto ATN-ME 11.684 (BR – 11077). DIEESE, February 2012.

A person is seen from behind, reaching out to interact with a large, glowing digital network. The network consists of numerous white circular icons, each containing a stylized human figure, connected by a web of white lines. The background is a dark, blurred cityscape at night, with lights reflecting on a surface. The overall color scheme is dominated by green and white, with a prominent red square on the right side.

II THE SOCIAL DIALOGUE EXPERIENCES

2.1

SOCIAL INTERVENTION IN SECTORS AND PRODUCTION CHAINS

2.1.1

HARVESTING THE FRUITS OF THE SOCIAL DIALOGUE: the experience from the family farming sector in the onion cultivation in Ituporanga, Santa Catarina

The agriculture sector in Brazil is fundamental for the country's economy: on the one side, the agribusiness responds for a significant share of exports; on the other side, family farming is a key activity to guarantee food security in the country.

Between 1996 and 2010, the Brazilian population went from 154 million to 190 million inhabitants – in other words, more than 36 million new mouths to be fed. A strong and productive rural sector is crucial for the Brazilian economy and for the wellbeing of the population. And it is the family that grows much of the food that are part of the diet of most Brazilians: 88.3% of the cassava, almost 70% of the beans, and more than half of all the milk produced in the country comes from this type of property, amongst other crops, according to the data from the IBGE's 2006 Agriculture Census.

SHARE OF THE FAMILY FARMING IN THE GROSS OUTPUT VALUE (GOV) OF THE SELECTED PRODUCTS (IN % OF TOTAL GOV), 2006

Product	Share in the Gross Output Value (GOV)
Cassava	88,3%
Beans	68,7%
Cow Milk	56,4%
Swine	51,0%
Corn	47,0%
Rice	35,1%
Coffee	30,3%
Wheat	20,7%
Eggs	17,1%
Soy	16,9%

SOURCE: AGRICULTURE CENSUS 2006 - IBGE

Also according to the Agriculture Census, there were 4.37 million family farming establishments in Brazil, in 2006, which represents 84.4% of the coun-

try's establishments. It is important to state that, despite being the majority in quantity of establishments, the family farming covers less than one fourth of the occupied area of the country dedicated to agriculture, which shows a very concentrated agrarian land structure in Brazil. The average area of the family establishments was 18.37 hectares, and the average area of the other types of property was 309.18 hectares.

In order to strengthen the sector, the public authority has created agencies and programmes throughout the last 20 years, such as the ministry of Agrarian Development, in 2000, and the implementation of a series of programmes to promote the sector, such as the Pronaf (National Programme for the Family Farming Strengthening), the Proger Rural (Income and Job Generation Programme), both launched in 1995, the Harvest Guarantee (2002) and the II National Plan of Agrarian Reform (2003). This development in the framework of institutions and promotion programmes were important actions to support the productive progress of the sector.

However, this improvement did not change the scenario of great insecurity in the work relations and lack of legal grounds to regulate adequately the procedures of employers and the social protection to employees in the Brazilian rural sector.

Indeed, the informality incidence in the rural sector is quite high. An indicator that suggests this high level of informality in the agriculture sector are the data of the 2009 PNAD (National Survey by Household Sample), which shows that 64.9% are considered informal²³. This means that, when compared the large economic activity sectors in the country, the agriculture is the one with the larger incidence of informality (see the table below).

INFORMALITY IN BRAZIL, BY SECTOR (2009)

Sector	Taxa de informalidade
Agriculture	64,9%
Other Services	47,1%
Construction	44,6%
Hospitality and Food Services	37,5%
Undefined	33,8%
Commerce Services	28,0%

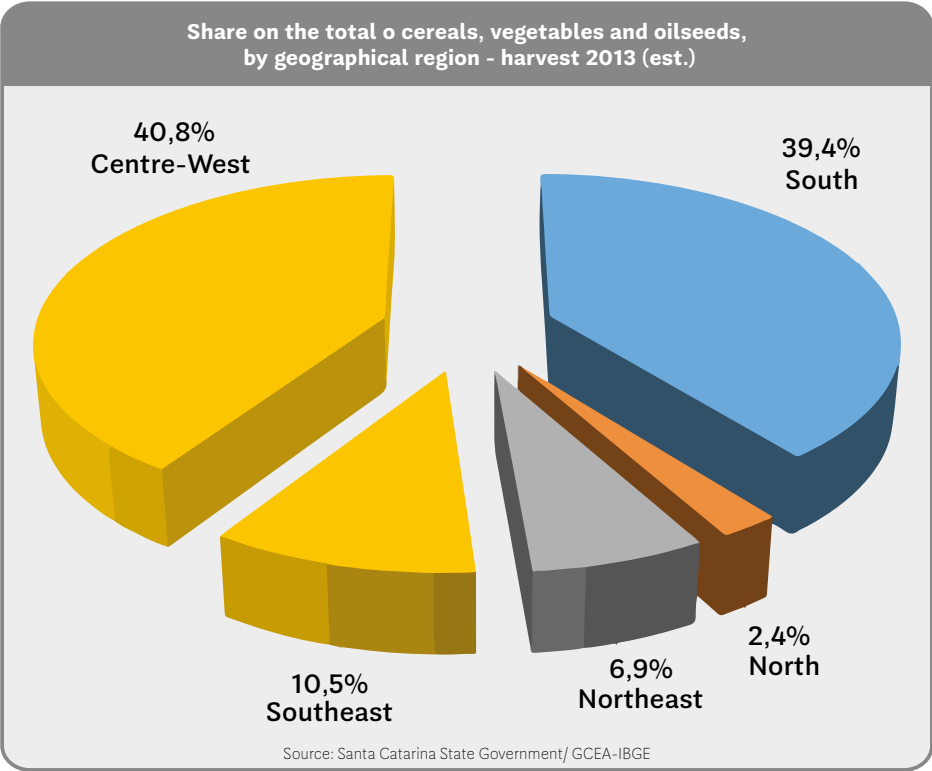
23 Barbosa Filho, F. & Rodrigo de Moura (2012). "Evolução Recente da Informalidade no Brasil: Uma Análise segundo Características da Oferta e Demanda de Trabalho", Texto para Discussão nº 17, IBRE/FGV

Transportation and Communications Services	20,1%
Manufacturing Industry	17,9%
Banking Services	14,6%
Mining Industry	12,3%
Public Utility Services Industry	11,9%
Total	37,4%

SOURCE: BARBOSA FILHO & MOURA (2012) WITH PNAD DATA.

Informality in the rural sector in Santa Catarina

The Southern region of the country has a great importance for the agriculture sector of the country and has a rural land structure in which the family farming is predominant. According to estimates from the Agricultural Statistics Coordination Group of the IBGE, the region was responsible for about 40% of all the country's cereal, vegetables and oilseeds production, only behind the Centre-West region. Besides, the production of the Santa Catarina State represents 3.4% of the total national output (thus, the state's production alone is larger, than the whole North region production).



According to the official data of the government of Santa Catarina State government, the state is also the largest producer of pork, with 2.15 million heads slaughtered in the 1st quarter of 2013, and the third largest producer of chicken, with 207 million birds slaughtered in the same period. The state is also the sixth greater supplier of milk in the country.

Regarding labour issues, in 2009, Santa Catarina was the State of the federation that has the largest share of workers whose work contract was regulated according to the rules of the CLT (Labour Laws Consolidation): 26% of the total State population has formal work register, according to the data from CAGED and from IBGE. The share surpasses the proportion of São Paulo State (25.2%), of the Federal District (23.2%) and of the country as a whole (16.6%).

Looking closer to the data, it is possible to notice that, in Santa Catarina, the precarious work conditions are still the most common: in 2009, 18.4% of the employees worked for self-consumption (subsistence) and 28.6% were unpaid. The other half of the occupied were composed of employees (19.4%) and self-employed (30.4%). And, out of the total workers, 61.5% did not contribute to the Social Security – some of them, however, fit in the special insured of the Social Security, which ensured them the minimum retirement benefit.

POPULATION AGED 10 OR OLDER, EMPLOYED IN THE WEEK OF REFERENCE, BY OCCUPIED POSITION IN THEIR MAIN JOB AND ACTIVITY GROUPING OF THE MAIN JOB - SANTA CATARINA - 2009 (IN THOUSANDS)

	Employees	Self-em- ployed	Employers	Unpaid	Subsistence	Total
Agriculture	113	177	20	167	107	583
<i>as % of total agriculture</i>	<i>19,4%</i>	<i>30,4%</i>	<i>3,4%</i>	<i>28,6%</i>	<i>18,4%</i>	<i>100,0%</i>
Industry	651	62	46	4	-	764
Construction	97	92	20	4	-	216
Services, com. e pub. adm.	1251	260	139	40	-	1858
Total	2112	591	225	215	107	3421

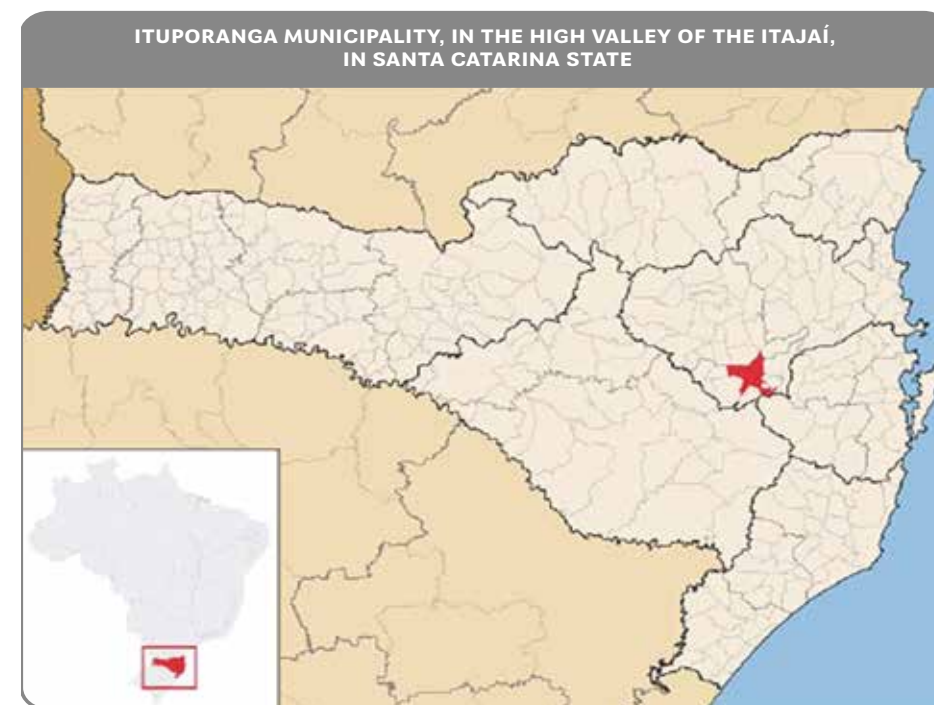
Source: DIEESE (adapted) from IBGE and MTE data

Ituporanga: informality in the national capital of onion

The region of the High Valley of the Itajaí is constituted mostly by small rural properties: 90% of them do not surpass 20 hectares. The onion is the main

agriculture cultivation, and the municipality of Ituporanga is considered the “National Capital of the Onion”²⁴. And it is so for a good reason: the municipality, of about 22,300 inhabitants, yields, alone, 12% of all the onion consumed in the country²⁵. The second most important crop of the region is tobacco, which involves 60,000 family farmers.

The rural workers of the municipality, however, have monthly incomes lower than the national average and lower than the average of their own State: R\$ 715 against R\$ 766 in the rest of the country and R\$ 796 from Santa Catarina, according to the 2008 data from the Ministry of Labour and Employment. Moreover, the work characteristics of both crops (temporary work/seasonal) demand from the small producers a great agility to fulfil the short term contracts’ labour rights obligations. This difficulty, in turn, contributes for these contracts to be, in fact, mostly informal.



The work on the onion crops follows a seasonal dynamic very well defined, where there is a great need of labour in the months of harvest, but not

²⁴ Indeed, there is even a bill draft (PL nº 4,176/2012) in the Federal Chamber to conceive to the town the official title of “National Capital of the Onion”.

²⁵ Source: the justification of the bill draft PL nº 4,176/2012, of the federal congressman Rogério Peninha Mendonça (PMDB-SC).

in the rest of the year. This specificity, which, nonetheless, is not circumscribed to the onion sector, creates a difficulty from a work relations point of view: from the one side, there is a demand for an adequate social protection system to that temporary worker; on the other side, the small family farmer – the “employer” in this case – cannot have the burden than large employers have, regarding the costs with accountants and displacements in order to do the payment of social benefits, for instance.

In practice, however, the difficulty to balance the two demands has turned into a factor that contributes to the high incidence in the rural sector, and would put in conflict the petty farmer and their temporary employees.

An indicator of this phenomenon is, for example, the high inhabitants per formal job ratio: while in Santa Catarina there is, in average, 3.4 inhabitants for each formal job, in Ituporanga this ration goes up to 5.1 inhabitants for each formal job – even larger than the national average (4.8).

Like the thousands of rural workers across the country, in Ituporanga many have irregular temporary contracts that do not guarantee rights such as sickness-allowance, retirement, paid vacations, thirteenth salary, amongst other work benefits.

In order to correct this distortion in the labour market, the workers’ movement, led by CONTAG (rural labour union confederation), has pressured the Congress for the approval of the Provisional Law 410, of 2007, which eventually happened in July 2008, when the law nº 11,718 was passed.

The rule modifies the 1973 law that regulates the rural work, allowing the short term contract for the rural wage worker, but also establishes transitory norms on rural worker retirement and extends the hiring period for farm load. According to the new rule, the rural worker short-term hiring can only be made by the rural producer (natural person) who produces directly in an agriculture unit, and for the maximum period of 120 days a year, on the ratio of 8 hours per day and 44 hours per week.

Amongst other rules, the law 11,718/2008 determines the following changes for the temporary worker:

- Formal register;
- Mandatory written contract;

- Employer and employee contribution to the Social Security;
- Payment of FGTS (Guarantee Fund by Work Period);
- Temporary worker’s income and other labour rights should be equivalent to that of the permanent worker;
- Retirement rules.

Despite being a great advance, not only the law did not solve all the problems immediately, but also it has brought some inconveniences: the article 14-A, paragraph 3rd, obliges the employer to register the temporary worker in the GFIP system (Guarantee Fund by Work Period Collection Form and Social Security Information), proceedings extremely bureaucratic and difficult to execute in the case of small employers. The worst part, however, is that GFIP, despite of its complexity for fulfilling its form, it does not identifies in any moment to which employee it refers, which hinders the temporary worker who contributes but who has not access to the benefit.

There is still a series of challenges to deliver, indeed, the social protection guarantees for the worker.

Thus, organized around a network of local labour unions and CONTAC (union confederation for the agriculture sector, both of family farmers and rural employees), the workers of the eight municipalities of the Ituporanga region started to discuss the question, and the DIEESE was called to facilitate the actions, bringing the method of the social dialogue space creation and using its capacity to mobilize several different actors from the government sector and from civil society, who could contribute for the debate with the workers, to guide future actions. The pilot-project of the rural sector in Ituporanga, then, would initiate.

Planting the social dialogue in Ituporanga

The first project activities happened in August 2010, at the headquarters of the Agriculture Workers’ Federation (FETAESC). Since the very first moment, the greater concern of the participants referred precisely to problems on the application of the law 11,718/2008, in particular the doubts and difficulties about the hiring and firing calculations after 14 to 30 days.

Another idea that came up in the first activity of the pilot-project was the creation of an internet tool for the automatized completion of the workers’ hiring

and firing, taking into account the labour and welfare rights. In order to search for a solution to the question, the workshop counted with the participation of specialists in online applications development, of the SoftArt Company. During the discussions, the participants had the opportunity to get in touch with those specialists of the IT sector to discuss the needs and specificities of the online tool and to verify how this software had to be made.

The local workers could express some concerns and criticisms to the representatives of the Ministry of Labour and Employment: in the region, said the local participants, 90% of the hired workers are temporary and do not work more than 30 days for a single employer. They have highlighted, also, that the law 11.718/2008 was not being effective to encourage the workers formalization. Finally, they have reported the difficulty to sensitize the younger workers about the importance of social security.

Thus, it was getting clear then that the scope of the pilot-project actions should focus on the themes that revolve around the application of the law that regulates the work in the rural sector. Amongst the problems included about which the participants would reflect there were:

1. Contract definition (fixed or by production): to define a minimum wage and the workload
2. Rules for withdrawing the FGTS
3. RAIS (official work information register): to create specification as family farmer and special insured of the social security and to generate GFIP and the Social Security Payment Form (GPS)
4. GFIP, GPS and Specific Register of the National Social Security Institute

Pilot-project action plan in Ituporanga-SC

The expectation, therefore, was that from the social dialogue there could emerge ideas to search for new alternatives for the formalization and to render viable the simplification of the short-term hiring process, without relinquishing the rights guaranteed by the law 11.718/2008 and without hindering other labour rights. Furthermore, during the workshop discussions, it was essential to sensitize society about the worker's social protection and health and citizenship themes.

The first step of the action plan was comprised of five concrete initiatives. The first was to provide the presentation of a new version of the computerized hiring, with the adaptations suggested by the workshop participants. Next, the action consisted in mobilizing in Ituporanga the labour unions' representatives to carry the training on the fulfilment of the simplified GFIP form, a means designed for short-term hiring. These representatives would work as points of multiplication and dissemination of practices. The third item of the action plan was to summon an assembly to guide the workers and farmers on the proceedings of this mode of hiring, make it available a simplified hiring model and the elaboration of an explanatory guide for the production of a material designed to the dissemination of the law nº 11,718/2008, by DIEESE, CONTAG and FETAESC.

The second step consisted in the participation of the social actors in the Integration of the Pilots Seminar, which took place in Brasília-DF, in November 2010. The action would be articulated with the elaboration of a booklet that registered the experiences on the pilot-project developed by DIEESE, FETAESC, MTE, MPS and CONTAG, and the drafting of two clarification pamphlets for farmers and wage workers.

Results and perspectives

The pilot-project of the rural sector counted with a great participation of the social actors, and this mobilization and commitment has paid off. The first concrete result was the mobilization of rural workers and family farmers itself, with the decisive support of CONTAG. The mobilization should be extended as an autonomous unfolding of the social dialogue activities and culminated in the realization of demonstration in Brasília, in March 2012, gathering about 4,000 workers, to demand from the government a national programme to face informality.

The demonstration was followed by a hearing at the Ministry of Social Security to discuss measures to adapt the sector to the GFIP and to negotiate the basis of the national programme. Although the proposal of the Ministry has been rejected, the initiative represented an important landmark for the dialogue opening between the movement and the government, which would generate results further on, such as the formulation of the National Policy for the Rural Wage Workers, with the support of the General Secretariat of the Presidency of the Republic (SGPR).



Pamphlet from the worker's mobilization day in March 2012, with the "informality monster" picture



Reproduction of CONTAG and DIEESE's booklet to sensitise, inform and mobilize the workers

The second result was the expansion of the number of formal hearings in Ituporanga region. If in 2008, only 93 people were admitted, according to data from RAIS, and in 2009, 329 people were admitted, and in 2010 and 2011, in the years when the project was in function, the number of wage workers admissions has increased to 502, then to 727, respectively.

Initiated in 2010, the rural sector's pilot-project actions followed their course even after the social dialogue activities coordinated by DIEESE have been concluded. Not by chance, this strong empowerment of the local actors has brought many concrete results, and not only to the workers involved and not only for the Ituporanga region.

Indeed, one of the most relevant results of the mobilization of the social dialogue participants was the opening of an interlocution channel with the federal government: the Inter-ministerial Work Group. Created formally by the decree nº 491, on August 10th 2011, this Inter-ministerial Work Group aimed at "following, discussing, analysing and evaluating the proposals of the Informality Reduction through Social Dialogue Project", coordinated by DIEESE. The creation of the group was supported by six ministries, under the coordination of the Ministry of Social Security.

COMPOSITION OF THE INTER-MINISTERIAL WORK GROUP

MINISTRIES, AGENCIES AND STATE ENTERPRISES	
Ministry of Social Security	Ministry of Labour and Employment
Ministry of Development, Industry and Foreign Commerce	Ministry of Social Development and Fight against Hunger
Ministry of Rural Development	Federal Revenue Secretariat of Brazil (Receita Federal)
National Institute of Social Security - INSS	Federal Savings Bank (Caixa Econômica Federal, public bank)
CIVIL SOCIETY ORGANIZATIONS	
Brazilian Support Service to the micro and small enterprises - SEBRAE	National Association of the Tax Inspectors of the Department of Federal Revenue - ANFIP
DIEESE	
WORKERS	
Representative of the Construction Industry Pilot-Project	Representative of the Rural Sector Pilot-Project
Representative of the Commerce Pilot-Project	Representative of the Clothing Industry Pilot-Project

Source: Decree nº491 of August 10th 2011

Ever since then, the group, comprised by representatives of federal agencies (Federal Revenue, INSS, Caixa Econômica Federal), civil society organizations (ANFIP, SEBRAE, DIEESE) and representatives of the four pilot-projects (Construction, Commerce, Rural and Clothing) has been discussing technically and implementing the recommendations addressed to the federal government from the concrete reality perspective of the involved communities – read more at <http://www010.dataprev.gov.br/sislex/paginas/65/MPS-MF-MDIC-MDS-MDA/2011/491.htm> (in Portuguese).

The opening of this interlocution space, in turn, was fundamental for the third concrete result of the pilot-project and of the actor's mobilization: the inclusion of the small producers in the eSocial (Digital Fiscal Bookkeeping System of the Fiscal, Social Security and Labour Obligations), specifically the development of the simplified modules.

Throughout May 2011 until October 2012, 12 technical meetings were carried out, in Brasília, amongst government representatives (MPS, INSS, Federal Revenue, TEM, and Caixa Econômica Federal), RedeSIM, CONTAG and DIEESE to develop and to adapt tools for the implementation of the simplified module of the eSocial to different publics: small farmers, individual micro-entrepreneurs, domestic employers, amongst others.

The eSocial is an online federal government platform that unifies the information submission by the employer, regarding their employees. It was launched in July 2013, focused on domestic work. The eSocial project is a joint initiative of six government bodies: Caixa Econômica Federal, INSS, Ministry of Social Security, Ministry of Labour and Employment, Federal Revenue Secretariat of Brazil and Ministry of Planning.

In November 2013, the DIEESE and the Federal Revenue Secretariat of Brazil has presented, in Ituporanga, the project's preliminary module focused exclusively to the rural producer. The expectation is that the platform can be functioning already in the first semester of 2014. The inclusion of the sector in the eSocial is a direct consequence of the actors' mobilization involved in the pilot-project, which, since the first activities in 2010, has been thinking in ways how to appropriating of the IT tools to reduce the informality and the unnecessary bureaucracy, and working for the development of an online platform that could serve for the basis of the rural eSocial.

According to the government, the expectation is that, once fully implemented, the eSocial can bring several advantages in relation to the current procedures, such as:

- Service to several governmental bodies as a sole source of information, for the fulfilment of the several labour, social security and fiscal obligations currently in place;
- Computerized system integration from the firms with the eSocial's national environment, allowing the automation in the employers information submission;
- Standardizing and integration of the natural and juridical persons' form in the framework of the participant agencies in the project.

ANEX: PARTICIPANTS OF THE PILOT-PROJECT OF THE RURAL SECTOR IN ITUPORANGA-SC

- Prosecutors' Association of the State of Santa Catarina- APROESC
- Brazil's Workers Central - CTB/SC
- CONTAG
- DIEESE
- FETAEP
- FETAESC
- FETAESC
- FETAG/PR
- FETAG/RS
- Ministry of Social Security - MPS
- Ministry of Labour and Employment - MTE
- OAB/SC
- Town hall of Canoinhas
- Town hall of Chapadão Lageado
- Town hall of Ituporanga
- Town hall of Ituporanga
- Agriculture Secretary of Ituporanga
- Rural Labour Union (STR) of Antônio Carlos/SC
- STR of Aurora
- STR of Bom Retiro
- STR of Canoinhas
- STR of Chapadão Lageado
- STR of Criciúma
- STR of Petrolândia
- STR of Içara
- STR of Imbuia
- STR of Ituporanga
- SRT of Massaranduba
- SRT of Tijucas
- SRT of Ubirici
- STR of Vidal Ramos/SC
- Rural union /SC
- SITRULA- Laurentino/SC
- SoftArt
- Regional Labour and Employment Superintendence/SC

There are still many challenges for the rural sector in the country to be faced, in order to reverse the scenario of great incidence of informality. It is necessary a wide national policy of formalization encouragement, and also it is necessary to monitoring the implementation of the eSocial for the rural producers, However, the successful experience of the rural pilot-project in Ituporanga shows that great obstacles of the past can be surpassed and organized social movements can influence in a positive manner on the shape of the public policies, from their strong mobilization and disposition to carry out an open social dialogue.

2.1.2

LOCAL NETWORKS, PUBLIC POLICIES AND ENTREPRENEURSHIP: commerce in Porto Alegre, Rio Grande do Sul

Situated in the Southern region of Brazil, Porto Alegre is one of the most developed cities in the country, from a social and economic point of view. The population of Porto Alegre is 1,409,351 inhabitants, from which all of them can be considered urban, according to the IBGE's 2010 Census.

Porto Alegre is a municipality that has experienced a significant HDI improvement since 1991. The city's indicator has increased from 0.660, which would be considered "medium", to 0.805, which is considered "very high". Despite this positive aspect, the city shows a high inequality level, which has worsen when we verify the evolution of its Gini index over time, since 1991, when the indicator was 0.57. In 2000, the index has increased to 0.60, level maintained until 2010.

DEMOGRAPHIC AND DEVELOPMENT INDICATORS FOR THE CITY OF PORTO ALEGRE (1991 AND 2010))

	1991	2000	2010
Municipal HDI	0,660	0,744	0,805
Per capita income (R\$)*	1.021,93	1.399,50	1.758,27
GINI Index	0,57	0,60	0,60
Total population	-	-	1.409.351
Urbana population	-	-	100%

*at constant prices, expressed in Reals (R\$) of August 2010

Source: Own elaboration from the Human Development Atlas 2013, PNUD, FJP e IPEA

Informality, difficulties and challenges in Porto Alegre

Commerce is one of the sectors that have higher rates of informality due to the high degree of "flexibility" in the work conditions and relations. Extensive workload and low incomes are two of the sector's characteristics. Despite the favourable economic moment and the rise of formalization over the last few years, the informality rate remains high. According to the Employment and Unemployment Survey (PED)²⁶, about 20% of the commerce employees are informal and are not covered by social benefits guaranteed by the Labour Laws Consolidation (CLT)²⁷ in the surveyed regions.

In Porto Alegre, the commerce workers represented 15.4% of the total employed population. According to the PED, in 2010, out of the 108,000 workers in the city, 40% were informal workers. The self-employed group²⁸, which is the most significant amongst the informal workers, was comprised by 21,000 people.

In this figure, an important number of workers act on the street. They are the so-called street vendors. Although there is not official statistics, the leaders of the category have estimated that there were 4,000 vendors working on the public streets in the central area, before the inauguration of the Popular Shopping Centre (CPC), in 2006²⁹.

The opening of the CPC has represented an important change in the portfolio of policies for street vendors in the city. Before, the policy was restricted to tolerate the informal trade in the streets through the granting of licenses in a limited number. In 2006, there was a change in the law 3.187 that regulated this commerce since 1968.

The current law establishes that the informal vendors who operate in the city's central region can only sell their goods in the Popular Shopping Centre,

26 The PED is a result of the Partnership between Dieese and the State Foundation of the Data Analysis (Seade) of São Paulo. With the support of the Ministry of Labour and Employment (MTE), and regional partners, the PED follows the labour market in the Federal District (DF) and of six metropolitan regions: Belo Horizonte, Fortaleza, Porto Alegre, Recife, Salvador e São Paulo.

27 CLT is the main regulation of labour relations in the private sector (T.N.)

28 The self-employer, according to the IBGE, encompasses the people who explore their own venture alone or with a partner, without any employee, but he/she could sometimes count with the help of some unpaid worker of his/her household. For the PED, the self-employed segment includes autonomous worker for more than one enterprise, anonymous for the public and owner of a family business.

29 Vannuchi, M. V. (2012). Porto Alegre. In: Vannuchi, M. V. e Martins, D. Copa do Mundo Para Todos. O retrato dos vendedores-ambulantes nas cidades-sede da Copa do Mundo de 2014. Durban, StreetNet International.

which works according to the decree nº 16.101 of 2008. In some not-central neighbourhoods, it is still possible to obtain authorization to trade in public spaces. The prohibition on the city central area was a result of a negotiation process between the public authority and the informal traders. Several public hearings have taken place, through which the informal vendor's suggestions were incorporated to the "camelódromo"³⁰ (CPC).

Despite of the evaluation divergence amongst the actors involved, in general, the implementation of the CPC has brought countless advantages for informal vendors, such as the protection from rain, the strong sunlight, and robberies or loss of merchandises, reduction of displacement distances, as well as granting plus stability on the day by day. Moreover, it would put an end on the police chase and the merchandise seizure that used to happen with the street vendors who worked on the streets without permit.

Despite of the advances, some challenges remained. On the one side, many of the workers, both unregistered employees, as well as self-employed, are in the informal situation. On the other side, there are demands that follow the formalization, such as training, orientation for business, access to credit, amongst others. Thus, one of the pilot-project priorities was to obtain the most accurate possible diagnostic to reality, which could capture precisely the different informal worker's demands or undergoing formalization, taking into account the heterogeneity of its composition.

Social Dialogue

By carrying the pilot-project "Porto Alegre Commerce Workers", DIEESE sought to advance in the informality reduction, from the strengthening of a permanent network of partner institutions and the construction of a social dialogue space to face informality.

The first event in the frame of the project was carried following the works that had been developed since 2006 by DIEESE itself. This first workshop has taken place in November 2009, gathering important social actors, who have conducted presentations related to the topic of informality.

³⁰ "Camelódromo" is the local designation for this kind of popular malls (CPCs), which are comprised by former street vendor's stands in an enclosed space. The word derives of the word "camelô", popular designation in Brazil for street vendor (T.N).

In a first moment, the project coordinator, Rosane Maia, has presented the past works carried by DIEESE, in association with the Ministry of Labour and Employment (MTE), the Ministry of Social Security, the of Institute of Applied Economics Research (IPEA) and Brazilian Support Service to the micro and small enterprises (SEBRAE). The actions previous to the current pilot-project have included the realization of a diagnostic of the commerce labour market in Porto Alegre Metropolitan Area, and a series of workshops to debate topics related to informality.

This previous stage enabled the building up of knowledge and information that served as basis to the pilot-project.

The implementation of the Popular Shopping Centre (also known as "Camelódromo") in Porto Alegre was presented as a case study by the then municipal secretary of Production, Industry and Trade, Idenir Cecchim. In particular, it was showed some data, such as the number of formalized stores and the actions that resulted in a greater number of formalization, focusing on the fast-track of the register at the National Judicial Person Register (CNPJ). According to the secretary, the camelódromo had, then, 800 functioning stores, with 300 formalized vendors.

At the camelódromo, the city hall grants two types of vending licences, the provisional permit, which should be renovated on an annual basis and which the municipality can suspend, and the definitive permit, which is granted when the vendor register him/herself as an Individual-Micro-Entrepreneur (MEI). The formalization as MEI, as we are going to see further on, allows the contribution to the social security, the National Institute of Social Security and the CNPJ.

Regarding social protection, it was widely spread the optional contribution to the INSS through the autonomous carnet, which grants the same rights guarantees by the General Regime of Social Security³¹. The secretary highlighted also the specific actions as the simplification process of permit granting through the city hall, which resulted in the formalization of around 20 thousand enterprises in 2008.

In a federal level, the highlight was given to the Simplified Plan of Welfare Inclusion presented by the representative of the Ministry of Social Security, José Adauto Figueiras. The initiative is focused on the inclusion of optional taxpayers

³¹ With the exception of retirement for contribution period.

and individuals who are self-employed and have low income, enabling thus the integration with the workers that do not fit in the formal work situation. The programme was implemented in 2007 and stipulates reduced tax rate from 20% to 11% of the minimum wage value.

The other programme launched recently is the Individual Micro-Entrepreneur (MEI) that gives the formalization possibility for the self-employed worker granting him the statute of small entrepreneur. In order to fulfil the eligibility conditions, it is necessary to have annual gross revenue of no more than R\$ 60,000 and mustn't have any participation in another company as partner or owner. The MEI can also hire one employee who earns the national minimum wage or the minimum wage of the professional category. This option is adequate to formalize street vendors, market traders, autonomous vendors and petty entrepreneurs.

One of the challenges of the programme, however, is to make the information reach the workers so they can be formalized in a simpler way, with greater advantages regarding the access to social protection, qualifications and other types of support for business.

In the first workshop it was also carried a mapping of the demands and needs for the pilot-project, as well as the action plan that will be exposed next.

Apart from the first workshop, there was an extensive work to identify the profile and main demands of the commerce self-employed workers in Porto Alegre. For this purpose, throughout 2011, DIEESE applied the focal group methodology, in which it was possible to capture the very important qualitative data to evaluate their perceptions about the policies in favour of formalization.

The groups were constituted by owners and assistants who work in the Popular Shopping Centre (Camelódromo) and, also, by workers on the street vending, located at the Assis Brasil Avenue. The execution of focal groups aimed to focus on the topics of professional training, social protection patterns and work conditions.

The main demands identified amongst the Camelódromo's workers were:

- Formal work register;
- Health emergency care on site;
- Internal communications improvement;

- Better shopping advertising to attract more customers;
- Lower rent;
- Free toilets;
- Safety improvement;
- Improvement heating and air-conditioning system;
- Improvement of the maintenance of the place;
- Improve the relationship amongst shopkeepers;
- Day-care for the worker's children.

On the other side, amongst the workers who sell on the streets, the main demand regards a formalization policy that recognizes them as legitimate agents of the urban economy. For them, the formalization accomplished through dialogue would be fundamental to improve the conditions of work, safety, access to public services (transportation in particular) and infrastructure (restrooms).

PUBLIC POLICY ON THE MUNICIPAL, STATE AND FEDERAL LEVEL

Over the last years, several initiatives have been brought to life, pushed by social mobilization from a network of actors and partners of DIEESE in the framework of the pilot-project. The first example is the experience of how to bring closer the information to the citizens. Created in 2011 by the SEBRAE/RS and the Municipal Secretary of Production, Industry and Commerce (SMIC), the programme Small Enterprise Line is a pioneer initiative in Brazil, more commonly known as the "formalization bus". The idea was to go to the city neighbourhoods to provide information about the permit granting, licences and microcredit, as well as orientation and support on the business management. The bus would also offer guidance and the possibility to do the formalization as Individual Micro-Entrepreneur (MEI).

To have an idea, in 2 years of operation (April 2011 to March 2013), the Small Enterprise Line has carried 6,251 services and regularized 1,212 individual ventures. The bus has passed by 51 locations in the city of Porto Alegre over the same period.

Another initiative in the municipal level to promote the formalization of the small ventures was the regulation, in 2012, of the General Bill of the Micro and Small Enterprise, which was born to encourage, reduce red-tape and taxes to the small business. Amongst the advantages that the law brings, one can mention that the law provides that the governments should prioritize the local enterprises when it comes to hire suppliers, seeking to foster the local development. The law also introduces the possibility to reduce the bureaucracy to open enterprises and suggests the existence of a "development agent", who would be a city hall civil servant, to support the enterprises to carry the procedures related to the city hall.

On the State level, it was implemented the Gaúcho Programme of Microcredit, with the participation of the Microcredit Agency, the SMIC and the intermediation of the Banrisul. The system enables the granting of small loans that varies from R\$ 15,000 to R\$ 300,000. The credit granted has advantageous interest rates and could be used to working capital, material purchase and investment.

Lastly, an important policy on the national level was introduced with the figure of the Individual Micro-Entrepreneur (MEI). The programme came to light from the incentive created by the National Statute of The Micro-enterprise and of the Small Size Enterprise, which allows the self-employed worker to become a MEI. There are several benefits that follow this formalization: enrolment in the social security system, access to SEBRAE courses, access to credit with lower interest rates, amongst others. The monthly contribution rate is 5% of the minimum wage. When taxing is concerned, the MEI is exempt of federal taxes (income tax, judicial person, PIS, Cofins, IPI, CSLL). Several occupations can become MEI, amongst which the street vendors, the autonomous vendor, the hairdresser, the manicure, the aesthetician, the seamstress, the craftsman, the bijou maker, the tire repairman, the mechanic, amongst other. It is outside this relation the regulated occupations, such as lawyers, doctors and engineers. The criteria for it to be an eligible venture to be a MEI are the following:

- Must earn up to R\$ 60,000;
- Must not participate in another enterprise as partner or owner;
- Must work alone or have one employee at most;
- Must not have a subsidiary.

More detail about the programme can be found in the website www.portaldoempreendedor.gov.br.

DEMANDS AND NEEDS FOR THE PILOT-PROJECT



Action Plan

From the meetings in which the demands, challenges and the sector's characteristics were discussed, the participants of the pilot-project defined an action plan with measures that can help to face informality and to improve the work condition of the commerce sector in Porto Alegre.

GROUP 1

Theme	Suggested Actions	Deadline
Street trade	Qualification and business promotion	Long
Gender discrimination	Articulation with Labour Public Prosecutor, constitution of bargaining clauses	Medium
Networks/Articulation	Consolidate and expand	Short
Oversight	Articulated actions amongst institutions, oversight support measures	Long
Internship/other forms	Seminar about hiring forms in collective negotiations	Medium

GROUP 2

THEME	Action	Deadline	Responsável
Street vending	Identify the actors of the process through research	Short	Dieese, Sebrae, government bodies
Micro and small enterprise	Information, clarification and sensitization	Permanent	Sebrae and public agencies
Networks	Consolidate and expand	Permanent	Unions, Dieese and public agencies
Oversight	Direct and indirect measures, intensify preventive orientation and coercion actions	Permanent	MTPS and MTE
Internship	Oversight by the responsible education and governmental agencies	Permanent	MTE and unions
Qualification	Promote professional qualification courses, according to the worker's profile, in accordance with the demands	Permanent	MTE, system S and unions

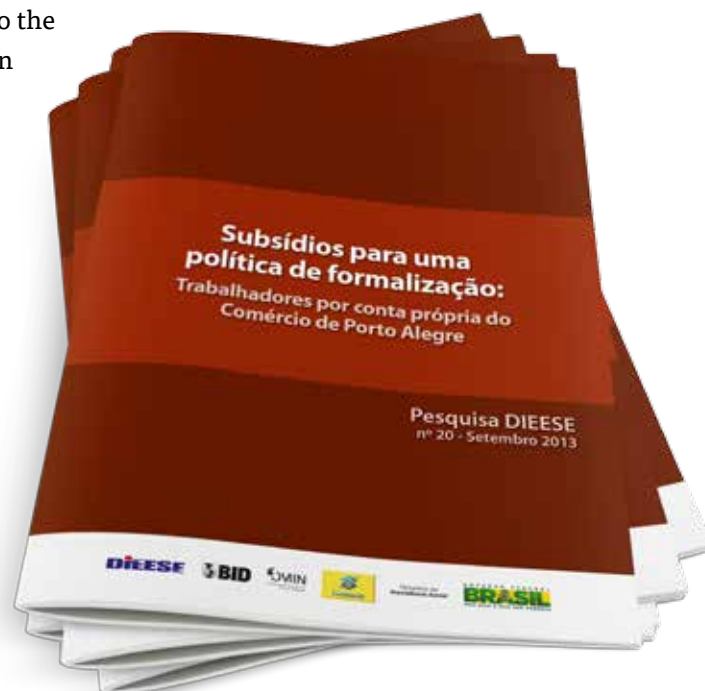
Results and perspectives

An important result of the pilot-project was the publication ““Subsídios para uma política de formalização: trabalhadores por conta própria de Porto Alegre” (Subsidies for a formalization policy: self-employed worker from Porto Alegre””, elaborated with the support of ILO and FOMIN/IDB in September 2013.

The booklet brings the diagnostic made in the frame of the pilot-project, with the methodological detailing and main research results made with the focal groups. The material constitutes a useful tool for other cities and institutions networks that are interested in implementing similar formalization projects. The publication is available online in the following website address: <http://www.dieese.org.br/projetos/informalidade/pesquisaSubsidiosPoliticaFormalizacao.pdf>

One interesting initiative in the frame of the pilot-project was the implementation of the Small Enterprise Line Programme, by SEBRAE/RS and the SMIC, which travelled across different neighbourhoods of the city of Porto Alegre, registering the small entrepreneurs and providing orientation in management, microcredit, permits and municipal licences. From April 2011, when the programme has begun, to April 2013, there were around 7,000 services and 1,200 formalizations. These data, however, are general and not specific for the commerce sector. Besides, the formalization bus was implemented in other municipalities in the State of Rio Grande do Sul.

In relation to the number of formalizations performed, according to the entrepreneur's portal and the REDESIM, since the implementation of the MEI programme, in July 2009, until February 2014, 7,540 ventures were formalized in the different occupations of the commerce sector in Porto Alegre. This statistics is not available in a disaggregated form per year, but according to the survey of DIEESE itself, in the period from July 2009 to December 2011, there has been 3,922 ventures enrolled on the programme. The statistics of the entrepreneurs are available online at the Entrepreneur's Portal website: (www.portaldoempreendedor.gov.br).



PARTICIPANTS

- **National Association of the Tax Inspectors of the Department of Federal Revenue (ANFIP)**
- **State Employment Commission**
- **Workers Federation of Goods and Services Trade of Rio Grande do Sul (FECOSUL)**
- **Trade and Services Federation of Rio Grande do Sul (FECOMERCIO - RS)**
- **Força Sindical**
- **Foundation of Labour and Social Action of Rio Grande do Sul (FGTAS)**
- **GARANTIA - RS (Caixa Econômica Federal - RS)**
- **Ministry of Social Security**
- **Participatory Budget/DETT**
- **PED/Dieese - RS**
- **City hall of Porto Alegre**
- **Sebrae - RS**
- **Municipal Secretary of Political Coordination and Local Governance (SMGL)**
- **Municipal Secretary of Industry, Trade and Tourism (SMIC)**
- **Street Vendor's Union - RS**
- **Commerce Worker's Union of Porto Alegre (Sindec/POA)**
- **Regional Labour Superintendence (SRT/RS)**

2.1.3

COOPERATION, CASHEWS AND PROTECTION: *the experience of the pilot-project of the cashew cultivation chain in Pacajus, Ceará*

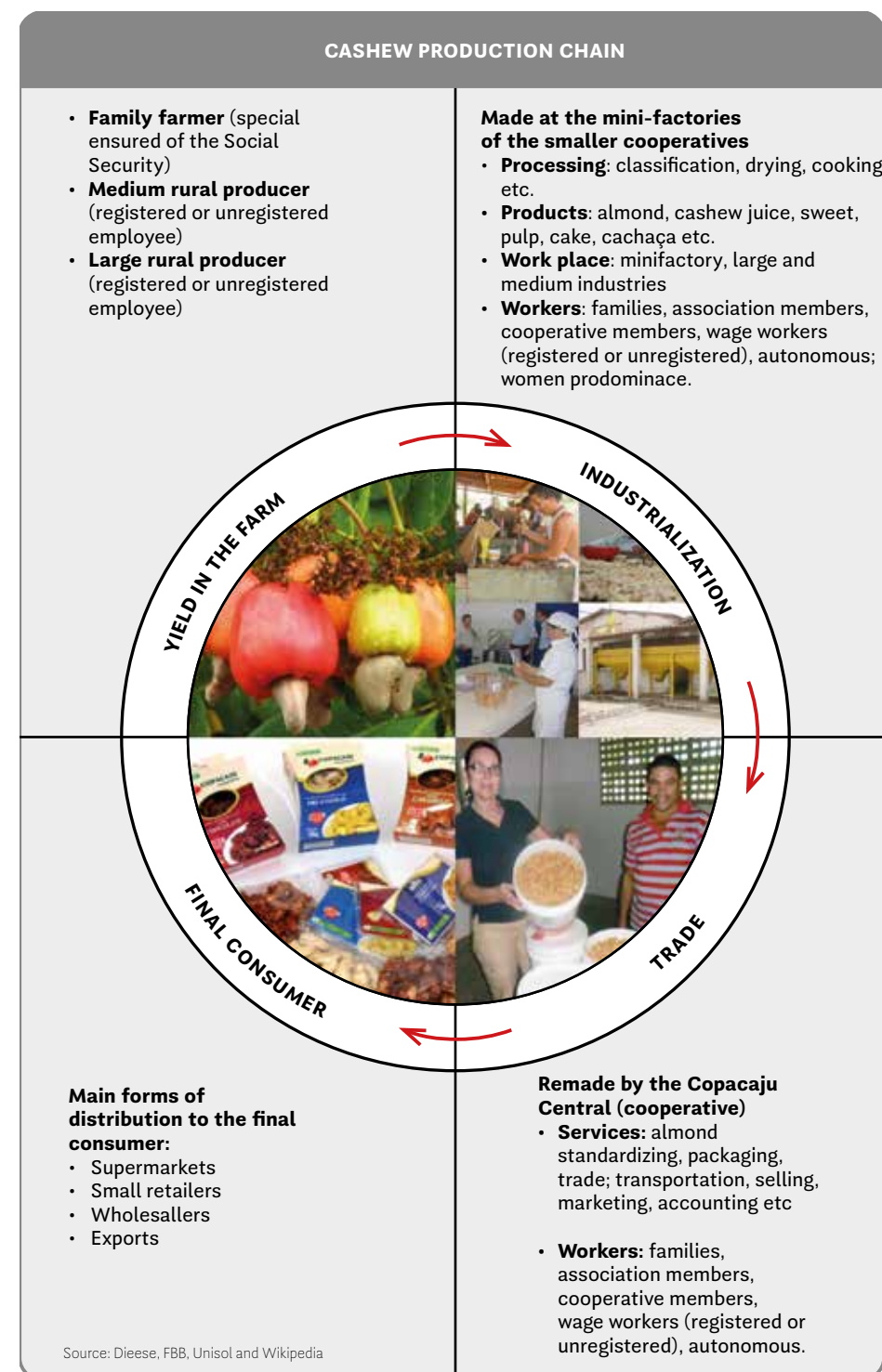
Brazil is one of the main cashew producers in the world, and its production chain is marked by a high degree of informality in the labour market: starting in the yield, and then going to the industrializing processes, until the commercialization. The national production is almost entirely concentrated in the Northeast region, and the State of Ceará is its main producer. Aiming at articulating with a previous initiative from the Bank of Brazil Foundation (FBB), the DIEESE's pilot-project of the Ca Sector in Pacajus, Ceará, was implemented between 2011 and 2012. The project had the financial support from the Inter-American Development Bank (BID) and the FBB.

The activities included seminars, workshops and debates, in which DIEESE sought to bring closer the workers to specialists and policy makers, aiming at raising the main difficulties and obstacles for the formalization and to increase the worker's income. From this diagnostic and through the social dialogue with cooperative leaders, action plans were designed for the short, medium and long term, in order to face these questions.

With the creation of the dialogue space, the project sought to contribute to the improvement of the work conditions and relations in the cashew cultivation chain in Ceará, as well as to foster cooperativism as form of organization and production.

The cashew cultivation pilot-project's intervention area is, mainly, the town of Pacajus, in the metropolitan area of Fortaleza, where the Central Copacaju (Agro-industrial Cashew Cooperative) is located. The scope of the project, however, is broader, as it encompasses the towns where the singular cashew nuts cooperatives are situated: Barreiras, Ocara, Arati, Tururu, Aquiraz, Chorozinho, Icapui, Fortim e Granja.

The municipalities are mostly considered to be small size towns, with the exception of Pacajus, Aquiraz e Aracati, which has little more than 50,000 inhabitants each, i.e. are considered medium-size municipalities. Many of the municipalities have an important rural population, such as the case of Barreira, Ocara, Tururu and Icapui. Almost all the municipalities have a Human Development Index (HDI) considered "average" (between 0.6 and 0.69).



The cashew cultivation in Brazil

The cashew cultivation is an important agriculture activity in Brazil. The country is one of the main global producers. In 2011, Brazil has yielded 230,000 tons of the crops, according to FAO data. This means that Brazil was the 5th greater producer of the fruit in the world, responsible for 5% of all cashew harvested in the planet.

The cashew cultivation chain fills in a very important economic and social role, for it is able to create jobs and generate income precisely on the between harvests of the other agriculture crops. The cashew harvest happens in August and December, which is the dry period in the Brazilian Northeast region. The cashew chain employs about 200,000 workers, from which 180,000 in the fields and the rest in processing activities.

The cashew culture has great importance, especially for the small, low income producers, for many times it is the only yield for sale. The other crops, such as beans, rice, and cassava are, usually, used for self-consumption. Studies of the sector point that the small producer is predominant in this culture, with a strong presence of family farmers, many of them beneficiaries of social programmes, such as the Bolsa Família and Fome Zero.

WORLD CASHEW PRODUCTION (2011)

Ranking of the top ten largest producers in the world

		Yield (ton)	Share	Productivity (Hg/Ha)
1º	Vietnam	1.237.300	28,7%	37.346,82
2º	Nigeria	835.000	19,4%	22.876,71
3º	India	674.600	15,6%	7.077,21
4º	Ivory Coast	393.000	9,1%	4.477,04
5º	Brazil	230.785	5,4%	3.018,88
6º	Benin	162.986	3,8%	3.499,99
7º	Philippines	133.388	3,1%	47.294,00
8º	Guinea-Bissau	128.684	3,0%	5.783,11
9º	Tanzania	122.274	2,8%	3.007,25
10º	Indonesia	114.600	2,7%	1.993,74
	Total - top 10	4.310.747	93,5%	-

Source: Own elaboration from FAO data

In the country, almost all cashew nut yields are concentrated in the Northeast region. Ceará alone concentrates, in general, about half of all production, and the States of Rio Grande do Norte, with a little bit more than 20% of the total production, and Piauí, with a bit more than 15%, complete the list of the three States with the greater cashew nut yield in the country. In average, over the last 20 years, only these three states concentrated about 85% of all the production of the nut.

CASHEW NUT PRODUCTION (1990-2012)

Share on the national yield

State	1990	1995	2000	2005	2010	2011	2012
Ceará	49%	44%	34%	43%	38%	48%	48%
Rio Grande do Norte	22%	19%	22%	27%	25%	24%	22%
Piauí	22%	25%	24%	16%	14%	20%	11%
Maranhão	2%	3%	3%	3%	7%	2%	6%
Pernambuco	4%	2%	2%	3%	5%	3%	4%
Pará	0%	0%	1%	1%	2%	1%	4%
Bahia	0%	2%	4%	4%	5%	1%	2%
Paraíba	1%	4%	4%	2%	2%	1%	1%
Alagoas	0%	0%	0%	0%	1%	0%	1%
Tocantins	1%	0%	0%	0%	0%	0%	1%

Source: IBGE – Municipal Rural Production

And it was exactly in Ceará where the DIEESE has decided to develop the pilot-project of the cashew cultivation, which aims to implement, from the social dialogue promotion, the obstacles identification and problem solving to promote formalization, i.e., to a decent and protected work condition.

Cashew cultivation and informality

Since 2003, the cashew cultivation in Ceará had the support of FBB, which sought, with other partners, to encourage the producers to extend their performance of the primary production to the processing stage of the product (industrialization). The first project was then carried to implement a social technology that involved the construction or recovery of the mini-factories of the cashew nut processing, developed by the Brazilian Enterprise of Agriculture Research (EMBRAPA), and the training of the cooperative members for them to be able to operate the devices. EMPRAPA was one of the eight partner institutions

that have supported the initiative, alongside FBB itself, SEBRAE, Ematec, Federal University of Ceará, amongst other organizations.

The project has started to be implemented in associations in four towns: Pacajus (Pascoal Residents Association); Chorozinho (Peace Builders Community Association); and in Tururu (Cemoaba Community Association). Next, six new mini-factories were built and equipped in the frame of the project, in the towns of Aracati, Aquiraz, Ocara, Tururu, Barreira e Granja. In total, three mini-factories were renewed and seven mini-factories were built.

INDICATORS FOR THE MUNICIPALITIES PART OF THE CASHEW CULTIVATION SECTOR PILOT-PROJECT IN CEARÁ

Town	Population a)	Pop. Rural		Family Farmers b)	Fishermen c)	Bolsa Família Beneficiaries d)	Settled Families e)	HDI *	GINI *
		people	%						
Aquiraz***	72.628	5.545	7,63	1.690	544	8.231	121	0,641	0,48
Aracati	69.159	25.124	36,33	1.159	292	8.762	369	0,655	0,53
Barreira	19.573	11.446	58,48	824	1	2.771	n.d.	0,616	0,55
Chorozinho	18.915	7.890	39,59	754	22	2.774	85	0,604	0,50
Fortim	14.817	5.209	35,16	298	652	2.125	63	0,624	0,51
Granja	52.645	26.753	50,82	n.d.	n.d.	n.d.	n.d.	0,559	0,62
Icapui	18.392	12.605	68,54	869	2	2.920	300	0,616	0,47
Ocara	23.242	16.141	69,00	1.909	2	3.573	346	0,594	0,59
Pacajús	61.838	11.163	18,05	736	6	6.530	n.d.	0,680	0,54
Tururu**	14.408	9.120	63,30	745	1	2.180	118	0,606	0,62

Notes: * 2010; **2 Quilombola Communities and *** 1 Quilombola e 1 Indigenous Land (FUNAI 2008)

Sources: a) IBGE (2010), b) IBGE (1995/1996), c) SEAP(2004), d) MDS (2008), e) INCRA (2007)

Throughout the project, it was observed that the model implemented with a single cooperative was not enough to coordinate the work on the several associations and did not stimulate the generation of new leaders in the several towns. After a great deal of negotiation and evaluation carried by the Managing Committee, a model comprised by several singular cooperatives was adopted, with each cooperative representing a community and being owner of a cashew almond mini-factory.

Finally, the central cooperative Copacaju was created in the town of Pacajus, to articulate the ten smaller cooperatives (singular cooperatives) in the other towns. Copacaju is the responsible for centralizing the standardization (more recently, this activity was decentralized), fractioning, packaging and commercialization of the almonds. Its structure is able to process monthly 20,000 kilos of the product to be sold, amount that would be enough to fill a container for export.

However, the longed insertion in the export market was not possible due to the insufficient production. This led the organizations to seek space in the domestic market, but with the limitation of having to sell only on the wholesale market, without doing the branding in the final product. The cooperatives resented also not having an area dedicated to develop marketing and sales strategies.

Despite of the organizational and technological advances, other difficulties and challenges remained. One of the main problems is in the trading area, in which the groups have little experience, therefore needing training and the creation of a specific area to develop strategic actions.

Until recently, the small producers have one single client, the middleman, for whom the product would be sold in natura (i.e. without any processing) and little margin for price negotiation. In this sense, orientation projects and market research have been developed with the support of SEBRAE-CE. Leaders of the central cooperative have also received training in the export sector, in partnership with the Industrial Technology Core Foundation (Nuteq), attached to the Secretary of Science, Technology and Higher Education, of the State of Ceará government and the Export Support Programme of the federal government.

More specifically, the challenges regard the consolidation of the existent clients and the expansion of the range of consumers. The groups also seek to accomplish spaces in large wholesalers and supermarket chains and the possibility to trade using their own Copacaju brand in the final product.

The insertion in the export market is another challenge. In this sense, the cooperatives are searching several certifications that could open door on the international market and improve the worker's income. The certification in fair trade system and the organic certification are two examples of labels that the cashew production cooperatives are claiming.

Another problem that the groups have been facing and that hinders the organization of the groups in the form of cooperatives is the lack of working capital needed to pay the family farmers who have absolutely cannot wait for the income. This lack of working capital, in turn, created other obstacles for the cooperative to sell their output in the market in the most adequate moment. Besides, other problems were identified, such as the lack of access to internet and management inexperience.

The difficulty to access credit, according to data from the SENAES (National Secretary of Solidarity Economy), attached to the Ministry of Labour and Employment, is a problem found in more than half of the cooperatives, more exactly 53% of the ventures, according to the data of the Solidarity Economy National System. Apart from the problems of access to credit is the lack of technical support to formulate projects and business plans (36%), lack of endorsement (31%), incompatibility of the credit terms and conditions (31%) and lack of the required documentations (29%).

Finally, the small cashew producers also face logistical problems. The singular cooperatives are located in a very scattered way, close to the shore in a strip that goes from north to south of the State of Ceará. For this reason, there are difficulties to transport the raw materials to the Copacajus central. Besides, the distance also makes it hard for closing ties between the executive direction of the central and the cooperative members at the basis.

Social Dialogue

With the begging of the pilot-project “Cashew Cultivation Chain in Ceará”, DIEESE has mobilized the worker’s leaders of the region and has opened a space of dialogue, so that these demands and questions could be discussed.

Through these workshops organizations, DIEESE has brought closer together workers, specialists from the government, from civil society and from the academia, aiming at hearing from the workers which were the main obstacles for formalization, clarify practice questions and provide subsidies so that the worker themselves could formulate, from the discussions amongst actors who experienced the problems in the sector, a specific action to attack the difficulties raised.

Thus, it was carried at the DIEESE’s regional office in Fortaleza, by the end of August 2011, the first meeting of the pilot-project. The meetings had the

objective to present the scope of the general project and to promote the initial contact with the actors involved. The event had the participation of the local supervisor, Reginaldo Aguiar, as well as of union representatives in the regional direction of DIEESE, and the Copacaju central consultant, Tereza D’Ávila Brito.

During the first meeting the general-coordinator of the project, Rosane Maia, has presented the first pilot of the project “Informality Reduction through Social Dialogue” to the workers leaders and to the other civil society participants and government representatives attending the meeting. The participants highlighted the importance of the project for the production cooperatives of the region and volunteered to contribute with the execution of the actions on the two following years.

It was considered the importance of the presence of a representative of the Ministry of Social Security in the events of the pilot, to clarify questions about the social protection legislation that refers to cooperative members of rural activities. It was also highlighted the importance to discuss about the organization and union structure of the rural sector. In the occasion, it was scheduled the 1st Workshop of the Cashew Cultivation Pilot, which would be carried in Fortaleza, on October 21st and 22nd 2011, with the participation of approximately 20 local representatives, aiming at raising the demands and constructing an action plan.

First Workshop

Already in the first workshop discussions, the workers had the opportunity to discuss their main difficulties and obstacles to the formalization. At this point, the question of financing has proven to be one of the main bottlenecks to the production development of the groups organized in cooperatives. Indeed, the search for lines of credit and the joined procedure with banking establishments has proven to be complex, and many has reported difficulties to obtain the necessary documentation and guarantees to apply for credit. Factors such as the past crop shortfalls hinder the access to credit to leverage productivity improvements. The credit granting would also render it easier for the completion of the Fair Trade and Family Farming certification processes.

Moreover, the producers faced a series of difficulties that impeded the formalization of workers and, therefore, to provide them rights to social protection and access to credit and support. During a visit to the Agro-industrial Cooperative of the Che Guevara Settlement (COPAC), in the town of Ocara, it was

verified that the workers complained about the low income of the activity and about the difficulty to access other sources to complement the income. They claim that these are impediments for the welfare contribution. The low income problem was also faced by other cooperatives. It is common that the volume of the monthly withdraw (income paid to cooperative members) per worker in these cooperatives not to reach the minimum wage level.

Another important obstacle for formalization was the lack of accurate information regarding retirement rights to cooperative members: they were not aware in, by formalizing, they would lose their condition of special ensured of the Social Security. The workers knew that the law guarantee them the right to retirement by age to all citizens, regardless of contribution. But what they didn't know was if, when they start to pay and join the contributory retirement system, they would be relinquishing this right, as well as the right to other social programmes benefits, such as the Bolsa Família. This lack of information and the fear to lose rights nurture the resistance of rural producers to be registered in their work or even to participate as members of the newly-established cooperatives.

The concerns of the workers derived of their informality situation encompassed also matters related to the future of the youngsters (and women, and how they could join the cooperatives) and also the difficulties to access social security, in particular regarding the worker's health.

Second workshop

The second workshop was carried on March 2012, in Fortaleza. The meeting aimed bringing specialists and policy makers to establish a true information exchange with the local leaders about topics reported in the first meetings. Amongst the questions raised, there was the legislation related to cooperativism and to social protection, as well as general notions about solidarity economy and the advantages to adopt the statute of a cooperative organization (see box).

In this sense, they have dedicated to the explanations about the special ensured statute in the frame of the social security system. The category of special security applies to the rural workers who produce in the regime of family farming, without using permanent employees. It's also part of this category the spouses, the companions and sons older than 16 years who work with the family in a rural activity. The special ensured have the right to disability retirement, retirement by age, retirement by time of contribution, sickness-allowance, maternity pay, pension by death and incarceration-allowance.

PUBLIC POLICIES FOR SOLIDARITY ECONOMY

Solidarity economy us a way of organizing production that takes into account principles of solidarity, sustainability and social justice. The ventures can be organized as an association or as a cooperative. The idea to create a cooperative, in the context of the cashew cultivation sector, is that the workers' groups united have better conditions to produce more and obtain better prices for their merchandise, than they would if they were working in an isolated and informal manner, and having to depend on middlemen or be subject to the trade conditions imposed by large producers.

For this reason, the second workshop has brought presentations about this subject. Apart from clarifying the fundamental principles of the solidary economic ventures, it was offered to the participants of the event updated information from researches done on this type of ventures in the Brazilian context, and it was presented a panorama of the current situation of the construction of public policy for the solidarity economy.

Some aspects of the organization in an EES – Solidarity Economy Venture – sparked attention and helped to understand how this model can be the most adequate for the case of the workers of the cashew cultivation chain in Ceará.

Regarding the social aspects, the cooperative organization, which is the main legal form of the EESs, brings benefits such as the greater participation in the daily decisions of the organizations, direct elections of the board of directors and the definition of the surplus and the use of the cooperative's funds. The advantages of the cooperativism also relate to the economic efficiency, with the improvement of market access with fairer prices, the possibility of expanding the production scale, the improvement in the conditions of trading and acquisition of products and operational cost reductions.

As we have seen, however, in the own cashew cultivation chain experience in Ceará, the challenges abound in the initial phase of implementation and maturation of these organizations. In order to face them, there are currently under construction regulatory frameworks which are favourable to the development of the solidarity economy in the country. In particular, it is under discussion the draft of the General Law of Solidarity Economy, under the direction of the National Secretary of Solidarity Economy (SENAES).

The law seeks to establish a definition of solidarity economy, as well as to define priority axis for the actions to foster these experiences. Currently, the main actions relate to the encouragement of education, training and technical assistance, to the promotion of access to credit services and financing, to foster the commercialization and fair trade and responsible consumption conditions, incentive to recover companies by workers organized in self-management and, also, to support the research, development and technology transfer.

Another project highlighted relates to the General Law of Cooperativism, which seeks to replace the current law (nº 5,764/71) for a more modern and effective text that not only regulate the functioning of the cooperatives, but also create adequate mechanisms to encourage the organizations development.

At the same time, there are projects under discussion at the Chamber of Deputies that relates to the more adequate tax legislation for the cooperatives (see the main regulatory frameworks on Solidarity Economy in the following table). In synthesis, there is a complementary law draft (PLP 386/2008) who defines the cooperative act and establishes the incidence or the tax exception in all administrative levels, and the Ordinary Law (PL 3,723/2008) who regulates the basis of the incidence of each federal tax, according to the cooperative's branch of activity.

In particular it was clarified that the participation as a cooperative member or a director of a rural cooperative constituted exclusively by special ensured workers is provided in the legislation and does not exclude the worker of this category, ensuring him/her the welfare protection.

The presentations were done by José Maurício Ribeiro de Araújo, of the Social Security Secretary, from the Ministry of Social Security; by Vanderley Maçanero, from the National Association of the Tax Inspectors of the Department of Federal Revenue (ANFIP). Sandro Pereira, from the Institute of Applied Economics Research (IPEA), has offered an introduction to solidarity and Marcelo Mauad, from UNISOL-Brasil, has deepened the questions about cooperativism and solidarity economy. Lastly, Raimundo Nonato, from the National Institute of Social Security, presented the Welfare Education Programme.

SOLIDARITY ECONOMY REGULATORY FRAMEWORK

Social Cooperatives Law (nº 9,867/1999)	The law establishes the fundamental principles about the social cooperatives that are constituted by disadvantaged people in the labour market. It currently on the regulation stage.
Recovery and bankruptcy law (nº 11,101/2005)	Regulates the judicial and extrajudicial recovery and the bankruptcy of the natural person and judicial person. The article 50 deals on the recovery possibility of recovery of company by the workers organized in self-management.
Especial Regime Encouragement for the Infrastructure Development (nº 11,488/2007)	The law serves to the cooperative societies the benefit provided by the Complementary Law 123/06 for small enterprises in procurement processes.
Tax laws drafts (PL 386/2008 and PL 3,723/2008)	The complementary law draft 386/2008 seeks to regulate the most adequate taxation for the cooperative action, and rules on the incidence and exemption of taxes. The Ordinary Law draft nº 3,723/2008 rules on the taxation treatment applied to the cooperatives on the federal level.
Credit Cooperative Law (nº 130/2009)	Sanctioned in 2009 by the president of the Republic, the law recognizes on the credit cooperativism a single system and establishes incentives for the institution of a Credit Cooperative National System. For the cooperatives, the law also guarantees isonomy of operational conditions in relation to the traditional financial system.
Work Cooperatives Law (nº12,690/2012)	The law rules on the functioning of work cooperative, establishing how the main organization form organization and legal structuring of the Solidarity Economy ventures. The text establishes rigorous mechanisms to curb fraud in relation to the labour law. At the same time, it creates the National Programme of Work Cooperative Foment. The law, nonetheless, still needs to be regulated by one or more presidential decrees.
Asset lease law draft	Adds a provision to the Law of Recovery and Bankruptcies (nº 11.101/2005) to rule on the leasing and lending of goods and rights of a company undergoing a process of bankruptcy by the cooperative's employees.

Training workshop

The third workshop, carried in May 2012, sought to tackle one of the most urgent questions raised by the cooperative workers: the question of the improvement of the production process, of the commercialization and of the access to credit.

After the visit of DIEESE and Unisol specialists to the ventures, the workshop discussions analysed the evolution of the cooperatives and raise data for the formulation of a business plan. The event provided important elements for the cooperative members themselves, but also for the DIEESE and Unisol specialists, who had the opportunity to determine the diagnostic about which the obstacles are and which actions should be made to solve them.

Action plan

The debates, the information exchange and the dialogue amongst workers, specialists and policy makers were only a part of the project. The idea was that those discussions unfold into concrete consequences and mobilized the cooperative members themselves and policy makers to act aiming at solving the problems. Thus, each meeting or workshop would close with clear action assignments.

Already in the first workshop, in 2011, the groups of workers and representatives of partner organizations (FBB, INSS and Ministry of Social Security) elaborated proposals to encourage the formalization in the cashew cultivation chain. The measures were divided into themes, also referred by the execution deadline type (short, medium or long terms) and was determined the responsible organization for carrying out the actions.

The main themes were the following:

1. Actions for sensitization for the importance of formalization; information dissemination and publicity of public policy;
2. Elaboration of bill drafts for cooperative;
3. Labour questions;
4. Expansion of the number of cooperative members;
5. Measures to encourage the registered hiring;
6. Viability of the economic activity.

Each of the work groups – one formed by the cooperative members, the other by specialists of the partner organizations – have suggested concrete measures to comprise the action plan.

The first them, linked to the information dissemination, the central cooperative partners (Copacaju) suggested the short term, the government bodies (INSS, Ministry of Rural Development, Ministry of Social Security) and well as DIEESE would seek to contact local media, such as community radios and newspapers. The Copacaju workers suggested that unions, DIEESE, FBB and the municipalities themselves could promote meetings, workshops and seminars to promote public policies, on the short and medium term.

In turn, the partner organizations suggested that, on the medium term, apart from lectures, other formats, such as videos and theatre could be used to disseminate information about formalization and cooperativism. They have suggested, also, that the activities were articulated amongst INSS, unions, DIEESE and the producers, who would also count with the help of FBB. Another suggestion was the elaboration of an informative website, to be developed by Copacaju itself, with the support of FBB, containing news about the bimonthly of the central cooperative's managing committee.

Regarding the cooperative regulatory framework, the cooperative partners have suggested that they could develop, on the medium term, a bill proposal specifically for the family farming cooperatives, while the managing organizations' specialists suggested that the union centrals, DIEESE and MPS, on the short term, make an effort to elaborate bill proposals for second degree cooperatives so that their partners can be recognized as special ensured of family farming.

In order to support the labour matters, the Copacaju cooperative partners have also suggested that the DIEESE should be kept responsible for raising data on informality in the sector and about the legal situation of the cooperative members. In turn, the partner organizations have suggested that the information update on the labour rule change should be done.

When registered work matter is concerned, the cooperative members have suggested a change in the taxation framework to reduce the cooperative workers' social charges; on the other side, the specialists from partner organizations suggested that the cooperative could seek formalization of the staff that is not part of the main activity of the cooperative.

In order to promote the economic viability of the cashew cultivation, the cooperative partners suggested that one could search for the establishment of differentiated criteria that would facilitate the access to credit for the family farmers organized in cooperatives. In turn, the representatives of partner organizations suggested a joint effort to reduce the production costs, access working capital and search for the organic and solidarity economy certifications.

In the last workshop, on May 2012, the participants of the event have decided to prioritize the following measures, in order to leverage the production and distribution capacity, considering the specificities of a solidarity economy cooperative:

- Elaboration of an analysis of the recent financial data,
- Associative dimension analysis,
- Market analysis
- Discussion and proposal of an updated business plan.

Results and perspectives

With the creation of the social dialogue space, one sought to contribute to the improvement of the work conditions and relations in the cashew cultivation chain in Ceará, as well as to foster cooperativism as a form of production. Apart from the innovative manner to identify and act over the problems, the Cashew Cultivation Pilot in Ceará has brought very significant objective results.

From the workers point of view, the initiative that has involved ten singular cooperatives that had been constituted on the 2000s, allowed the management of their activities taking into account the farmers' social and welfare rights in the condition of special ensured of the Social Security in the current legal framework. This means that all of the 381 cooperative members started to work without the fear of losing their framing in the special ensured condition, in other words, conscientious of their rights about the importance of formalization of their work relations and of the cooperatives themselves.

Furthermore, the discussions and issues that were brought to light during the workshops and seminars showed that the lack of information about the retirement rules (situation that discouraged formalization) is a problem that was not restricted to workers involved in the pilot-project in Ceará.

Therefore, DIEESE, in partnership with IBD, Multilateral Investment Fund (FOMIN), MPS and FBB launched a booklet that summarized, in accessible language, the most frequently asked questions of the cooperative members and the answer of the specialists of the Ministry of Social Security, about rights of the formal cooperative members formed by small family farmers to the social protection system, in particular, regarding the retirement right.



Cover of the orientation booklet published by the DIEESE to promote formalization

Initially, 6,000 copies there has been published and distributed to unions and cooperatives across the national territory. Besides, the publication is available, free of charge, at DIEESE website, for downloading of consultation: www.dieese.org.br/projetos/informalidade/cartilhaProtecaoSociaParaCooperativismo.pdf.

PILOT PROJECT PARTICIPANTS IN THE SECTOR OF CASHEW CULTIVATION

- ANFIP (Association of the Tax Inspectors of the Department of Federal Revenue)
- APABV RN (Rural Producers Association of Bebida Velha)
- APAFU
- ASCOCE (Cendro's Community Association)
- Producers' Association
- Copacaju Cooperatives Central
- Coopanei (Production, Technical Assistance and Trade Cooperative)
- Coopangi
- Agro-industrial Cooperative of Aroeira Vilany (Copav)
- Agro-industrial Cooperative of Regional Fruits (CoopFrutos)
- Zé Lourenço Agro-industrial Cooperative (Copazel)
- COPAC /Ocara (Agro-industrial Cooperative of the Che Guevara Settlement)
- Copalace
- COPANH /Tururu (Novo Horizonte Agro-industrial Cooperative)
- COPASAT (Service Provisioning and Assistance Cooperativa)
- Fettrace (Labour Federation of the Commerce and Services Workers of the State of Ceará)
- Força Sindical
- FBB (Bank of Brazil Foundation)
- INSS/Messejana
- National Institute of Social Security (INSS)- Welfare Education Programme
- IPEA (Institute of Applied Economics Research)
- M.S. Accounting
- Ministry of Social Security
- Mova-se
- NCST (New Central Labour Union)
- Seeb-CE (Bank Workers Union of Ceará)
- STI Shoeware
- UFC (Federal University of Ceará)
- UGT/CE
- UNISOL –Central of Cooperatives and Solidary Ventures

2.1.4

SOCIAL DIALOGUE UNDER CONSTRUCTION: the experience of the pilot-project of the construction sector in Curitiba and Salvador

The construction industry in Brazil is of the most important sectors of the country. And it is also one of the most dynamics of the last decade: in 2000, it employed 4.6 million people. Ten years later, the construction employed 6.3 million workers – a 34% increase in 10 years. This means that in 2010, no less than 8% of the working population was in this segment.

The economic role of the construction industry sector is still greater for its nature: apart from the being labour intensive, it also absorbs a great contingent of workers with low educational level. However, in general, the income of the workers of the sector is also low: 75% of the construction industry workers earn less than two minimum wages per month.

NUMBER AND DISTRIBUTION OF THE WORKERS IN THE CONSTRUCTION INDUSTRY IN BRAZIL, BY LEVEL OF GROSS MONTHLY INCOME OF THE MAIN JOB - 2010

Gross monthly income	nº	%
No income	18.062	0,3
Up to 1/2 minimum wages (MW)	368.281	5,8
More than 1/2 up to 1 MW	719.929	11,4
More than 1 up to 2 MW	3.629.419	57,6
More than 2 up to 5 MW	1.243.450	19,7
More than 5 up to 10 MW	195.186	3,1
More than 10 MW	91.391	1,5
No record	32.710	0,5
Total	6.298.429	100
Average	1.146,44	
Median	777,66	

Source: IBGE Census

The good news is that the growth trend of number of formal jobs, which characterized the last decade in Brazil, has also happened in the construction industry. If in 2000, 26.4% of the workers of the sector were registered workers, in 2010 this share has increased to 36.6%. This rise in participation meant, in absolute terms, 1.1 million more workers over a decade – in other words, the contingent of registered workers almost doubled, going from 1.2 million to 2.3 million, surpassing, thus, the number of unregistered employees.

However, despite of this advance, the sector still remains with a high number of informal workers, without any type of social protection. In the beginning of the past decade, one for every three workers in the construction was informal. Despite of the advance in the formalization in the sector in the 2000s, the construction industry has finished the decade with about 1.6 million unregistered workers, according to IBGE. In ten years, this meant a modest growth (5%), but it still means that around one of every four workers of the construction industry has no access to any form of social protection.

NUMBER OF WORKERS IN THE CONSTRUCTION INDUSTRY IN BRAZIL, BY POSITION IN THE JOB, PROPORTION AND VARIATION - 2000 AND 2010

Position in the job	2000		2010		Variation (2000-2010)	
	nº absolute	% of the total	nº absolute	% of the total	absolute	in %
Employees	2.714.382	59,6	3.890.076	61,8	1.175.694	43,3
Registered	1.204.905	26,5	2.305.294	36,6	1.100.389	91,3
Unregistered	1.509.477	33,2	1.584.782	25,2	75.305	5,0
Self-employed	1.712.537	37,6	2.300.265	36,5	587.728	34,3
Employers	88.057	1,9	74.400	1,2	-13.657	-15,5
Unpaid	38.457	0,8	33.690	0,5	-4.767	-12,4
Total	4.553.433	100,0	6.298.431	100,0	1.744.998	38,3

Source: Own elaboration from IBGE's Census data

According to the data from the National Survey by Household Sample (PNAD) of IBGE, in 2011, out of the 7.3 million workers employed in the sector, almost 57% (or more than 4.1 million) were socially unprotected, i.e., had no access to any form of social security benefit. Only 43.1% of the employed workers (3.1 million people) are socially protected. The scenario on the construction industry is more concerning when we compare with the rest of the labour market, were about 70% of the workers are socially protected, according to the Ministry of Social Security.

WELFARE PROTECTION FOR THE WORKING POPULATION BETWEEN 16 AND 59 YEARS, BRAZIL, 2011

Categories	Total	%
Contributors RGPS (A)	46.535.803	54,4%
Contributors RPPS (B)	6.337.253	7,4%
<i>Military</i>	217.331	0,3%
<i>Statuaries</i>	6.119.922	7,2%
Especial Ensured ** (RGPS) (C)	6.679.860	7,8%
Non-contributors (D)	25.997.149	30,4%
Total (E = A+B+C+D)	85.550.065	100,0%
Beneficiaries non-contributors*** (F)	916.229	1,1%
Socially Protected Workers (A+B+C+F)	60.469.145	70,7%
Socially Unprotected Workers (D-F)	25.080.920	29,3%
Unprotected with income equal or higher than 1 minimum wage	13.986.190	16,3%
<i>Unprotected with income lower than 1 minimum wage</i>	10.162.399	11,9%
<i>Unprotected with unknown income</i>	932.331	1,1%

Source: PNAD/IBGE – 2011. Elaboration: SPS/MPS (adapted).

Thus, the inclusion of the construction sector as one of the action sites of the project coordinated by DIEESE, “Informality Reduction through Social Dialogue”, was of great relevance. Initially, the pilot-project of the construction industry sector was implemented in Curitiba, Paraná. In the second stage of the project, a new pilot of the sector was implemented in Salvador, Bahia.

Informality in the construction sector in Curitiba

In Paraná, the construction sector represents 6.2% of the workers of the State – it is the 5th largest activity in terms of employed workers in Paraná, just behind retail commerce, services, real state administration and food industry.

In 2001, 55% of the construction industry workers were informal in the State. This high incidence of informality in Paraná largely explains the generalized practice of the unfair competition through the violation of labour laws and basic safety and health norms at the work environment. This scenario motivated, in 2001, Sinduscon-PR (Construction Industry Union of the State of Paraná) and several public agencies and private organizations in Paraná to sign a cooperation agreement to face informality in the construction industry labour market.

Apart from Sinduscon-PR, other 20 organizations compose the committee of the Incentive to Formality in the Construction Labour Market Programme, amongst which Secovi (Housing and Condominiums Union of Paraná), the State Secretary of Labour, Employment and Social Promotion (SETP), and the Labour Prosecutor Office (MPT- Regional Labour Prosecutor of the 9th region), Industries Federation of Paraná (FIEP), INSS and DIEESE³².

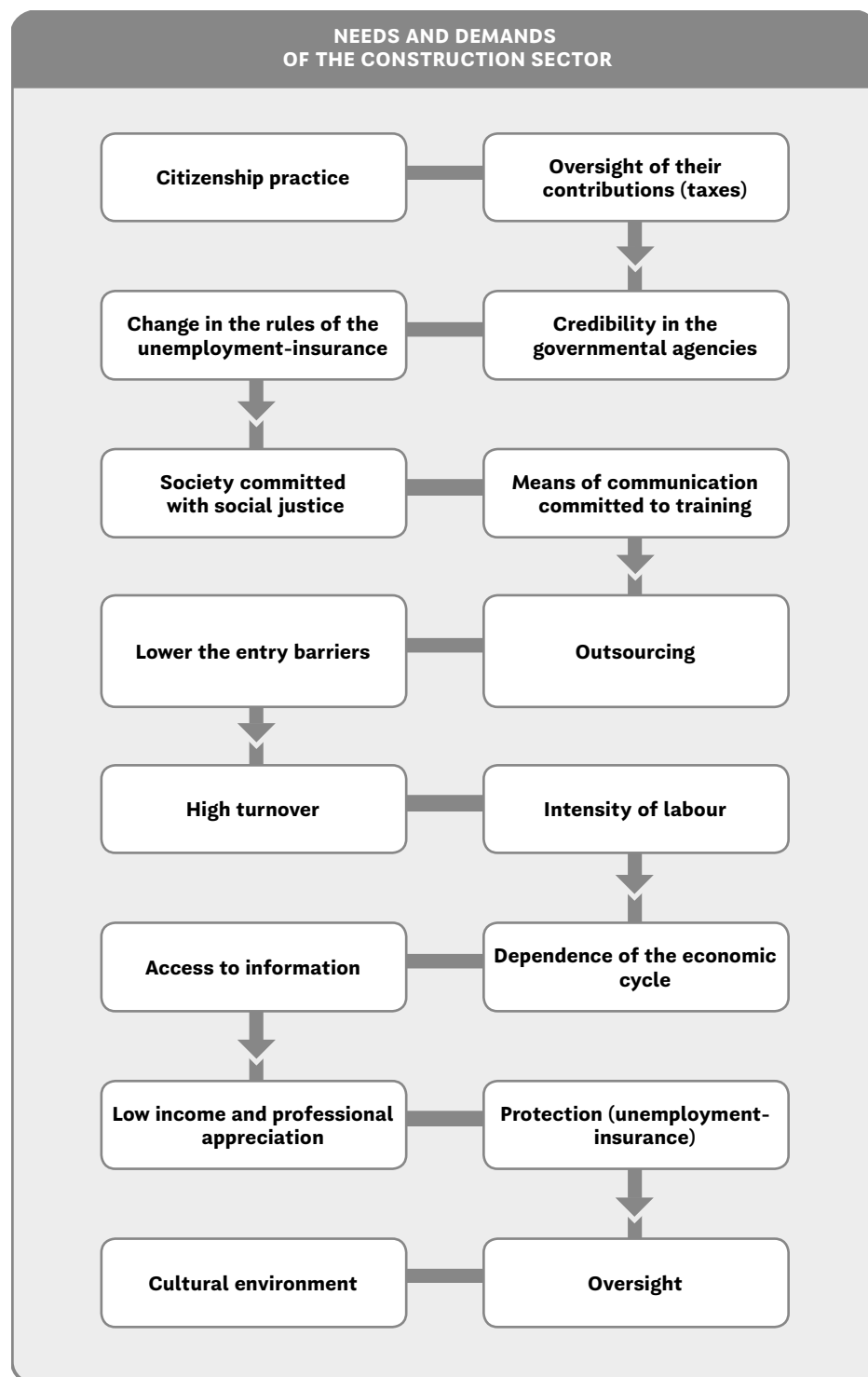
The aim of the social control initiative by the civil society was to establish assignments and proceeding to be adopted in order to promote encouragement actions for formalization and oversight of works carried in the State. The committee would meet on a monthly basis, with two main objectives: **1)** determine a visiting plan to construction sites to verify the norms and work security items and whether the workers’ register requirements were being respected, and **2)** to carry guiding seminars to companies, contractors and work owner, about the work security norms and labour legislation.

From the establishment of this unprecedented partnership – which gathered professional civil society organizations, workers and employers unions, labour prosecutor, and agencies of municipal, state and federal governments –, DIEESE selected Curitiba to host the first pilot-project of the construction sector, to join forces with this initiative.

Social dialogue under construction in Curitiba

The first activity of the pilot project of the construction sector in Curitiba took place in April 2010, when the technical director of DIEESE, Clemente Ganz Lúcio, presented to the participants of the project “Informality Reduction through Social Dialogue”. During the meeting it was discussed the informality issue, its several forms and the problems stemming from the lack of social protection. Sixteen organizations and government bodies have attended the first workshop, amongst which the CREA-PR, the Municipal Secretary of Labour of Curitiba and SEBRAE.

³² The other organizations that comprise the Committee are: Sinduscon-Norte (PR); Sinduscon-Norwest (PR); FIABCI; Sinduscon-West (PR); Sineltepar (Electricity, Gas, Water and Works Firms Union of the State of Paraná); Fundacentro (Jorge Duprat e Figueiredo Foundation); Crea-PR (Engineering and Agronomy Regional Council); Asbea-PR (Brazilian Association of Architecture Offices); Ademi-PR (Real State Companies Directors Association in the State of Paraná); Apeop-PR (Paraná’s Association of Public Works Entrepreneurs); Fetraconspar (Worker’s Federation on the Construction and of the State of Paraná); SRTE-PR (Labour and Employment Regional Superintendence) e IEP (Engineering Institute of Paraná).



In the second workshop, which took place in July 2010, also in Curitiba, the participants had the opportunity to reflect and debate about the main problems related to the issue of informality, as well as to report what were their expectations about the project. Amongst the expectations reported was the establishment of actions to foster the sensitization of the informal workers, institutional support provision to the initiatives, to be able to discuss measures to fight child labour, safety at work, professional training and exchange of experiences in the several institutions that were attending the event.

From the debates at the workshop, there were also raised the main demands, needs and problems of the sector – such as the high turnover and lack of protection – and the contextualization of the issue, summarized in the diagram **“Needs and demands of the constructions sector”**.

The participants have also debated the main causes of informality in the construction sector. Amongst the factors that could help to explain the precarious work relations one could point out to the lack of social security culture, the short-term view due the survival need, complacency of governments, outdated labour legislation and the alcoholism rate amongst the workers. The discussion of elements was important to determine the action plan of the pilot-project.

Action plan in the pilot-project of Curitiba

Five axis of action were established for the pilot-project of the construction industry sector in Curitiba, defining clearly the partner institutions and the deadline for the completion (when it is not the case of a permanent action).

The first action revolves around the issue of the construction permit. The proposal is to tie the concession of the permit to the monthly payment of labour charges, in case it does not happen throughout the construction). The idea is that a partnership could be forged between the Federal Revenue (Receita Federal) and the city hall, and that this dialogue between government agencies could be a permanent activity.

The second action is divided in two stages: first, it proposes the verification of the rules about release of public funding for constructions; next, it proposes to establish a rule that conditions this official funding transfer for every public work to the proof that the workers of the construction are in regular situation (formal).

The realization of a wide campaign, in national level, is the third action of the plan. In the local level, this campaign would aim to promote discussions with municipal institutions and agencies. On the national level, the initiative seek to accomplish a wide campaign to inform the population about the evolution of the construction work today, but also to clarify the general public about the benefits of being a formal worker. In more concrete terms, the action provided an audience with the Labour Prosecutor's Office and the mobilization of the local actors for the immediate promotion of the campaign, through the elaboration of information pamphlets intended to workers and the youth, but also promotion of the actions at the local press.

Another important action proposed during the workshop is to establish an articulation between government and companies regarding the procedures and rules for the releasing of the unemployment insurance. By this proposal the benefit would be released according to the labour demand, i.e., the information of the National System of Employment (SINE), of the Ministry of Labour and Employment, about the unemployed workers would be referred directly to the company that needs the worker. In turn, the unemployment-insurance would be associated also with the proceedings relative to the public intermediation of labour.

Finally, the fifth action provides the dissemination, on the national level, of the actions and of the functioning of the Formality Encouragement Committee as an initiative to guide and promote the formal work. The action would be done by the organizations that comprise the executive committee of the project, seeking to give visibility, on the other States and municipalities, to the experience of the pilot-project of Curitiba.

The importance of the pilot-project of Curitiba and the relevance of the construction industry sector for the economy and for the country's labour market in the country has motivated the development of a second pilot-project, this time in Salvador, and the heavy construction industry sector (and not in the sector of buildings construction sector, such as in Curitiba).

II Informality in the construction chain in Salvador

The construction sector in Bahia is one of the most important for the economy of the State, and, in 2010, employed 7% of all the workers – a share

close to the national labour market (8%). However, in the last decade, the labour market in the sector has shown a greater dynamism in Bahia than in the national average: the number of workers in the sector in the North-eastern increased 45.9% between 2000 and 2010, against 38.3% in the rest of the country. In absolute terms, this meant an increase of around 140 thousand people over the total contingent of workers in the construction sector in Bahia.

**NUMBER OF WORKERS IN THE CONSTRUCTION INDUSTRY, BY OCCUPIED POSITION
BAHIA - 2000-2010**

Occupied position	2000		2010		Variação 2000-2010	
	Absolute nº	% of the total	Absolute nº	% of the total	Absolute	%
Registered	80.280	26,5	164.732	37,2	84.452	105,2
Unregistered or self-employed	216.243	71,3	271.575	61,3	55.332	25,6
Total	303.191	100,0	443.326	100,0	140.135	46,2

Source: Own elaboration from Census data

Another good news is that the increase of number of jobs in the construction sector in the State was pulled mainly by registered workers: a 105.2% increase in ten year – greater even that the growth registered in the country as a whole (91.3%). This means that the proportion of registered workers in the sector in the state of Bahia went from 26.4% to 37.1% over the last decade.

Despite of the improvement, the scenario of the construction sector is still concerning: 63% of the workers are socially unprotected (unregistered) or self-employed, and about 90% of the employees earn less than two minimum wages (in the national level, in Brazil, this proportion is 75%).

The Metropolitan Area of Salvador is where it is concentrated the largest share of the work posts (176,000), according to the 2010 Census data, of IBGE. Throughout the decade, this contingent of workers has been migrating to the formal sector, as it also happened in the State and in the country. According to the Employment and Unemployment Survey (PED), of DIEESE, in 2011, 7.1% of the people employed in the sector were unregistered wagedworkers. This proportion was 18.9% in the year 2000.

DISTRIBUTION OF THE CONSTRUCTION WORKERS, BY POSITION IN THE OCCUPATION – METROPOLITAN AREA OF SALVADOR (IN %) - 2000 TO 2011

Year	Registered wageworkers	Unregistered wageworkers	Self-employed
2000	43,2	18,9	33,3
2001	43,9	17,2	34,9
2002	41,7	16,4	37,2
2003	41,3	15,8	38,6
2004	39,9	15,9	40,2
2005	37,8	14,6	44,5
2006	41,2	10,8	45,1
2007	44,8	10,2	42,5
2008	41,8	9,1	47,1
2009	41,8	8,8	47,4
2010	51,3	6,3	40,7
2011	52,8	7,1	38,3

Source: DIEESE/Seade; MTE/FAT; PED. Elaboration: DIEESE

Following opposite trend, the registered workers, who in the year 2000 represented 43.3% of the total, in 2011, have become the absolute majority: 52.8%, situation way better than in the State, where this proportion barely reaches 37%. The rest of the workers of Metropolitan Area of Salvador (38.3%) are self-employed, whose participation has also increased, from 33.3% in 2000, reaching 47.9% in 2009, before falling back in the last years. This increase, however, also means lower wages: the self-employed workers have, on average, a lower real salary 30% to 40% lower than the registered wageworkers, according to DIEESE.

In Bahia, the social security coverage, i.e., one of the forms of social protection served 61.8% of the population, lower, therefore, than the national average (70.7%). As we have seen previously in this chapter, in the construction sector this percentage is even smaller (43.1% of the workers are socially protected), and in Bahia the proportion of socially protected workers is even lower: 33.1%.

The informal workers of the construction sector do not have employment bond proof registered in their register, and, sometimes, despite the construction being regular in relation to the INSS (social security), the workers have no bond registered in the payment receipt of the FGTS collection and in the Social Security information system (GFIP). Therefore, the employee is kept socially unprotected,

in other words, without the welfare benefits. The unregistered worker is not entitled to the participation in profit sharing. Besides,, informality brings a worsen of work conditions, such as the lack of adoption of work safety measures, hygiene and health in the construction site, accomplished in the collective bargaining, engaged by the labour unions.

Thus, the State of Bahia, more exactly, the city of Salvador, emerged as a relevant location for the realization of the second stage of the construction pilot-project. This time, however, the focus was the production chain, considering also the heavy construction (roads, tunnels, ports and airports, bridges etc.). In the heavy industry in the State of Bahia, it is common the presence of informal workers in the sanitation, road and street paving, terrain levelling and pipelines.

It is true, nevertheless, that the heavy construction sector has some perverse work relations, such as the outsourcing, based on precarious work contracts and the lack of social protection. The forms of informal work relations that many times are found in the outsourcing go from 1) the lack of work register and the absence of social welfare tax collection; 2) violation of the collective work conventions as a whole and 3) the disrespect of basic norms of health and safety.

Social dialogue under construction in Salvador

The first activity of the pilot-project of the pilot-project of the construction sector has comprised meetings in November 2012, in Salvador, and in July 2013, in Rio de Janeiro³³.

Amongst the participant organizations since the beginning there were representatives of Força Sindical, of the Sintepav-BA (Labour Union of Road Building and Pavimentation Industry) and the Secretary of Labour Employment and Sport of the State of Bahia (SETRE), apart from the employer's sector: Sinduscon-BA and Sinicon.

Already in the first discussions, the participants have raised thoughts about the issue of informality in the heavy construction sector: in order to have positive impact, the project would have to take into account the sector's specificity

³³ Apart from counting with the support from FOMIN/BID, these activities were made possible due to the cooperation contract established with the Ministry of Social Security on April 11th 2013.

beyond the fight against unregistered work, and deal with more severe questions of work conditions, such as the professional education matter and the benefit collection (such as the FGTS).

After meetings and the project presentation, it was carried the workshops of the pilot-project. The first event happened in August 2013, in Salvador. The participants have watched an exposition about welfare protection in the construction sector; about the international action of workers from the industry; and about the National Tripartite Negotiation Table for the Work Condition Improvement of the Construction Industry (forum conducted by the General Secretary of the Presidency of the Republic). The event also counted with a representative from Sinduscon from Paraná, who presented in one of the debate panels his State's experience of the Incentive to Formality Programme.

Base on the discussions and on the debates, there were raised the diagnostics of the problems of the sector and they started to forge a local network of representatives of organizations committed to social dialogue to face informality.

Amongst the employers, the complaint is that, in the heavy construction, the biddings do not take into account, in the price composition of the work, the costs with security norms, collective labour conventions (CCT) benefits and environmental impact. Besides, they have complained about the high fiscal burden on the sector, and the excessive regulation and, still related the large works bidding, they have raised the issue that emerges when the small-size enterprise win the biddings but, after, cannot handle the legal processes.

Regarding the light construction (residential and commercial buildings), the complaints are similar. They add to that, also, the problem in smaller, private works that violate norms and legislations, apart from not being supervised. They have also pointed out that the excessive bureaucracy, fiscal burden and lack of information discourage the formalization of self-employed. Problems in the outsourcing (such as the lack of oversight by the hiring part) and the lack if criteria for the individual micro-entrepreneur inclusion in the company's register also appear as obstacles for decent and formal work.

From the government's point of view, the difficulty on the oversight and follow up of the sector's activity, apart from the absence of a monthly work register in a fiscal declaration document for the construction sector and firms in irregular legal situation. Another important problem is the short-termism of

the work bond – which hinders the benefit payment for the employers who work for short periods in each construction.

The workers representatives who were attending the workshop have focused on the outsourcing issue: they have stated that there is a large number of hiring of companies, by the work's construction companies, which do not follow the evaluation criteria of the respect of rights and social obligations to the workers, despite being priced. Another complaint relates to the fragility of the work bond, as once the work execution is completed, the workers are fired.

Finally, the activity debates raised some suggestions and measures to encourage formalization both in the heavy and light industries.

Demands e Measures

Inspection	Comitees	Control
Raise on the number of inspections from the Labour Ministry (Regional Labour Superintendency) and from Labour Ministry	Creation of worker comitees, employers, class entities and governmental organisms, similar to the Paraná case.	Improve the emission of debt clearance certificate (CND), paying attention at the construction beginning date and the quantity and identification of workers

Action Plan

The demands and suggestions serve as basis to guide the discussions of the project's action plan, and to discuss the initiatives in greater depth. The actions were concentrated in four main axes: the creation of the fight against informality committee; public authority mobilization for oversight; sensitization campaign about the welfare issue; and information collection to subsidize the committee.

Action	Responsible Organization
Creation of an execution committee for the fight against informality plan <ul style="list-style-type: none"> Joint campaigns to help the fight against informality Creation of a tripartite commission Discussion about bidding criteria 	Unions Partners: Social Welfare Ministry; Labour Ministry; Public Labour Min.; employer representants; Federal Revenue Office; Regional Labour Court; CREA; SEBRAE; FUNDACENTRO; TCU; SETRE etc.
Inspection <ul style="list-style-type: none"> Tax inspectors hiring Awareness visits to public managers from Federal Revenue Office, Regional Labour Secretary, Public Labour Ministry, INSS, Federal Accounta Court and CREA 	Sub-committee
Welfare Information Campaign <ul style="list-style-type: none"> Training for union leaders 	Unions and DIEESE
Information gathering for the Committee <ul style="list-style-type: none"> Law analysis (nº 11.780/2008) Change pro posais for the counterpart law to reduce tax burden (on payroll) 	FETRACOM, SINTEPAV and SITICCAN

Results and perspectives

The pilot-project of the construction industry in Curitiba and in Salvador generated some very concrete results of several types. The first one is the own articulation between pilot projects, with Paraná's social control experience mobilizing workers in Bahia to adapt and apply the initiative of the creation of civil society committees, in partnership with the public authority, to encourage formalization and oversight of work conditions at the construction sites. The possibility of implementing Paraná' initiative in another state, taking into account the specificities, could represent an important precedent and create new perspectives for future disseminations in other regions of the country.

The second result was the elaboration of an orientation booklet for wide distribution – product of the pilot-project of Curitiba. The material is available free of charge at DIEESE's website, for downloading and for consultation (<http://www.dieese.org.br/projetos/informalidade/cartilhaCuritiba.pdf>.)



Cover reproduction of the informative booklet of the Programme of Incentive to Formality in the Construction Labour Market

In the case of Curitiba, where not only the project has started earlier, but also there was in place a previous experience, the results could be observed in the following initiatives: after the intervention of the Committee, they estimate that the proportion of registered workers to have increased by 15 points, totalizing 63% of Paraná's workers (without the committee's intervention, this share would have dropped to 48%). Besides, more than 300 formalizations were completed between 2010 and 2012, as a direct result of this initiative.

FORMALITY INDEX IN PARANA

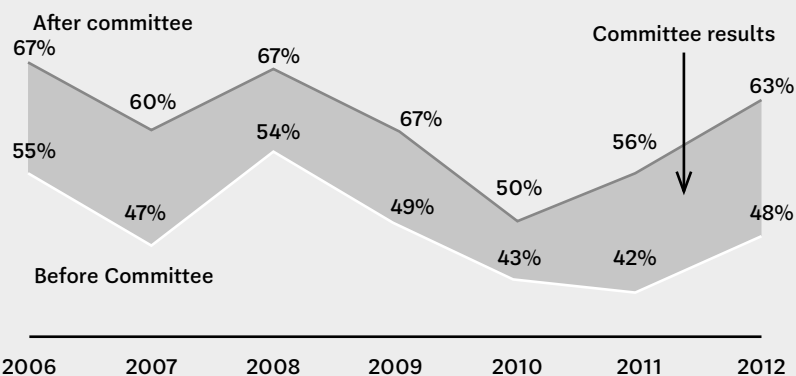
Year	2006	2007	2008	2009	2010	2011	2012
Visited sites	1175	1455	1098	1175	1688	1824	1369
Total employees	10890	10122	7408	8878	12357	12963	10079
Registered employees before visit	6004	4795	4262	4380	5367	5454	4824
Informal employees before visit	4886	5327	3146	498	6990	6357	5257
Registered employees after visit	1291	1293	673	944	614	1752	1451
Total registered employees	7295	6088	4935	5324	6181	7206	6335
Formality before the Committee	55%	47%	58%	49%	43%	42%	48%
Formality after the Committee	67%	60%	67%	60%	50%	56%	63%

Source: Sinduscon-PR

increase of 15%

On April 2012, a national dialogue body dedicated exclusively to deal with the theme of construction was created: the “National Tripartite Negotiation Table for the Work Condition Improvement of the Construction Industry” (Joint decree nº 254). Comprise this forum, government and civil society representatives of the construction sector. As the name suggests, this political space of interlocution is composed by three societal segments (i.e., is comprised by representatives of the federal government, of workers and of employers) and each segment has equal weight.

FORMALITY INDEX IN PARANÁ CHART



Source: Sinduscon-PR

The government is represented in the National Table by the Secretary-General of the Presidency of the Republic, apart from the Chief of Staff, the Ministry of Labour and Employment, Ministry of Social Security, Ministry of Sport, Ministry of Planning, Ministry of Education, Ministry of Social Development, Ministry of the Cities, Ministry of Mines and Energy, Ministry of National Integration and by the National Secretariat of Human Rights.

On the civil society side, the main union centrals acting in the sector (CUT, Força Sindical, UGT and NCT) signed the document that has created the space, entitled “National Pact for the Improvement of the Work Conditions in the Construction Industry”.

These documents bring the list of rules that should be adopted by employers and employees of the sectors. In total, 20 companies, 20 construction sites, 28 union representations have joint the pact by the end 2013. There are six items in the covenant:

- Recruiting, pre-selection and selection: restraint of middlemen and precarious hiring;
- Training and qualification: guarantee the worker’s professional qualification and training in themes such as citizenship and worker’s rights;
- Health and safety: provides strategies to comply with the current legislation in order to implement additional workers to prevent accidents and diseases;
- Union representation: recognizes the importance of unions and wide space of dialogue;
- Work conditions: establishes standards of relations and social compensations every time that there is any change in the people’s lives or in the environment of the neighbouring areas of the construction.

ANEX: PARTICIPANTS OF THE PILOT-PROJECT DO SETOR DA CONSTRUÇÃO

- Agência Curitiba
- ANFIP
- CGTB
- CNTI
- Municipal Employment Council (Curitiba)
- CREA-PR
- CTB
- CUT/PR
- FAS/PMC
- FETRACOM-BA
- Fetraconspar
- Força Sindical
- Ação Social Foundation
- FUNDACENTRO/TEM
- ICM
- INSS (Curitiba)
- IPEA
- MDS/SAIP
- MPS
- NCST
- Federal Revenue of Brazil (Receita Federal do Brasil)
- SEBRAE
- General-Secretariat of the Presidency of the Republic
- Municipal Secretary of Labour (Curitiba)
- SESI-PR
- SETRE (Bahia)
- Clothing Labour Union
- SINDUSCON-BA
- SINICON-PR
- SINTEPAV
- SINTICESB
- Sismucol-PR
- SITICCAN
- UFPR
- UGT-PR

2.1.5

FORMALITY, BARS AND RESTAURANTS: the pilot-project of the food services sector in Natal, Rio Grande do Norte

Over the last decades, good winds have blown in favour of the tourism sector in Brazil. A recent survey has revealed that, in 2012, the 80 largest companies of the segment earned R\$ 57.6 billion and employed 116,000 workers in

the 27 federative units of the country, according to the Ministry of Tourism³⁴. The sector increased 13.1% in comparison to the previous year.

The growth and employment prospect for the sector remains positive at least until 2016, due to the important sporting events that will happen until then: the World Cup and the Olympic Games.

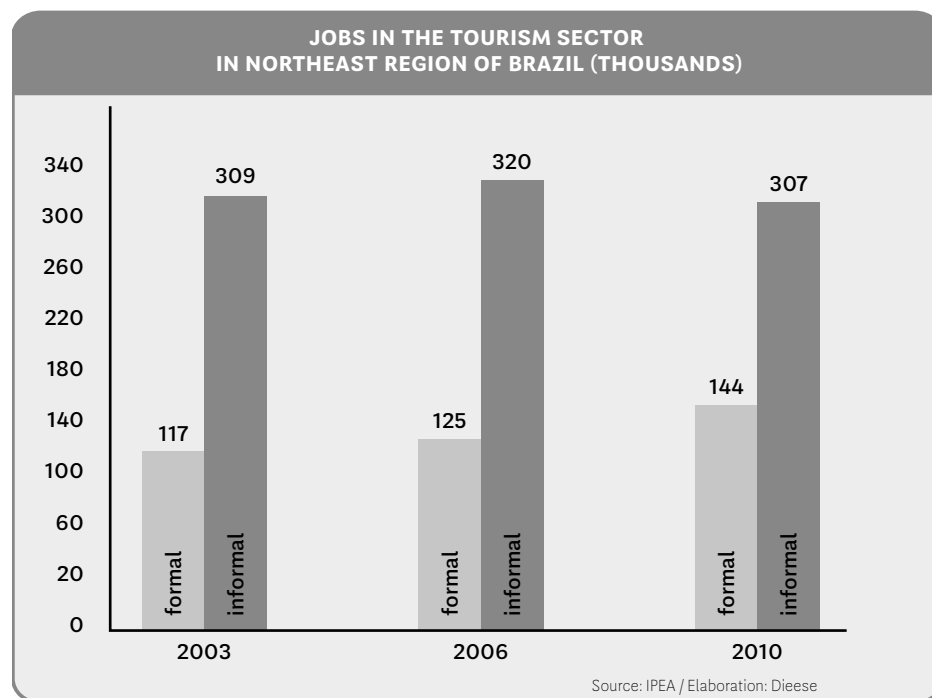
A broader survey carried by IPEA in association with the Ministry of Tourism show that the sector, in general, has a high number of informal work. In 2010, the formal occupations summed 890,000, or 43% of the total, while the informal occupation totalled 1.105 million, or 57%. Analysing the composition by activity segment³⁵, one observes that the food sector is responsible for the greater proportion of the employed in the tourism sector, out of which 38.9% of the workers are formal and 67% of the total are informal. Therefore, the bars and restaurants sector stands out as a very pertinent activity to carry out initiatives to encourage formalization.

Regarding the Northeast region of the country, where the area of the pilot is located, and the number of formal jobs increased from 117,000, in 2003, to 144,000 in 2010. On the other hand, the informal employment had a small decrease, going from 309,000 to 307,000 in the same period.

The food sector is also the mains employer amongst the tourism activity segments in the Northeast. Regarding the formal employment, the food ventures occupy 34.9% of the tourism work force, followed by accommodation (37.4%) and terrestrial transportation (11.8%). This proportion is even larger when one considers the informal work force. In this case, the food sector' share jumps to 68.8% of the job posts, justifying, thus, the choice of the segment of bars and restaurants to comprise the pilot-project.

34 Source: Annual Survey of Economic Juncture of Tourism, published by the Ministry of Tourism and Getúlio Vargas Foundation. It is a thorough analysis made by the companies themselves.

35 The survey conducted by IPEA separates the different tourism segments called Typical Tourism Activities (ACT): accommodation, travel agency, transportation, transportation leasing, transportation assistance, food sector, culture and leisure.



For the State of Rio Grande do Norte, IPEA data reveal a formalization trend, as there is a faster growth of the number of formal employment generation than of the informal jobs. The number of formal jobs in tourism grew 32.8% from 2003 to 2010, while the informal work increased by only 10.2%.

When we observe the composition of the tourism job posts by activity, the State differs slightly to what happens in the country and in the Northeast region. The activity that has more formal employment is accommodation, with 45.2%, followed by the food sector, with 30.7%. The third place is the transportation rental, with 9.2%. However, analysing the informal occupation, the food sector takes the lead again, with a 68.8% share, reinforcing the relevance of promoting the formalization and the actions that strengthen the social protection of workers.

Apart from the high incidence of informality, the workers from the sector struggle with low income. One can observe a strong employment concentration on the income threshold of up to two minimum wages, both in Brazil (68%) and in the Northeast (82%). Particularly in the food segment activities, there is still

more fragility in this aspect. Out of the total employed in the food sector, in the Northeast region, 94% earn up to two minimum wages.

We can add to this fragility scenario a high degree of lack of social protection. According to the Ministry of Social Security (MPS), in 2011, 502,700 people, or 39.8% of the employed workers of the State of Rio Grande do Norte were not socially protected. Still according to the MPS' survey, considering the unprotected workers who have contribution capacity for earning income equal or higher than the minimum wage, one observe that there are 90,400 unregistered wageworkers and 111,400 self-employed workers. We confirm from these data an important potential for formalization of these workers in the State.

PNAD data from 2011 allow us to get closer to the reality of the scope area of the project-pilot. Analysing the profile of the occupied in the subsector of bars and restaurants, we notice that 31,100 workers, or 55.9% of the total, do not contribute for the Social Security in Rio Grande do Norte. It is interesting to see that the non-contributors, and not "non-beneficiaries" of the Social Security added up to 28,800 people, out of which 14,900 women and 13,800 men.

In terms of income, almost 65% of the occupied in this subsector earn up to one minimum wage, and the majority of the workers in this wage band are women.

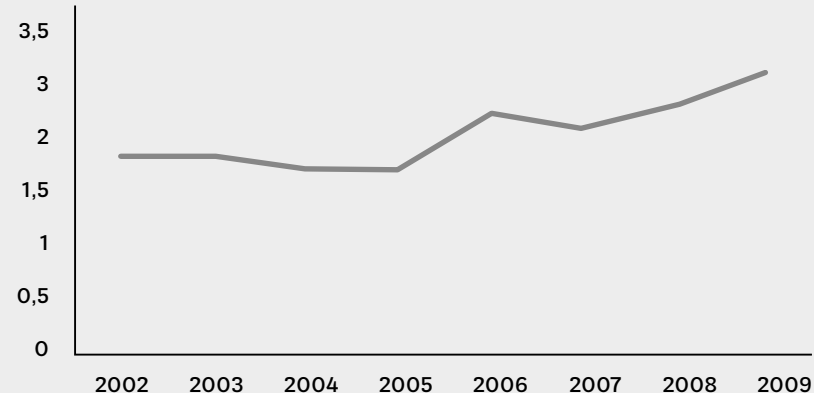
EMPLOYEES IN BARS AND RESTAURANTS IN THE STATE OF RIO GRANDE DO NORTE WHO ARE NOT CONTRIBUTORS, BY SEX AND INCOME BAND

Income band	Total	% over total	Feminine	Masculine
Up to 1 minimum wage (MW)	18575	64.6	10786	7789
Higher than 1 up to 2SM	5993	20.8	2397	3596
Higher than 2 up to 3SM	2397	8.3	599	1798
Higher than 3 up to 5SM	599	2.1	599	0
Higher than 5	1198	4.2	599	599
Total	28762	100	14980	13782

Source: PNAD 2011

The bars and restaurants in Rio Grande do Norte has presented in the last decade the same growth trend of the tourism sector in Brazil. In added value terms, there has been a consistent growth rate since 2002.

ADDED VALUE SHARE (%) TO BASIC PRICES "HOSPITALITY AND FOOD"-
RIO GRANDE DO NORTE - 2002 TO 2009



Source: IBGE - regional accounts/Elaboration: DIEESE - RN

In Natal, the accommodation and food sectors are almost as important as the construction and in terms of work and employment. It was the responsible, according to the 2010 Census, by 6.2% of the workers employed in the municipality, which is the equivalent of 22,355 workers. The construction industry employed 6.7% of the all workers.

Out of the total workers in this subsector, we observe that 74.5% are wagedworkers and 20% are self-employed workers. Out of the wagedworkers, 23.1% were unregistered workers, according to the Census 2010 data, a significant result that worries the local labour union movement. The share of unpaid workers acting in small family units is small: 1.5%, or 344 people.

Despite of the significant presence of informality, in the last years, similarly to the national context, there was a strong formalization of employment trend. According to the Annual Record of Social Information (RAIS) of the Ministry of Labour and Employment, in Natal there was a 44.7% growth in the period that goes from 2006 to 2011, totalizing 9,401 formal employments.

Social Dialogue

The visits and workshops promoted in the framework of the pilot-project were fundamental for complementing the informality sector diagnostic in the bars and restaurant of Natal, once they sought to identify aspects particular to

the local reality. In order to accomplish such task, it was very important to listen carefully the different contributions of each participant actor in the activities.

The first workshop of the pilot project was carried in Mary 2013, in Natal, with important participations of representatives from the Ministry of Social Security, the INSS, the Hospitality Commerce Employers Union of Rio Grande do Norte, IPEA, Sebrae, Senac, Brazilian Association of Bars and Restaurants (Abrasel), FECOMERCIO/RN, apart from autonomous professionals of the food service and events. Presentations were made about the recent labour market scenario in the Brazilian tourism, about social protection in the State of Rio Grande do Norte and about data of the hospitality sector. Other expositions were more specific about the local reality and presented the characterization of Natal's bars and restaurant sectors and the profile of the visiting tourist.

The diagnostic collectively built resulted in the following scenario of demands and challenges to be faced:

- The regional labour market does not allow, in general, the access to decent jobs
- Many employees prefer to work as an extra, for the informal hiring allows greater immediate income;
- Many firms encourage the informal work paying "on the side" a part from the salary or even without work register;
- There is a high turnover due to the lack of career improvement;
- The sector seasonality can encourage informality
- There are low incentives to professional training
- Experienced workers are hired for less jobs that require lesser qualification, so that employers can pay smaller salaries;
- There is a lack of information (amongst workers and employers) about the existing public policies for the incentive to formalization;
- The excess of red-tape, the legislation complexity and the high costs hinders, and, in some cases, blocks the formalization growth amongst workers and small ventures;
- The lack of oversight facilitates the proliferation of informal work and ventures;
- The inefficiency of public policies focused in basic education affects the access to information and consequently, to the awareness of rights and duties by workers and employers;

- Lack of coordination and dialogue between government agencies, which results in an insufficient promotion of the good policies of formalization incentive.

FORMALIZING THE SMALL VENTURES THROUGH PUBLIC POLICIES

Since 2009, a greater social inclusion and welfare coverage are the goals of the Individual Micro Entrepreneurs programme. The regulatory mark of the MEI was instituted by the Complementary Law nº 128, of December 19th 2008, which became effective from mid-2009.

The MEI programme fosters the formalization by simplifying the costs of a series of procedures necessary to obtain the establishment's registration.

Indeed, the formalization started to be done through the internet (www.portaldomepreendedor.gov.br), by obtaining the National Judicial Person Register (CNPJ), the Condition MEI Certificate, which works as a provisory licence and operation permit.

Apart from guaranteeing the access to social security to thousands of workers, the formalization will also ensure the exertion of professional activities with safety, allowing the access to lines of credit, the tax invoices, amongst other benefits.

For an autonomous worker to be considered a MEI, he/she has to be framed in certain criteria:

- Must have annual revenue up to R\$ 60,000;
- Must not have participation in another firm as a partner or as the owner;
- Must not have more than one employee hired, who should earn the minimum wage or the job category minimum wage;
- Must exert one of the activities determined by the legal framework of the programme;

In order to guarantee the different benefits, the MEI should be responsible for the following obligations:

- Collect R\$ 33.90 (5% of the minimum wage) for Social Security;
- Pay R\$ 1 by way of ICMS, a State tax for commerce or industry, in case he/she must pay this tax;
- Pay R\$ 5 by way of ISS, a municipal tax for service provision, in case he/she must pay this tax.

The welfare benefits are the same ones from the ensured of the General Regime of Social Security: maternity salary, sickness-allowance, special retirement, by disability and by age, pension by death and incarceration-allowance. The sole exception is made in relation to the obtaining of retirement by contribution time. This last benefit can be obtained in case the MEI complements the period with 15% over the calculation basis.

In total, 467 work occupations can fit in the MEI category. Some of them are: tailor, craftsman, barber, tire fitter, carpenter, locksmith, micro-traders, seamstress, electrician, plumber, bootblack, gardener, car washer, manicure/pedicure, joiner, popcorn seller, ice cream seller, weaver, greengrocer, amongst others.

With the goal of advancing in the formulation of public policies for the advancement of formalization and social protection of the food, bars and restaurants sector of Natal, a common agenda of actions was defined the several social actors participants of the workshops carried in the framework of the project. Thus, priority themes for action were defined, as well as the responsible institutions for the mobilization and strategies proposal.

ACTION	RESPONSIBLE
Articulate a national policy for simplification (unite the social register) with the Micro and Small Enterprises and the MTE (dialoguing with the government, National Congress and segments involved)	CONTRACS/CUT SINDHOTELEIROS RN and Mossoró SHRBS MPS
Disseminate the information about informality through primary schools and through the professional and managerial training for the bars and restaurants sector	MEC State and Municipal Secretary of Education SENAC SEBRAE
Promote citizen sensitization campaigns about the negative impacts of informality over the MEI	SINDHOTELEIROS RN and Mossoró ABRASEL SHRBS SEBRAE
To institute a discussion forum about seasonality focusing on entrepreneurial education and professional training for the worker	SINDHOTELEIROS RN FETRACOM/PBRN CONTARCS/CUT
To broaden and articular the public policies by the implementation of the DIEESE's methodology of the "Dialogue to Formalize" project	DIEESE
To implement the oversight of the tourist points of -Natal. Promote the public hearing about the subject.	ABRASEL
To form a management group to discuss the odd job formalization in the bars and restaurants sector. Disseminate material about the topic.	ABRASEL SINDHOTELEIROS RN e Mossoró DIEESE
To promote reflections in specific work groups to discuss the excess of bureaucracy and the fiscal burden for the micro and small enterprise of the sector.	ABRASEL SEBRAE CONTRACS/CUT DIEESE

Results and perspectives

The "Bars and Restaurants" pilot-project allowed the sensitization of a significant number of workers regarding problems related to the situation of informality. An important advance was made, in particular in providing knowledge about welfare system and its many benefits, as well as the different ways to carry out formalization.

In order to mobilize a social network of people and institutions com-

mitted to the facing of informality, the project has created a Management Group responsible for the mobilization and articulation of the actors involved with the issue in the bars and restaurants sector. The participants of the Management Group are comprised by the Federal Institute of Education Science and Technology of Rio Grande do Norte (IFRN), the Brazilian Association of Bars and Restaurants (ABRASEL), the National Service of Commercial Learning (SENAC) and Natal's Hospitality, Bars, Restaurants and Similar Activities Labour Union (SINDHOTELEIROS/RN).

One of the first successful actions accomplished was the realization of workshop in federal technical schools in the Metropolitan Area of Natal, to debate with students, future professionals of the sector, matters related to the informality. Issues were discussed, such as formalization through the MEI programme, the possibilities of access to credit, the importance of social protection amongst other themes.

Furthermore, the Management Group has the goal to sensitize the agencies of Natal's City Hall about the possibility of implementing a similar programme to Porto Alegre's Line of the Small Enterprise. The service is carried to the several neighbourhoods of the city using an adapted bus, to serve the population. The Porto Alegre initiative was carried for the first time in the capital city of Rio Grande do Sul, through a partnership with City Hall and Sebrae, seeking to take information about the formality possibilities, apart from allowing the register as a MEI and also take orientation and support about business management issues³⁶.

According to the DIEESE supervisor in Rio Grande do Norte, Melquisedec Moreira da Silva, would be very important to count with such a programme to foster formalization, once many workers do not formalize for lack of information and the fear of losing benefits such as the Bolsa, for example.

We highlight, still, the completion of two courses about welfare education in the cities of Natal and Mossoró (located in the interior of Rio Grande do Norte) in the end of 2013. Small entrepreneurs and labour union representatives have participated of the training activities.

In quantitative terms, the formalizations achieved through the MEI programme were very significant. Since 2010 to Abril 2013, there were formalized almost three million people across the country. Out of this total, 40,868 were registered in the State of Rio Grande do Norte, out of which 5,762 applications were done in the subsector of bars and restaurants.



Poster produced by SINDHOTELEIROS

36 For more details about the programme, see the chapter on the Porto Alegre Commerce pilot-project.

PARTICIPANTS

- Brazilian Association of Bars and Restaurants (ABRASEL)
- Worker's Federation in the Commerce of Goods and Serve of the States of Paraíba and Rio Grande do Norte (Fetracom/PBRN)
- Federal Institute of Education, Science e Technology of Rio Grande do Norte (IFRN)
- Institute of Applied Economics Research (IPEA),
- National Institute of Social Security (INSS)
- Ministry of Social Security (MPS)
- New Labour Union Central (NCST)
- Brazilian Support Service to the micro and small enterprises (Sebrae)
- Municipal Secretary of Environment and Urbanism (SEMURB)
- Union of Hotels, Bars, Restaurants and Similar of Rio Grande do Norte (SHRBS)
- Labour Union of Hospitality Commerce and Similar of Rio Grande do Norte (SECHES/RN)
- National Service of Commercial Learning (SENAC/RN)
- State Secretary of Labour, Housing and Social Assistance (SETHAS)
- Hospitality, Bars, Restaurants and Similar Activities Labour Union of Natal (SINDHOTELEIRO Natal)
- Labour Union of Bars and Similar Activities (SINTBAR/RN)

2.2

SOCIAL INTERVENTION IN PROFESSIONAL CATEGORIES

2.2.1

FORMALITY STARTS AT HOME: the experience of the domestic work pilot-project

The domestic work is an economic activity of great importance in several developing countries around the world, but especially in regions where there is a great inequality, such as Latin America. The domestic work is part of the daily lives of millions of families.

According to the International Labour Organization (ILO), in all over the world, there are at least 53 million people employed in the domestic work sector – 83% of them are women. In Latin America, there are 19.6 million of these

workers (or 37% of the world total). In this region, the domestic employment is even more feminine than in the rest of the world: 92% of the employed are women. Not by chance, the activity ends absorbing a large proportion of the Latin-American women: the sector was responsible, in 2011, for 27% of all the feminine occupation in the region.

In the same year, in Brazil, it was estimated that there were 6.6 million people employed in the domestic work, according to the PNAD data (National Survey by Household Sample) of IBGE – that is, a third of all occupied population in Latin America, or 12,5% of all those who are employed in the domestic sector all over the world.

The domestic work is a type of occupational insertion quite traditional in Brazil, but it was not until the 1990s that it was registered a strong expansion of the segment: increase of 44% in the number of workers, in the period of 16 years, between 1995 and 2009, year when it reach a peak of 7.2 million employed workers. However, since then, there has been an 8.3% drop in the number of occupied workers in the sector, until 2011.

The domestic employment is, above all, an urban activity: 92.3% of the workers of the sector are in urban areas, especially in the non-metropolitan areas (59.9%). Almost half of the employed people are in the Southeast region of the country (47.2%) and almost a quarter live in the Northeast (23.2%).

As it happens in Latin America, also in Brazil the overwhelming majority is comprised by women (92.6%) – more than half of which are black (60.8%). And also in Brazil, like in the rest of the region, the labour market absorbs an important contingent of women: it represents nothing less than 15.5% of all the female occupation, i.e., almost 1 in every 6 Brazilian women.

Another trait of this labour market is the significant presence of children and adolescents (between 10 and 17 years-old). In 1992, more than 20% of the domestic workers had less than 18 years-old. The good news is that since the last decade this scenario is changing – and for the better – with the significant reduction of domestic child labour: in 2004, there were 403,000 children and adolescents in this situation; seven years after, this contingent fell back by 36%, to 257,000 people in 2011. This reduction in the number of children and adolescents who are employed in the domestic work helped to increase the average age of the domestic workers: in 1995, the average was 30.9 years-old. In 2009, the number increased to 39.5 years-old.

As it happens in the adult domestic work in Brazil, children and adolescents in domestic work situations are mostly girls (93.7%) e and 62.4% are black girls. The States of the country where there more children and adolescents working in domestic work are the following, in order: Minas Gerais, Bahia, Maranhão, São Paulo, Pará and Ceará. These States, added, concentrate more than half (150,000) of the child domestic work in the country.

The domestic work in Brazil is also characterized by low wages: in 2011, when the minimum wage was R\$ 545, the average income in the country on the domestic work sector was R\$ 522.40 – therefore lower than the legal minimum. As we are referring to an average, a proportion of workers of the sector had income even lower than the national average. Such is the case, for instance, of many of those who are in the Northeast region of the country. In the State of Bahia, in 2011, the average income of the sector was R\$ 333; in Paraíba, the workers of the domestic sector earned in average R\$ 310. In Piauí, the average income was about half of the minimum wage of that time (R\$ 274), in that year.

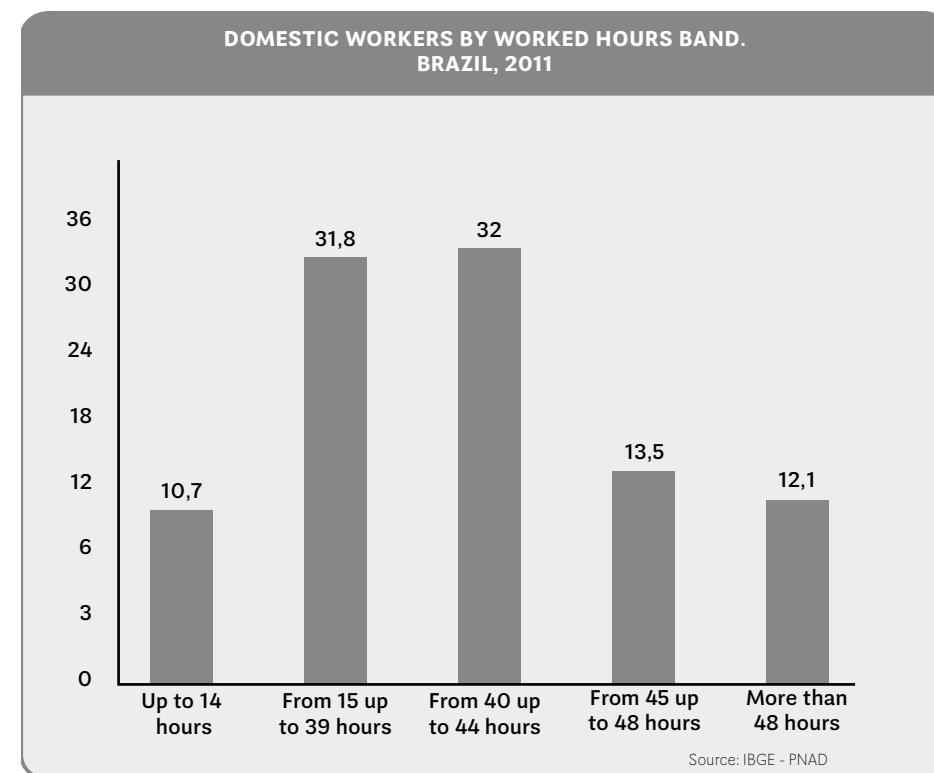
REAL AVERAGE INCOME IN THE MAIN WORK OF WORKERS OF DOMESTIC SECTOR. BRASIL AND SELECTED FEDERATION UNITS, 2011

Geographic area	(in R\$)	(as share of minimum wage)
Brazil	522,40	96%
São Paulo	652,66	120%
Distrito Federal	651,23	119%
Santa Catarina	620,54	114%
Rio de Janeiro	620,02	114%
Bahia	333,32	61%
Paraíba	310,16	57%
Maranhão	305,18	56%
Piauí	274,04	50%

Source: IBGE - PNAD

Apart from the low income, the workers of the sector were subject to another kind of super-exploitation: many had to fulfil work journeys far more extensive than the maximum allowed by the Constitution. Nothing less than 25.6% of domestic employees worked more than 44 hours per week, out of which more than half worked more than 48 hours per week. The scenario becomes even more dramatic when we take into account that many women who works in the sector also complete a second work journey in their own households.

The average journey amongst those who work more than 44 hours a week reaches 52.6 hours a week, on top of which is added an extra 20.3 hours per week, on average, with domestic tasks in their own households, according to PNAD data. In other words, their total weekly work journey gets close to 73 hours.



Not by chance, this extenuating and precarious work conditions cause serious health problem – and not just physical. Many workers of the sector suffer depression and other psychological disorders. According to an ILO survey from 2008, 420,000 workers from the sector had depression – the occupation with the greater incidence of the disease in the country.

Social Protection and the evolution of the legal framework for domestic work

Many problems faced by domestic workers in the country – such as the low income, high presence of child labour, amongst others – stem directly from a quite disseminated phenomenon in this labour market: the informality. The informal

work is on the margins of the rules that determine the rights and duties of employees and employers – such as the rules that determine the journey duration, weekly rest, vacations and, especially, the social protection and benefits rules to the worker.

The percentage of registered workers – and, thus, socially protected – in the domestic work sector in Brazil was only 27.4% in 2004. This share increased to 31.8% in 2011. This means that the respective shares of socially protected workers are practically the opposite to what happens in the country as a whole, where about 30% of workers are socially unprotected and almost 70% of the workers are socially protected, according to the data from the Ministry of Social Security.

Several factors might explain this high incidence of informality in the sector. In part, there is the own nature of the domestic work: as opposed to the workers who are located in industry or commerce, for instance, the employees work in households, and, in general, with little or no contact at all with other workers – which hinders the sensitization process about their class condition and their problems and rights in common to the workers of the same category.

This relative isolation is also linked to the great difficulty to organize and mobilize the workers. The category presents, still today, very low rates of affiliation to representative organizations, such as unions. Between 2004 and 2011, the rate of affiliation in Brazil has barely changed: it went from 1.6% to 2.8%. The positive highlight are the States of Maranhão (16.1%) and Piauí (10.5%), where the rural labour union embrace many domestic workers.

Another important aspect that also explain, in part, the informality in the sector has to do with the legal apparatus (or its insufficiency) which regulates the occupation. In the country, the first known legal framework of the topic was created only in the 1970s. The law nº 5,859 of 1972 defined the domestic employment as “the one which provides services of continuous nature and not for profit to the person or the family living in these households”. The norm, however, was quite insufficient: basically recognized and defined the legal existence of the occupation, granted paid holidays to the employee for 20 working days per year and included the employee as a compulsory ensured of the Social Security (with the payment of 8% of collection, both by employer and employee). And that was all.

The law did not even stipulated fines in case of non-compliance – this rule was only included in the text of the law in 1980.

With the promulgation of the Federal Constitution of 1988, in its article 7th, a series of labour rights were universalized, both for rural and urban workers – and, therefore, extended the benefits also for the domestic sector workers. But the law restricted the rights only to some items, in the case of domestic workers. In other words, not even the “Citizen Constitution” has equalled the domestic worker’s rights in relation to the rest of the workers. The rights initially provided for the domestic workers were the following:

- Stipulation of a minimum wage;
- Salary irreducibility;
- 13th salary;
- Weekly rest, preferably on Sundays;
- Maternity leave of 120 days, without compromising the salary or work;
- Paternity leave;
- Annual paid holidays with at least one third on top of the normal salary;
- Firing notice proportional to the period in service, of at least 30 days;
- Retirement;
- Social Security.

More than ten years later, the law nº 10,208 of 2001 has brought some important advances: from that year onwards, it was legally provided the inclusion of the domestic worker in the Guarantee Fund by Period of Service (FGTS), by requirement of the employer – but this inclusion was optional to the employer to pay, and it was not a legal obligation.

The 2001 reform also granted the right to unemployment-insurance, in the amount of one minimum wage, to the domestic worker fired without due cause and who is registered in the FGTS, if the employee had worked for more than 15 months over the two previous years. This benefit came late: it has arrived 11 years after the rule was already in force to the rest of the formal wagedworkers of the private sector (law nº 7,998 of 1990).

The second important reform happened in 2006, when the law nº 11,325 determined that it would be “forbidden to the domestic worker to make discounts on the employee’s salary for the provision of food, clothing hygiene items or dwelling”. Furthermore, it has changed the rule for paid holidays: instead of 20

working days, it would be 30 natural days, and with the addition of 1/3 on top of the salary. It also forbid the “arbitrary firing or without the due cause of the domestic worker who is pregnant, since the confirmation of the pregnancy until five months after have given birth”.

Yet, despite the advances, a historical unfairness kept of being reproduced: the domestic workers didn't have all the rights of the rest of the private sector workers. This picture has only started to change from the discussion (and later approval) of the so-called “PEC³⁷ das Domésticas” (Domestic Workers' Constitutional Amendment Project), the PEC nº 66 of 2012.

When it was approved, in April 2nd 2013, the PEC became the Constitutional Amendment nº 72 (EC nº 72/2013). The amendment provided a new wording for the sole paragraph, which before limited the domestic worker's rights to a few benefits (see above) and added to the list of their rights almost all relevant items of the article that had already been extended to the rest of the waged workers. Thus, the following benefits were added to the rights initially provided:

- Salary guarantee, never less than the minimum, for those who earn variable income;
- Salary protection in the form of the law, constitution crime its intentional retention;
- Duration of normal work shift never higher than eight daily hours and 44 weekly hours;
- Overtime payment worth 50% more than the normal wage hour;
- Reduction of the risks inherent to work, through health, hygiene and safety norms;
- Prohibition of wage differences, of the exertion of function and admission criterion, by reasons of sex, age, colour or marital status.
- Prohibition of any discrimination regarding salary and admission criteria of handicapped worker;
- Prohibition of night or unsound work for less than 18 year-olds and of any work for less than 16 year-olds, except in the condition of apprentice, from the age of 14 years old.

This set of rights became effective immediately after the law entered into force, in April 2013. However, other rights were kept outside, for they still needed

a complementary law to regulate them. The items that still need regulation are the following:

- Compensatory indemnity in the case of arbitrary firing or without the due cause, amongst other rights;
- Unemployment-insurance, in case of involuntary unemployment;
- Guarantee Fund by Period of Service (FGTS);
- Night shift pay higher than the day shift pay;
- Family-salary to workers with dependents and low income;
- Free day-care and pre-school to the sons and dependents under 5 years-old
- Insurance against labour accidents, in charge of the employer, without excluding the indemnity that the employer is obliged to pay when it is deliberate or when it is his/her fault;
- Integration to the social security

Apart from these rights that the EC nº72/2013 itself determined that it had to be regulated by complementary law, there are other specific aspects of the domestic occupation that need regulation, such as the protection system in case of fixed-term contracts, charwomen contracts, minimum and maximum intervals, journey compensation mechanisms of overtime (hours bank etc.), the matter of holidays (proportionality, period for the payment and for it to be granted etc.), apart from the minimum wage proportional to the work shift, term for the salary payment, rules for the contract termination and for the constitution of a union for the category, benefit granting (such as transport ticket) and the imposition of administrative penalties.

Following the same path of the Constitutional Amendment, other bill drafts (PLs) are also being discussed in the Congress to raise the protection of employees of the domestic sector. Amongst them, there is the PL nº 7.279/2010, which regulates the charwoman occupation, and the PL nº 7.082/2010, which determines the rate reduction of the contribution to the Social Security from 8% to 6%, both for domestic employer and employee. Furthermore, in 2014, the law Lei 12.964/2014 was passed, which provided fines in case of refusal to sign the work register. The law was published in the Official Gazette on April 9th 2014.

In a way, the approval of the “PEC das Domésticas” (despite of still needing regulation and complementary laws) and the discussion of other ordinary draft bills represent an advance that brings Brazil closer to the international legal framework, with the Convention 189 and Recommendation 201, both from the

³⁷ PEC is the acronym that stands for “Constitutional Amendment Project”, i.e., a constitutional reform. Once approved, the PEC becomes an EC. The EC is an acronym that stands for Constitutional Amendment (T.N.).

International Labour Organization (OIT) and forbids any kind of discrimination between domestic workers and other workers.

The ILO's Convention 189, which became effective on September 5th 2013, provides a series of rights that were ensured with the approval of the "PEC das Domésticas", but it determines a series of other benefits to the domestic workers, representing, thus, a broader legal framework of protection than the measure adopted in Brazil.

Amongst the measures that the Convention determines, there are the recommendation that the work relation to be formalized by a written contract (article 7); the creation of access channels to report labour violations (article 17) and that the member-countries should create labour oversight mechanisms according to the current laws (article 17). Few were the countries, however, that have already ratified the measure until the beginning of 2014. They are South Africa, Germany, Bolivia, Costa Rica, Ecuador, Philippines, Guiana, Mauritius, Italy, Nicaragua, Paraguay and Uruguay. Brazil has not yet ratified the agreement.

Social dialogue in the domestic work

Given the importance of the sector, the high incidence of informality in the domestic labour market and the recent social mobilization to ensure rights, DIEESE has decided to launch the pilot project of the domestic work, of national scope, to help, through the social dialogue, in the process of consolidation of achievements, in the evaluation of the remaining challenges and in the systematization of the actions that are yet to be carried in order to increase the formality in the sector.



Creuza de Oliveira, president of FENATRAD

In the first activities of the pilot-project, in June and July 2013, in Brazilian and in Curitiba, meetings were held to gather the workers' leaders of the domestic sector, specialists from the civil society and government. It was also an opportunity to discuss the main problems and challenges for the sector to overcome the high informality rate that still exists despite recent advances. The sensitization meetings have mobilized not only representatives of workers, such as ASBRALE (from Brasília) and SINDIDOM (from Paraná), but also representative from employers, such as Sedep (from Paraná) – something fundamental for the social dialogue to bring concrete results in the future.

The first demand that emerged in the discussions was the need to regulate the EC nº 72/2013. Other important points to improve the work conditions refer also to the need of better qualification and the critique to the existence of middlemen for professional reinsertion (private agencies) that charge high fees for the service, when the National Employment System (SINE), of the Ministry of Labour, could perform a more active role, action as the intermediary between the work supply (employee) and demand (employer).

In the first project workshop, important organizations and government agencies sent representatives to deepen the discussions – from the first demands and issues that emerged during the sensitization activities. Members of the Secretary of Racial Equality Promotion (SEPPPIR), International Labour Organization (ILO), Institute of Applied Economics Research (IPEA) as well as the Association of the Tax Inspectors of the Department of Federal Revenue (ANFIP) have joint representatives of labour unions of the sector and union's centrals in discussions about the EC nº 72, about the recent work deficit in Brazil, and about the general picture of the domestic work and social security coverage in the country. During the debates, government, employees and employers had raised questions about their perspectives about which are the problems that hinder the most the formalization process and to achieve the improvement of work conditions.

From the point of view of the government representatives, one of the bottlenecks is the lack of information, as well as issues linked to the culture of the domestic work that still exists. It was also pointed out as relevant the lack of trust in the public institutions, such as the Ministry of Labour and Employment (MTE), the Ministry of Social Security and the INSS, due to the news without fundament about the social security system's deficit, which would render it unsustainable. Another important issue that was indicated refers to the own nature of domestic work: as the Constitution guarantee the inviolability of the home, the oversight

work by the government bodies become very hard, once these inspectors are not authorized to get in the people's houses to verify possible violation of labour rules, or even sever risks to the worker. The same difficulty is not found, for instance, in the industry or commerce.

It has been highlighted the difficulty in the domestic worker's meeting, due to the characteristics of the occupation, as well as the low rate of employers and employees unionization, which, in turn, reduces the social pressure for regulation. Another important aspect are the employer-employee relationship, many times characterized by affection traits, which distort the work relations and hinders the professionalization of the category.

On the other hand, the representative of domestic workers – group that counted with leaders from nine states and the Federal District – highlighted the need of training for the union leaders and the need to carry out unionization campaigns across the country. They have also suggested the distribution of informative material, such as booklets, for employers and domestic workers, about the new rules that are now regulating the sector.

The workers that have participated in the workshop suggested, furthermore, the creation of educational programmes to improve the professional training of the domestic workers, apart from the realization of informative courses in order to strengthen the union action and the fight for better public policies, more or less in the same frame of the “Citizen Domestic Work” programme, implemented in 2006 by the MTE. They have also raised the problem of oversight, suggesting a specific campaign for the domestic work, investigating the complaints through the MTE and the Labour Prosecutor's Office.

Another practical matters relate to measures to punish employers that do not pay the labour benefits and also awareness campaigns about the relation between work formalization and social programmes benefits (i.e., they need to clarify that the mere formalization do not turn the person ineligible to receive grants, such as the Bolsa Família Programme).

Finally, amongst employers, the demand was that measures should be taken in order to achieve union strengthening, such as institution a compulsory union contribution. The employer's representatives have also suggested the realization of informative campaigns in order to sensitize the employers and employees of the domestic sector. When it comes to the regulation of the so-called “PEC das Domésticas”, they argued in favour of the reduction of the INSS

payment, in order to encourage formalization, and suggested that charwomen employees to be encouraged to become individual micro-entrepreneurs, a controversial topic in the workshop.

Action Plan: information and legislation

From the discussions about the demands, challenges and the panorama of the sector, the participants of the pilot-project have elaborated an action plan, at the second social dialogue workshop, carried in Brasília, on October 31st and November 1st 2013, with concrete measures that could attack the main obstacles for the formalization and for the improvement of the domestic work conditions in the country.

1. To act in favour of the regulation of the Constitutional Amendment nº72/2013, respecting the original wording and the proposals of worker's unions (for instance, union contribution):
 - Mobilize actors of society;
 - Carry out public hearings with governmental instances;
 - Mobilize leaders of the National Congress commissions.
2. To promote and support educational actions and information and sensitization campaigns for the culture change;
 - Publicity campaigns in mass communication vehicles;
 - Community actions;
 - Inclusion in the school curriculum;
 - Production of a material about rights (booklet).
3. Regulate the “charwomen worker” as a domestic worker with all the welfare and labour rights, according to the ILO convention:
 - Fight for the ratification of the Convention 189 and the regulation of the EC nº72 with the proposals from the workers;
 - Analyse the bill draft nº 7,279/2010 (that regulates the charwoman occupation) and promote discussion to define actions (contribute for the wording of the bill draft);
 - Inclusion of the charwoman in the electronic register (eSocial)
4. The creation of a fine for the employer that does not sign the work register of the domestic employee;
 - Analyse the bill draft nº7,156/2010 (that provides fine in case of domestic work legislation violation) and promote discussion for the definition of actions.

5. Recover the “Citizen Domestic Work” programme as it was originally constructed in national level in 2006;
 - Carry out public hearings with the MTE, SEPPIR, MDC, SPM, CEF, MEC, ILO, UNWomen.
6. Oversight and accountability:
 - Mapping of all the Federal Government actions related to the domestic work (with the support of the unions’ centrals)
 - Mapping of all the unions and labour’s and employers’ associations that perform actions related to domestic work and agreements with public agencies about the theme;
 - Training and capacity building of unions.
7. Reduction of contribution rates for the INSS from domestic workers and employers:
 - Analyse the bill draft nº 7,082/2010 (that provides reduction on the contribution rate to Social Security, from 8% to 6%, both for workers and employers) and promote a discussion to define actions (revision of content to approval or modification).

Results and perspectives

The domestic work pilot-project, carried right after the approval of a fundamental legal framework, the so-called “PEC das Domésticas” (EC nº 72/2013) had a great importance to maintain the good actors’ mobilization dynamic, but also to systematize the evaluations about the recent accomplishments and challenges that are still lying ahead.

The action plan suggests that there are two main fronts of action: on the one side, there is the need of mobilization to increase the pressure in the legislative arena for more regulation (both to regulate existing laws and to approve specific bills drafts), and, on the other side, to increase social mobilization by the own actors involved in the sense of disseminating the information and sensitizing the workers not only about the importance of formalization, but also about the importance unionization and collective bargaining.

The formalization wave that has deeply affected several labour market sectors over the last decade seems not to have had quite the same effect on the domestic work. The informality and the lack of social protection are still the rule for this category.

However, the historic win with the approval of the “PEC das Domésticas”, a measure widely debated by society, represented a great window opportunity for social mobilization in order to obtain recognition of their demands, but, above all, to improve the perspectives to increase formalization in the professional category and broaden the exertion of citizenship by millions of Brazilian women.

PARTICIPANTS OF THE PILOT-PROJECT OF THE DOMESTIC WORK

- AABRALE
- ANFIP
- ASBRALE
- CNTI/NEST
- CONTRACS/CUT
- CTB
- Domestic Workers’ Federation of São Paulo
- FENATRAD
- Fetradoram
- Força Sindical
- INSS
- Doméstica Legal Institute
- IPEA
- Black Movement
- MPS
- MTE
- NCST
- OIT
- Secretary of Labour of the Federal District Government
- SEDEP
- SEPPIR
- SEPPIR- Pres. Rep.
- SETRE/BA
- SINDCI- DF
- SINDIDOM
- Sindidom-PR
- SINDIVACS-DF
- Sindomestica
- Sindoméstica Pernambuco
- Sindoméstica-BA
- Sindoméstica-SP
- SINDTO
- SINTDAC
- Sintrado-DF
- SIT/MTE
- SPM
- SPSS/MPS
- UnB

2.3

SOCIAL INTERVENTION IN TERRITORIES

2.3.1

COMPETITIVENESS, DYNAMISM AND INFORMALITY AT THE CLOTHING INDUSTRY: the experience of clothing industry complex pilot-project in the Agreste of Pernambuco

The small industry of the confection complex of the Agreste of Pernambuco has strength. With the annual production of 842.5 million units, about 130,000 people working in 18,000 production units, and with a revenue of R\$ 1.1 billion, the clothing complex of the Agreste of Pernambuco represents an important alternative of economic activity to the traditional agriculture sector, that is sensitive to climate change and usually generates less income than manufacturing activity.

Some factors are important to extend the expansion of the confection pole from the 1950s onwards. One of these factors was the presence, since the 1930s of the shoe industry in the region, which worked as propulsion to the textile and clothing industries in the towns that are comprised in the pilot-project.

From the 1970's, there were a significant special mobility in the country, in the search for smaller costs, mainly in relation to labour. This intense capital transfer was leveraged to a large extent by the action of SUDAM (Amazon Development Superintendence) and of SUDENE (Northeast Development Superintendence), which encouraged the installation of the large manufacturing in the North and Northeast regions of Brazil, historically less industrialized than in the Southeast of the country. The clothing industry of the Agreste of Pernambuco has begun primarily in the town of Santa Cruz, and then in Toritama and Caruaru.

More recently, in the 1990s, with the trade liberalization, the textile and clothing sectors started to be characterized by an intense outsourcing dynamic, mechanisms used to lower the labour charges, which in turn, result in precarious work. The use of precarious labour began to be a trait common to the textile and clothing chain, despite having multiplied the efforts in the national and international level in favour of human and social rights of the workers *de direitos humanos e sociais dos trabalhadores do setor terem se multiplicado*.



Agreste of Pernambuco

The complex formed by the three municipalities of Pernambuco had since the beginning characteristics that have proven adequate to the need of flexibilization of labour and costs reduction, for its base is constituted by family production units. In most cases, these ventures work in the family's own home, in an informal way.

Despite doing the job many times in precarious conditions, the clothing complex has significantly expanded in economic terms. According to a recent study undertaken by Sebrae, in 2013³⁸, the population of these towns grew 27% between 2000 and 2009 and the GDP in the same territory has increased by 56% between 2000 and 2010. This means that in population terms, the complex formed by the ten towns has grown 2.2 times faster than Brazil and 2.4 faster than the Northeast and the State of Pernambuco. In terms of real GDP, the economy in those towns grew 50% faster than the country's economy, 20% faster than the Northeast's and 30% than Pernambuco's.

Apart from the three towns already mentioned, the following towns are currently part of the clothing complex: Agrestina, Brejo da Madre de Deus, Cupira,

38 Sebrae (2013). Estudo econômico do arranjo produtivo local de confecções do Agreste pernambucano, 2012. Final Report. Sebrae, Recife.

Riacho das Almas, Surubim, Taquaritinga do Norte e Vertentes. The towns' sizes vary. Agrestina, Brejo da Madre de Deus, Cupira, Riacho das Almas, Surubim, Taquaritinga do Norte, Toritama e Vertentes are considered small municipalities, with less than 100,000 inhabitants. Caruaru and Santa Cruz do Capibaribe are the larger towns, considered to be medium-sized municipalities in population terms.

The positive economic expansion of the last years had important reflexes on the development indicators of the region. Out of the ten towns, five have HDI (Human Development Index) considered “medium” (between 0.6 and 0.69). The other five towns have HDI considered “low”, i.e., lower than 0.6. However, all has presented improvement in the index over the past 20 years as it can be seen on the table below.

GENERAL CHARACTERISTICS OF THE SELECTED TOWNS 1996-2010

Town	Population 2010	GDP (in R\$ 1,000 from 2009) current prices	Population variation 2000-2010 (%)	Total GDP variation on constant prices 2000/2009 (%)	GDP's average annual variation (1996/2009) %
Agrestina	22.679	108.811	13,2	50,9	4,3
Brejo da Madre de Deus	45.180	163.271	18,6	48,2	6,7
Caruaru	314.912	2.428.599	24,2	49,2	5,7
Cupira	23.390	93.631	4,5	29,4	5,4
Riacho das Almas	19.162	91.226	5,6	67,6	3,8
Santa Cruz do Capibaribe	87.582	400.885	48,3	63,9	8,6
Surubim	58.515	269.852	16,3	45,1	5,6
Taquaritinga do Norte	24.903	103.842	26,0	53,2	4,3
Toritama	35.554	149.176	63,1	101,2	11,7
Vertentes	18.222	66.013	21,8	57,4	6,5
Caruaru + Toritama + S. Cruz do Capibaribe (Polo-3)	438.048	2.978.660	31,0	57,2	
Total of the ten municipalities (Complex-10)	650.099	3.875.306	27,1	56,1	
Pernambuco	8.796.000	78.428.000	11,1	44,3	

Source: Dieese 2012

SOCIAL AND DEVELOPMENT INDICATORS

Town	Per capita income (2010)	Municipal HDI (2010)		M-HDI Variation (in %) (1991-2010)	GINI (2010)
		1991	2010		
Agrestina	297,02	0,305	0,592	94,1	0,48
Brejo da Madre de Deus	296,70	0,298	0,562	88,6	0,47
Caruaru	553,99	0,481	0,677	40,8	0,53
Cupira	336,81	0,344	0,592	72,1	0,49
Riacho das Almas	306,61	0,285	0,570	100	0,51
Santa Cruz do Capibaribe	507,05	0,436	0,648	48,6	0,45
Surubim	372,11	0,389	0,635	63,2	0,52
Taquaritinga do Norte	419,74	0,358	0,641	79,0	0,42
Toritama	470,44	0,448	0,618	37,0	0,43
Vertentes	337,92	0,340	0,582	71,2	0,46

Source: UNDP, FJP e IPEA 2013



“Façãoção” (small family production unit) in the Agreste of Pernambuco

Informality, difficulties and challenges

In order to understand the informality that is present in the clothing complex, we need to examine the different types of production units that are present in the regions and how the production and the division of labour between them are organized.

According to Sebrae, there are two main types of ventures: the firm and the complementary venture (facção³⁹). The firm is defined as a production unit that manufactures clothing pieces in the form of final product, and may or may not outsource to the complementary ventures some components of the final product. The complementary venture (or facção) is a unit that performs specific tasks or participate in the stages of the production process. From a total of 18,803 units accounted for by Sebrae, 8,060 are complementary ventures or 43% of the total.

Informality is present in both types of ventures, although in different proportions. Amongst the complementary ventures, 93% are informal and, amongst the firms, 66% are informal, according to Sebrae.

Some complementary ventures work exclusively to a single company. It is a common practice and consist to detach the company from labour charges and environmental costs of production⁴⁰. The firm has also the advantage to be able to increase production without having to build more locations for goal, once the work is done in the “facções” locations, many times, the own home of the seamstresses.

Moreover, the clothing complex, in a large extent, is comprised by production units with up to two employees (73%), according to Sebrae's survey. The total of production units with up to four people is 88%. Therefore, it is an industry overwhelmingly formed by small producers.

There are several difficulties and challenges in the near future for the complex. Currently, the region still demonstrates fragility regarding education indicators: illiteracy rates are still high and the number of students enrolled in high school is considered low. The labour training follows these two aspects, and is considered to be insufficient as well. The low cost of labour has been explored so far as a competitive advantage, but, according to Sebrae, the tendency is that the

39 The term “facção” has nothing to do with its actual meaning (faction) in Portuguese. The plural form of the word “facção”, in Portuguese is “facções”. In this publication the term “facção” or “facções” are used to refer to the small family production units (thus using the term by which they are referred in the region).

40 The complementary ventures are responsible to provide adequate destination for the resulting residues of the production process.

state and the market itself set some requirements increasingly higher regarding the quality, compliance to the labour legislation and environmental norms.

Furthermore, there are specific needs for the seamstresses that work in the “facções”. Work in an informal situation means to be unprotected in case of accidents, maternity, sickness and in retirement. Moreover, there is the need to reinforce the security and health orientation linked to the work performance, apart from the environment protection in the Agreste region.

In the specific case of women, who are the majority of employees in the complex, there is still an aggravating factor regarding the need to increase the need to increase the adhesion to the social welfare system. Although women have higher life expectancy than men and comprise the majority of the elderly population, currently there is a low social security coverage ratio for women.

Social dialogue

DIEESE managed to articulate a series of actors with the pilot-project “clothing complex of the Agreste of Pernambuco”, around a unique dialogue space in the region. Workshops, thematic seminars and training have mobilized a series of actors, amongst workers, government specialists, students and labour union representatives.

Since the beginning, the idea of the pilot-project was to involve the social actors in order to plan a series of coordinated actions, in a collective manner, so that they could contribute to a greater formalization of ventures and of work relations in the clothing complex.

The two first workshops were carried in April and June 2010, in the Fashion Technological Centre in Caruaru. The first workshop has occurred following the presentation of a diagnostic of the textile and clothing sectors of the Agreste, conducted by the Work Observatory of DIEESE, in partnership with the Especial Secretary of Youth and Employment of the State Government of Pernambuco.

The presentation of the diagnostic was very important and served as basis to initiate the pilot-project activities. Indeed, the main indicators of the sector were presented, which allowed them to know the general aspects of the regional labour market. The activity coordinator, Milena Prado, presented the results of the 2006 Employment and Unemployment Survey (PED), seeking to provide elements that would enable the comprehension of the labour market structure,

above in relation to the multiple possibilities of occupational insertion in the analysed sector.

From this set of data, the first debate was carried amongst the different actors, and sought to identify the demands in common for the development of the clothing complex, with the advance of formalization and social protection for workers, were they employees or entrepreneurs.

Apart from the first workshops, a series of training and mobilization activities were carried by the several actors involved in the pilot-project. Throughout the whole project, mobilization visits were undertaken to town halls, to community radio stations, to local leaders and to other actors, conducted with the support of the representative of the New Labour Union Central (NCST).

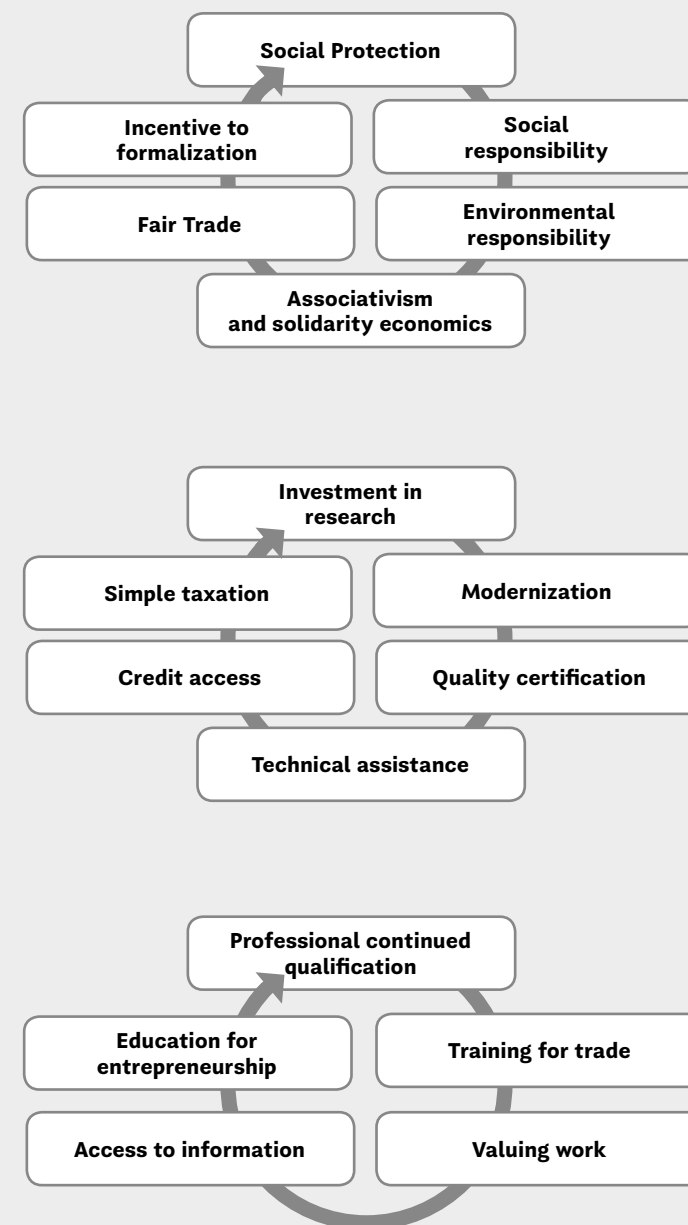
As a result, there were several important adhesions, such as, for instance, the one of the Especial Secretary of Women of the Caruaru town hall, the Women Coordination Agency of the town hall of Santa Cruz do Capibaribe, and the Women Secretary of the town hall of Toritama. Together with these agencies, the DIEESE, the NCST and higher education and technical education institutions of Pernambuco have promoted several seminars from 2012.

In April 2013, aiming at advancing in the diffusion and strengthening of the cooperativism, it was carried a presentation about the experiences of the solidarity economy cooperatives for the pilot-project, by the Unisol-Brasil director, Claudio Domingos.

In order to debate issues on social protection, informality and work conditions, a meeting was carried in October 2013 with the theme “We are the ones who make the Clothing Complex: what is the challenge for the women in this process?”.

Another important activity was carried in November 2013: a set of training workshops “Clothing Complex Scenario”, offered by university students and specialists from Caruaru, Santa Cruz do Capibaribe and Toritama, to train multiplier agents willing to disseminate the acquired knowledge about the “facções”. The different topics presented in the workshops were the following: “Clothing Complex”, by Ana Marcia, researcher from the Federal University of Pernambuco; “Gender and Work”, coordinated by Raquel Lindoso, from the Women Secretary of Caruaru; “Social and Welfare Rights”, by the lecturer Luana Taís, from the National Programme of Access to Technical Education and Employment of Santa Cruz do Capibaribe; and “Methodology and Approach”, by Sandra Roberta Alves Silva, researcher from the Federal University of Campina Grande.

DEMAND MATRIX FOR THE CLOTHING COMPLEX IN THE AGRESTE OF PERNAMBUCO



Following this meeting, a series of visits and debates were conducted by the students. There were also, throughout 2013 and in the beginning of 2014, three courses on social welfare education, in the towns of Caruaru, Santa Cruz do Capibaribe e Toritama.

LEGAL FRAMEWORK: THE DREAM OF RECOGNIZING THE SEAMSTRESS OCCUPATION

In 2013, the New Labour Union Central (NCST), an important partner and mobilizer of the pilot-project, sent to the Participatory Legislation Committee (CLP)- The CLP is a body of the Chamber of Deputies that allows the participation of any civil society organization with the formulation of complementary and ordinary laws proposals.- the bill draft proposal that regulates the profession of seamstress. The regulation of this occupation is an old demand amongst the several local actors and the labour union of the category, such as the SINDCOSTURA (Labour Union of Tailors, Seamstresses and Workers of the Clothing Industry Clothing of the State of Pernambuco).

The adoption of the law seeks to establish a national minimum wage, set working hours on 8 daily hours and 44 weekly hours, provide payment for overtime and night shifts, apart from guaranteeing the salary readjustment according to the National Price Consumer Index. For the director of NCST, Ledja Austrilino, the regulation is fundamental, even before thinking of simplifying taxation to micro-enterprises, in order to ensure a better protection and work conditions for the employees of the sector.

The bill draft proposal (n°99/2013) is currently waiting the position of the designated rapporteur, the federal congressman Fernando Ferro, from the Worker's Party (PF), from the State of Pernambuco.

Action plan

The debates and meetings carried out were followed by other actions formulated since the first workshop, from the diagnostic of demands of the pilot-project. The idea was that the discussions also unfold in concrete consequences and mobilized the ventures themselves and public managers to act in order to advance in the solving of problems.

On the second day of the first workshop, the different actors have defined the action plan to mitigate or solve the problems and fulfil the identified needs. The actions were systematized according to the topic, deadline for execution and type of organization that would be responsible to carry it out.

The main themes were the following

1. To promote incentives to development of solidarity economy;

2. To improve access to information of labour legislation;
3. To incentive the training through education in several levels;
4. To invest in the qualification of labour through the training in a continuous and applied manner;
5. To promote the legislation to simplify the formalization and the taxation of ventures.

The participants were divided in two work groups that have elaborated different concrete measures proposals to compose the action plan.

Regarding the theme of education, it was suggested that, on the short and medium term, the municipal and state governments should promote the incorporation of programmatic content about the Consolidation of Labour Laws (CLT), work relations, ethics and citizenship, associativism and entrepreneurship in the school syllabi.

When incentive to formalization is concerned, the main proposal consists on implementing a public policy of formalization that comprises educational campaigns focusing on the advantages of a protected labour statute. In this initiative, it was considered that all the actors (government, entrepreneurs and workers) should be involved.

Another proposal refers to a recurrent concern of the workers. It was suggested that the government and class organizations should make an effort to implement the professional training programme for the fashion and clothing sector, in order to solve the problem of lack of qualified labour. The programme suggested should include continuous capacity building and the increase of number of internships.

Regarding to the legal framework of small enterprises, there was a proposal to revise the system of tax collection for the individual micro-entrepreneurs (also known as Simples Nacional), aiming at simplifying the formalization and also the taxation procedures.

In order to leverage the general modernization process of the complex, it was suggested that the government and class organizations should make an effort to stimulate the creation of a research fund, and facilitate the credit access so that the ventures could invest in new technologies. It was also formulated the proposal to encourage systems of quality certificates in the whole chain, aiming

at widening the range of clients to more demanding consumers, and achieving better prices in the commercialization, as well as better quality of the product and environmental care.

Other suggestions, in the same direction, have to do with the promotion of a cultural change regarding the short-termism of the search for results that is predominant in the field of the entrepreneurs of the pilot-project. To reach this end, it was suggested that good practices of the regional enterprises were disseminated.

Results and perspectives

The pilot-project “clothing complex of the Agreste of Pernambuco” allowed the sensitization of many workers regarding the problems related to the informality situation. There has been an important advance, especially in the diffusion of knowledge about social welfare and its many benefits, as well as how the different manners to achieve formalization.

They also aimed at disseminating the economic development possibilities and organization through solidarity economy. By means of a series of activities, these ideas were disseminated and multiplied for workers of the region. In this sense, there was carried the following events:

- Three opened seminars, to which around 500 people have participated;
- Partnerships with five technical and higher education institutions;
- Four training seminars with 35 students;
- Field work with 88 seamstresses;
- Three sensitization seminars about the social welfare rights with about 50 seamstresses;
- A two-day course about social security, for 35 people.

With the result of the several actions coordinated by DIEESE in the scope of the pilot-project of the clothing complex of the Agreste of Pernambuco, it has also emerged an action plan with a gender approach: “Social Dialogue: Women Sewing Rights”.

This action plan was elaborated in cooperation with the NCST, the Women’s Secretary of Caruaru, Women’s Secretary of Toritama; Women’s Co-

ordination of Santa Cruz do Capibaribe and the higher education and technical studies institutions, from the finding that it was needed to involve the women in a more direct way in the pilot project, as they constitute the majority of workers in the clothing sector in the Pernambuco’s Agreste.

The goal of this initiative is to promote a set of debates and thinking about the Clothing Complex of the Agreste, by mobilizing several social actors (workers, entrepreneurs, professors and researchers, business associations, labour unions, public authority), sensitize university students on the themes of social security and solidarity economy.

We highlight, also, the promotion of the booklet “Social Dialogue: Women Sewing Rights”, that was published by DIEESE and partners in 2013. The document, elaborated in association with the Ministry of Social Security, guides the workers about rights in general, health care, social security and domestic violence.



PARTICIPANTS

- Commercial and Entrepreneurial Association of Pão de Açúcar (ACIPA)
- Commercial and Entrepreneurial Association of Caruaru (ACIC)
- Commercial and Industrial Association of SURUBIM (ACIASUR)
- National Association dos Fiscal Inspectors of the Federal Revenue (ANFIP)
- National Labour Confederation of Clothing - CNTV/CUT
- Single Worker's Central - CUT/PE
- Vocational and Technological Centre of Clothing - CVT of Clothing
- Industry Labour Federation
- North/Northeast Federation of Workers of Spinning and Weaving Têxteis/CUT
- Joaquim Nabuco Foundation - FUNDAJ
- Applied Economics Research Institute - IPEA
- LGN Jeans
- Ministry of Labour and Employment - MTE
- New Labour Union Central- NCST
- Town hall of Surubim
- Town hall of Taquaritinga do Norte
- Secretary of Economic development of the city hall of Caruaru
- Secretary of Economic development of the government Pernambuco
- Secretary of Economic development of the town hall of Surubim
- Secretary of Government of the town hall of Toritama
- Secretary of Industry e Commerce of the town hall of Santa Cruz de Capibaribe
- Secretary of Industry e Commerce of the town hall of Toritama
- Secretary of Planning of the town hall of Cupira
- National Industrial Learning Service SENAI -Caruaru
- Seamstresses Union of Pernambuco
- Weavers' Union of Paulista
- Spinning and Weaving Labour Union (SINDTEXTIL) Caruaru
- Spinning and Weaving Industry Union of the State of Paraíba (SINDTEXTIL/PB)
- Clothing Industry Union of the State of Pernambuco (SINDVEST/PE)
- Regional do Labour and Employment Superintendence - SRTE/PE
- Federal University of Pernambuco

It was very important, yet, the adhesion of the Labour and Employment Regional Superintendence – SRTE - of Pernambuco, from the Ministry of Labour and Employment – MTE, to the methodology suggested by the pilot-project. If previously the public agent was basing their action solely on oversight to face informality, after the project, the SRTE has incorporated elements of the social dialogue method to deal with the matter of violation of labour legislation.

It was important, in this sense, the recognition that there are different situations that lead to informality, and that not always coercion is the best way to deal with certain cases. The several teachings provided by the pilot-project of the closing complex of the Agreste show that when small clothing factories are concerned, which constitute the majority of the ventures in the region, better results can be obtained when we choose the dialogue and information provisioning.

As a perspective, it is important to highlight the advance that a possible regulation of the occupation of seamstress can bring to the workers of the textile and clothing in terms of improvement of the work conditions and social protection.

The data from the General Record of Employed and Unemployed of the Ministry of Labour and Employment show that the generation of jobs in the period from January 2010 to December 2013 in the three main municipalities of the region (Caruaru, Toritama, Santa Cruz do Capibaribe) was 3,091 formal posts.

2.3.2

FORMALITY WITHOUT BORDERS: the experience of the rural wagedworkers pilot-project in Uruguiana, Rio Grande do Sul

Signed in March 1991, the Treaty of Asunción was the legal framework that created the Mercosur (Southern Common Market), a free trade area in the South Cone, comprised initially by Argentina, Brazil, Paraguay and Uruguay. Later on, in 1995, this free trade area became a customs union, in other words, a block in which the member-countries adopt common tariffs for products originated outside that space, apart from maintain the elimination of tariffs on goods produced inside the block. However, neither the creation of the commercial block, nor its “upgrading” to the status of customs union established norms regarding social security and laws to regulate and to protect wagedworkers in the border regions.

This distortion has only started to be corrected several years later, in 1997, with the signing of the Multilateral Agreement on Social Security of Mercosur. Despite the importance and urgency, the agreement only came into force in 2005, when the four member-states of the block have ratified the pact.

The agreement aimed to establish mandatory basic rules to Member States that would allow workers to include in the calculation of their pensions granted in a country the period of time worked in the other, but the rule would

apply only to the benefits in common existing in the member-countries of the block (such as retirement, for example). It was estimated that, from the entry into force of the agreement, about 214 million people – Argentines, Brazilians, Paraguayans and Uruguayans – would be potential beneficiaries of the law.

Another important international milestone was the signing of the Mercosur Free Residence Agreement, signed in 2002 and ratified by Uruguay, Argentina, Brazil and Paraguay, and which allows a citizen of a member country to obtain a legal residence in another member-country (or associate) of Mercosur, allowing oneself, thus, to work – with the application of labour and social security laws in the host country. In Brazil, the agreement was ratified by Congress in 2006 and by the Executive, in a decree signed in October 2009.

But there were many difficulties for the agreement to be fully established. One of these obstacles was the integration of registers amongst member-countries in order to facilitate the flow of information. So, to try to correct this flaw, since 2008 the Transfer System Data Validation of the countries members of the agreement began operating, which would allow the exchange of social security data from member-countries of the block in a more agile and organized way. However, even with the entry into force of the Multilateral Agreement on Social Security Mercosur, of the Mercosur Residence Agreement and of the creation of an integrated information system, a high incidence of informality and lack of social protection of rural workers in the region persisted.

According to the PNAD (National Survey by Household Sample) of 2011, about half (50.1%) of rural workers in Rio Grande do Sul were considered informal (therefore below the national average in agriculture, which registers more than 60% of its almost 4.5 million rural employees). In rice cultivation, the informality rate reaches 30.1% of wage earners.

Informality in the rural sector in the border region

In quantitative terms, the Rio Grande do Sul is the largest rice producer in Brazil, with a 66% share in domestic production, which means a volume of over 8 million tons, according to the IBGE data from 2011. Economically, rice farming is responsible for a GDP of R\$ 8.7 billion, which is equivalent to 4.3% of the

State's GDP (FARSUL 2011)⁴¹. In terms of employment, the Census of Irrigated Rice Cropland of Rio Grande do Sul, carried by Rio-grandense Rice Institute (IRGA), related to the 2004/05 harvest, showed that it is generated direct employment for every 27.8 hectares of planted area. In total there are 37 thousand direct jobs. Besides Uruguaiana, the municipalities of San Borja and Itaquí also stand out in the cultivation and processing of rice.

One of the most striking features of the region headed by the municipality Uruguaiana is its cross-border trait. Located on the Western Border of the State of Rio Grande do Sul, the municipality borders the Argentine and Uruguayan territories. It shares common features with its neighbours, such as a similar historical and sociocultural matrix as well as similar process of settlement and agricultural colonization, led by European immigrants and their descendants. Moreover, its boundaries are marked by an intense circulation of people and goods. A reflection of this movement is the fact Uruguaiana hosts the largest dry port in Brazil.

Bordering Rio Grande do Sul, the province of Corrientes (Argentina), in turn, has in the agriculture and agro-industry activities the base of its economy. The main crops are rice, tobacco, citrus, mate-herb and cotton, apart from cattle and sheep. For rice in particular, the province is the second largest producer in Argentina, trailing the province of Entre Ríos. Paso de los Libres is the city of Corrientes that is interconnected to Uruguaiana thanks to the International Bridge Getúlio Vargas - Agustín P. Justo, which allows crossing the Uruguay River.

The interactions between the two cities are structural, due to continuous flows of factors of production such as labour, natural resources, capital and services. Thus, it is common to find immigrant workers across the region. Therefore, boosting the formalization in this region should take that into account this element. One of the main issues stemming from this situation is to ensure the social protection of workers, regardless of their national origins.

The strength of the economy in Uruguaiana is mostly concentrated in the tertiary sector, with emphasis on trade, formal and informal, and international transportation - sectors that employ labour the most. Uruguaiana is the second largest municipality in area and most populous of the Western Border of Rio Grande do Sul. According to IBGE data (2010), it has 125,425 inhabitants,

41 GDP from 2003, adjusted by the inflation index IGP-DI of December 2010. Study available at: <http://www.farsul.org.br/arquivos/Estudo%20Arroz%20-%20FARSUL.pdf>

spread over 5,720 km², with a population density of 21.95 inhabitants per km². The population is predominantly urban, with an intense occupation of outlying regions of the city

SOCIOECONOMIC INDICATORS OF URUGUAIANA - RS

	1991	2000	2010
Per capita income*	465,95	579,65	714,26
% below poverty line	7,68	6,62	3,49
% poor population	27,51	22,03	12,23
Gini Index	0,58	0,59	0,57
Municipal HDI	0,55	0,663	0,744

*at constant prices, expressed in R\$ of August 2010

Source: UNDP, Ipea e FJP

Nevertheless, the agriculture still keeps its importance, and employs a large proportion of the occupied, with emphasis on the rice crop, which is the basis of the economy for most of the 13 municipalities of the West Border. In 2010, from the employed persons aged 18 years old or older, 10.72% of them worked in the agricultural sector, 0.13% in mining, 4.7% in the manufacturing industry, 6.66% in the construction sector, 1.05% in utilities sectors, 16.86% in commerce and 51.68% in service sector.

WORK AND INCOME - URUGUAIANA - RS

	1991	2000	2010
% of vulnerable to poverty	54,03	43,76	31,86
% of 18 years-old or older without primary education and in informal occupation	-	40,02	28,96

Source: UNDP, Ipea e FJP

The region of Uruguaiiana is characterized by the predominance of medium and large rural properties, unlike most part of the land structure of the South region, where the most common is the presence of family farming rural units to dedicated (see chapter of the pilot project Ituporanga/SC). Here, therefore, there are many wage employees with permanent contracts, and, of course, a large number of temporary workers hired in order to meet the demand for labour in the harvest seasons. And it is in this group of workers that informality is even more common. Many of these workers come from other states or come across the border. It is estimated that there are about 3,000 employees, including temporary and permanent wageworkers, acting in the region of Uruguaiiana and neighbouring counties, especially men.

OCCUPATION, EDUCATION LEVEL AND AVERAGE INCOME - URUGUAIANA (2000 AND 2010)

	2000	2010
Occupation of the 18 year-old population or older		
Activity rate - 18 years-old or older	67,36	66,41
Unemployment rate - 18 years-old or older	14,82	7,73
Degree of formalization of the employed - 18 years-old or older	57,86	61,45
Educational level of the employed		
% of employed with primary education completed - 18 years-old or older	53,63	66,82
% of employed with secondary education completed - 18 years-old or older	30,81	45,21
Average income		
% of occupied with income up to 1 minimum wage - 18 years-old or older	42,66	18,88
% of occupied with income up to 2 minimum wages - 18 years-old or older	71,79	71,59

Source: UNDP, Ipea e FJP

The municipalities in the region face very specific challenges related to their particular characteristic of being located in a border area, such as, for example, the lack of definition regarding social security affiliation of foreign workers working in Brazil and of Brazilian workers who work on challenges bordering countries. Despite the geographical proximity and common interests and problems, there is no articulated action between the unions of neighbouring countries. The unions also have problems to organize the workers politically, who often reach out for them only to receive guidance on hiring and termination of contracts. In rice cultivation, the unionization rate is only 15%.



Rio Grande do Sul, Brazil

Moreover, the labour market in the region presents difficulties common in rural areas in the country, such as the large number of temporary contracts (harvest season period) without formalization. Another problem is the occurrence of hiring through recruiters of rural labour, known as “gatos” who do intermediation, which in turn makes room for a series of outrages (illegal discounts, indebteding, non-payment etc.) at the expense of the worker. Another point that favours informality in the region is the difficulties of dialogue with the Ministry of Labour and Employment and the Ministry of Social Security of the triple-border countries (Argentina, Brazil and Uruguay).

Social dialogue on the border

The first activity of the pilot project for rural workers of the border region took place in December 2012, in the municipality of Uruguai (RS). Workers from rural, as well as from urban sectors, such as health care, participated in the first actions of sensitization. During the discussions, problems, challenges and issues that must be addressed to improve the work conditions and labour relations of the rural professionals, and, therefore, the quality of life of people living from the activity.

Quickly it became clear to Contag and DIEESE that the issue of migration in the region should be at the centre of discussions, and that would be essential to expand the scope of activities and go beyond the geographical limits of the boundaries that define their national territories (Argentina, Brazil and Uruguay), in order to include social actors from neighbouring countries in the social dialogue workshops. The challenges of the border, therefore, was imbricated with the compliance and facilitating the implementation of the agreements of Mercosur, considering, among others:

- The specificities of the rural sector related to the type of contribution to the social security plan;
- The difficulty of organizing the workers;
- The amount of land as a criterion for public policy;
- Ratification of agreements and conventions by countries ;
- Relations between unions in different countries;
- The work of short duration and harvest;
- The work conditions;
- The coverage of collective bargaining.

Among the other themes that emerged from the first discussions, we highlight the relationship between OGMs and reducing the demand for labour; the need for qualification for workers in the field; the migration of labour to sectors such as construction; reduction of wages of rural workers and the need to develop specific programs for housing for rural workers.

Thus, it was held in March 2013, the second activity of the pilot project, the first outside Brazil: a new stage of social dialogue took place in Montevideo, capital of Uruguay. On occasion, the general coordinator of DIEESE's programme and supervisor of Rio Grande do Sul's office and experts Cuesta Duarte Institute (organization of technical assistance from the Uruguayan Labour Union Central PIT-CNT) to discuss issues related to the expansion of the project “Informality Reduction through the Social Dialogue” to other Latin American countries.

Another issue discussed was the possibility of setting up a cooperation network of advisory and research bodies on union and labour issues, linked to labour union centrals that comprise the Coordinator of the Union Centrals of the Southern Cone (CCSCS). Finally, during the visit of the pilot project to Montevideo, representatives of various unions and labour federations of the three countries (Argentina, Brazil and Uruguay) gathered for the presentation of the pilot project, to mobilize actors and to establish a network for improvement of working conditions and formalization.

In May 2013, the first workshop of social dialogue in the pilot project took place. There, the participants reached a consensus that it would be needed the creation of a mechanism that would allow workers to prove the working time and the contributions made in foreign countries in order to have access to social benefits provided by law. Thus, it would be essential to work together with the Ministries of Labour and Social Security Ministries of neighbouring countries in order to seek solution of problems the region have been facing, especially in the case of employees who work on short term contracts within and outside their countries of origin.

In fact, one of the most iconic stories was told by an employee of rice cultivation, who said it was difficult to find formal work in Argentina and therefore he did not get the recognition, by the Brazilian government, of the period worked outside Brazil.

Several aspects of the situation of wage labour in the region were raised during the workshop. Amongst them, we can emphasize the following points:

- Strong presence of a “culture of informality and insecurity”, which could be related to a lack of punishment, inspection and information amongst employers and employees;
- Existence of a lot of unnecessary bureaucracy to acquire documents for legalization and verification of suitability for the job, as well as excessive costs;
- The lack of unity and cohesion in the labour and social security laws between countries that make up the block;
- Difficulties in oversight: workers operate informally in neighbouring countries and return without any proof of the period worked. The inspection has no jurisdiction to go into jobs in other countries and the number of inspectors is insufficient to serve Brazil;
- Workers often face health problems caused by exposure to sun and chemicals (pesticides);
- Lack of support of consulates in the dissemination of information and advice to employees.

Still at the time of the first workshop of the pilot project, it was published the booklet “How to Work in the Mercosur Countries”, produced by the Ministry of Labour and Employment, also available to download and browse the internet (<http://tinyurl.com/cartilha-trabalho-mercosul>).

The problems and obstacles that have been discussed throughout the workshops and previous activities suggested that it would be essential to include representatives of other spheres of government, especially the Ministries of Foreign Affairs of the three countries, plus the employer’s sector.

An important step was taken in this direction in the month following the first workshop. In July 2013, in Montevideo, a team formed by representatives from Contag and from Dieese’s subsection, invited by the General Secretariat of the Presidency of Brazil, participated of the Mercosur Social Summit, where they had the opportunity to present in work groups the programme “Informality Reduction through Social Dialogue” program as well as the actions of the pilot rural earners Uruguiana.



Ministry of Labour and Employment’s booklet that brings guidance about the labour market rules in the Mercosur countries

In August 2013, also in the Uruguayan capital, a new phase of the project consisted of site visits mobilization by Contag and Dieese, but also was an opportunity to exchange experiences and knowledge. In one of the activities of the visit, organized by the UITA (Regional Latinoamericana de la Unión de Trabajadores de la Internacional Alimentación) the employees’ representative on the board of the Bank of Provisiones Sociales (BPS) recalled that Uruguay has already signed about 30 bilateral agreements for recognition of pension rights. Another feature raised during the exhibition is the existence of a recent agreement that allows those who live within 20 kilometres from the border, in Uruguay or in Brazil, to be entitled to a single document to contribute to the social security (especially for rice and sugarcane crops).



Action plan in the pilot-project in Uruguaiiana-RS

Strategies and concrete actions to address the demands and reduce informality in the region were drawn in the last activity of the pilot project, the second workshop, held again in the city of Uruguaiiana in September 2013.

The discussions of the work groups were summarized in a few threads, which then served as the basis for guiding the design of the action plan of the pilot-project. The main topics discussed were the following::

- Structure of agrarian organization;
- Cyclical/seasonal migration;
- Short-term contracts;
- Collective Bargaining Agreements (there is no migration clause);
- There is no joint action between the unions of the border regions;
- Workers' short-term view in relation to the remuneration and savings for retirement;
- Lack of punishment as a cultural issue - trivialization of informality;
- Bureaucracy;
- Divergent legislation between countries;
- Invisibility of the agricultural wagedworker;
- Health and safety of workers;
- "Gatos" and outsourcing (ban or regulate?);
- Consultes - insufficient information.

From the diagnostics discussed at the workshop, the three working groups, formed respectively by labour leaders in the region, and labour union centrals and confederations and representatives of the government formulated a series of proposals with concrete action steps to address the issues raised.

The representatives of federations and confederations of workers suggested two major actions: the first initiative would be to organize an event in Brasilia for representatives of labour unions of the countries involved to discuss the labour and social legislation of countries; to integrate trade unions in order to know the structure of government and the union of these countries ; develop informational materials on labour and social security issues for workers; draft a letter of intent for workers of Mercosur countries ; and develop an egalitarian bill draft for rural workers of the Mercosur countries to be submitted to the government bodies.

The second initiative suggested by the labour union centrals refers to the creation of a form of joint oversight in the border area, formed by a union representative and a representative of the Ministry of Labour of each country involved.

The concern with the improvement of mechanisms and surveillance procedure was also part of the themes and action proposals developed by the group of governments representatives, who suggested conducting a survey of whom they are and where large and medium employers are, as a way to facilitate monitoring. The realization of a mapping was also suggested by the group of representatives of workers unions of border region municipalities, who also indicated that improved monitoring have to take into account the investigation of complaints of unions.

The government officials also suggested carrying out initiatives to improve the level of access to information regarding the rights and duties and means of formalization, especially seminars, creating focal points of information dissemination, development of brochures in Portuguese and Spanish and conducting distance courses for servers and unions. Another measure was included in the agenda of Mercosur meetings to promote discussion on actions to combat informality at the border and foster an exchange of experiences on what each country has done about it. This initiative can be taken in the short term in the form of a proposition to the General Secretariat of the Presidency, via Technical Executive Committee.

The group formed by representatives of workers unions of border region municipalities stressed the importance of formulating legislation with the Mercosur Parliament for mandatory registration of the employment contract of the foreign employee in the respective union of the employer's category. Finally, in order to change the culture of short-termism and the trivialization of informality, representatives of local workers proposed the construction of an extensive information campaign regarding the valuation of formality, giving prominence to the social security aspect, as well as the regularization of work in other countries and social security data crossing.

Finally, during the presentation of the several proposals of the groups, it has emerged the idea of creating a group of lawyers from the trade union movement of the three bordering countries to act in the border region, and it was also suggested the creation of a local group was created to monitor the actions defined in the second workshop of the pilot project.

Results and perspectives

Albeit one of the most recent experiences in the context of the program “Informality reduction through Social Dialogue” (its last activity was concluded on April 2014), the pilot of Rural Wage Workers from Uruguaiana already brought some relevant results.

Perhaps the most important of these results so far was the beginning of a more consistent cross-border mobilization process among the workers representative organisations. That suggests the creation of a wide articulation that could remain even after the end of the workshop activities. There is also a possibility for Contag to start a technical cooperation to strengthen union relations among various worker entities in the countries concerned.

Another important result of the activities was the opening of a dialogue channel with national and regional government bodies: parliament advisors from Parlasur (Mercosur Parliament) were invited to participate on the second workshop held in Uruguaiana. On the occasion, the parliament representatives had the opportunity to learn about the project “Informality reduction through Social Dialogue” and, in particular about the cross-border rural wage workers discussions. In that context, it was possible to exchange information between governments and workers about measures to promote work regularization in these areas, as well as about effective application of Mercosur multilateral agreements and its improvement.

Social actor's mobilization and the widening of the dialogue channels beyond the time limit of the project – crossing the institutional and geographical borders – suggest positive perspectives for the execution of concrete measures in order to favour formalization and the improvement of rural wage work conditions in cross-border regions.

ANEX: PARTICIPANTS OF PILOT- PROJECT OF THE RURAL SECTOR OF URUGUAIANA

- Advisory - Parlasur
- ASTR Fronteira – Association of Rural Labour Unions of Border Regional
- BPS
- CBTS
- CETI PIT-CNT
- CGT RA
- CNTA-Sul
- Brazilian Consulate in Argentina
- CONTAG National Worker's Confederation in Agriculture
- CTA
- CTB – Worker's Central of Brazil
- CUT – Single Worker's Central
- FETAEP
- FETAESC
- FETAG - National Worker's Federation in Agriculture - Rio Grande do Sul
- FETAG/FS
- Força Sindical
- Congressman Heitor Schuch's office
- INSS – National Institute of Social Security
- Cuesta Duarte Institute(Uruguay)
- Ministry of Labour (Uruguay)
- MPS
- MTE
- NCST – New Labour Union Central
- PIT - CNT - Plenário Intersindical de Trabajadores y Convención Nacional Trabajadores
- SEMAPI
- Sindalimentação
- Commerce Labour Union - Vacaria
- Sindmercosul
- Sindsaúde de Uruguaiana
- SITRAA - Sindicato de Trabajadores de los Arándanos y Afines- Uruguay
- SITRACITRA - Sindicato de los Trabajadores Rurales y Afines de Salto- Uruguay
- SPPS/MPS - Secretary of Social Welfare Policy/Ministry of Social Security
- SRTE/MTE - Regional Labour and Employment Superintendence/Ministry of Labour and Employment
- STDS - Secretary of Labour and Social Development of Rio Grande do Sul
- Rural Worker's Union (STR) of Alegrete
- STR Bagé
- STR de Alegrete
- STR Dom Pedrito
- STR Itaqui
- STR Lavras do Sul
- STR Santana do Livramento
- STR Uruguaiana
- STR Vacaria
- UATRE - Unión Argentina de Trabajadores Rurales y Estibadores
- UGT
- UITA – Unión Internacional de Trabajadores de la Alimentación
- ULATOC
- UNIPAMPA
- UTRASURPA - Unión de Trabajadores Rurales del Sur del País- Uruguay

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