



FEDERATION OF SOMALI TRADE UNIONS (FESTU)

POSITION PAPER ON MINIMUM WAGE IN SOMALIA

1. INTRODUCTION

CONSIDERING that living minimum wage is one of the labour market instruments used to combat poverty, reduce inequality and guarantee the satisfaction of the needs of all workers and their families, as well as give wage earners the necessary social protection with regard to the minimum permissible levels of wages, define a wage floor and create a level playing field for all;

CONSCIOUS of the fact that living minimum wage can help to improve productivity, create employment by stimulating consumption, raise the average wage and thus have an additional positive impact on consumption and employment, lower the cost of social assistance, help protect the purchasing power of low-wage workers, promote the formalization of workers and have a positive impact on wages and employment in the formal sector;

NOTING that there is no existing legal minimum wage rate in Somalia because it was never formally discussed & agreed by the social partners and formally declared and enforced. In 2006, the former Transitional Federal Government (TFG) of President

Abdullahi Yusuf Ahmed had proposed the minimum to be paid to any government employee was US\$150 per month but was not enforced as the government was a transitional one with no capacity to enforce it and even the government employees were not properly documented. This state of inaction has had a negative impact on low wage earners amid the high cost of living and the limited coverage of social protection;

COGNIZANT that the Federal Government of Somalia and the Federal Member States (FMSs) have in recent years increased efforts to collect revenues with the intention to cover substantial part of their budgets including payments to public sector workers;

KNOWING full well that the substantial part of the governmental budgets with regard to public sector workers or consultants/advisors are paid by donor countries which pose the challenge for Somalia to impose minimum wage on budget obtained from donors;

RECOGNIZING that Somalia has not ratified the Minimum Wage Fixing Convention, 1970 (No. 131), which

in its main definition, advocates the creation of a minimum wage system encompassing all groups of employees whose conditions of employment are such that coverage would be appropriate and also sets the criteria for setting the minimum wage and adjustment procedures, including consideration for the needs of workers and their families;

KNOWING that the preamble of the ILO Constitution of 1919 proclaims the urgency of improving conditions of labour through, inter alia, “the provision of an adequate living wage”. In addition, Somalia, as a member of the ILO, is obliged to respect and follow the ILO standards, even if it has not ratified;

WE, the leaders and staff of the Federation of Somali Trade Unions (FESTU) and its affiliated unions, reiterating the Somali government’s express commitment to eradicate poverty and reduce inequality through inclusive growth and sustainable development, do hereby adopt this position paper on minimum wage policy to articulate trade unions’ position on developing minimum wage policy:

2. VISION

Ensure that the minimum wage policy is fixed through tripartite consultation at nationally defined levels which allow all Somali women and men workers and their families to live at least a simple but decent life, acceptable to Somali society, given the level of development and inflation in the national economy.

3. MISSION

Establish an institutional mechanism to fix minimum wage through tripartite dialogue, guaranteeing simple but decent standards of living to ensure the health and well-being of Somali workers and their families and ensure the coverage of the minimum wage to all workers.

4. OBJECTIVES

- Establish a Tripartite Minimum Wage Board comprising representatives of Government, Employers and Workers – to objectively assess and recommend minimum wage for Somali women and men workers;
- Set a wage floor through social dialogue, reduce wage inequality, combat poverty and ensure a just and equitable share of the fruits of progress to all.
- Tackle discrimination against women workers and other vulnerable groups who are in the low-paid bracket.
- Guarantee wage earners necessary protections as regards minimum permissible levels of wages and protection against unduly low pay.
- Reinforce social dialogue and contribute to establishing rules of the game that are equal to all.

5. GUIDING PRINCIPLES

- a. Government through a statutory instrument underpinned by the tenets of ILO Convention 131 sets clear criteria for fixing minimum wages and adjustment procedures based on the needs of workers and their families, the general level of wages in the country, the cost of living and changes therein, social security benefits, the relative living standards of other social groups, requirements of economic development, levels of productivity and desirability of attaining and maintaining a high level of employment.
- b. The Minimum Wage Decree ensures that the following remain consultative issues:
 - i. Selection and application of the criteria for determining the level of minimum wages.
 - ii. The rates of minimum wages to be fixed.
 - iii. The adjustment from time to time the rates of minimum wages.
 - iv. Problems encountered in the enforcement of minimum wage decree.
 - v. The collection of data and the carrying out of studies for the information of minimum wages fixing authorities.

6. SCOPE AND FOCUS OF THE POLICY

The minimum wage policy should cover all trades or parts of trades—both in private and public sectors - for the effective regulation of wages and where wages are exceptionally low, and all groups of wage earners whose terms of employment are such that coverage would be appropriate.

7. MEASURES FOR ENFORCEMENT

- Dissemination of user-friendly information on minimum wage provisions.
- Recruitment and deployment in the field sufficient number of adequately trained labour inspectors equipped with the powers and facilities necessary to carry out their duties.
- Enforcement of adequate and dissuasive penalties for infringement of the provisions relating to minimum wage policy.
- Compliance with the provisions of the ILO Minimum Wage Conventions and enactment of National Minimum Wage Act.
- Workers' and employers' organizations to relentlessly protect workers against abuses, exploitations, discrimination and victimization, with a primary focus on those related to wages.

8. STRATEGY

- **Advocacy**—FESTU shall identify and target relevant local and national institutions and structures in its quest to ensure the actualization of the adoption and implementation of national minimum wage policy for the country.
- **Research**—FESTU shall commit to undertake studies that will gather data, shape and sharpen the arguments of the FESTU, sector unions and its allies so as to make evidence-based and compelling arguments.
- **Network**—FESTU shall identify, engage and work with progressive economic, social and cultural organizations in the country to advance the actualization of the adoption of the national minimum wage policy for the country.
- **Campaign**—We shall make efforts to ensure that workers are effectively mobilised to participate in the process. Awareness campaigns shall be undertaken and media briefing conducted regularly, as well as when and where necessary.
- **Communication**—FESTU shall use friendly and progressive, accessible medium and media to advance her positions on this issue in fair, firm and transparent manner.

9. RECOMMENDATIONS

Federal Government of Somalia to:

1. Extend minimum wage legal protection coverage to all workers, including those most vulnerable to exploitation, such as domestic workers and the workers in the informal economy.
2. Ratify and apply the Minimum Wage Convention No. 131 and Convention No. 100 in law and in practice.
3. Ensure that the minimum wage is evidence-based and adequate to meet the needs of workers and their families, and develop comprehensive evidence on the cost of living in order to guide the level of the minimum wage;
4. Urge the Ministry of Labour and Social Affairs (MoLSA) to, as a matter of utmost urgency, establish a tripartite committee responsible for fixing the minimum wage in order to negotiate realistic minimum wages rates for their enactment into decree or law and to regularly review minimum wages in order to ensure they remain valid over time.
5. Enforce minimum wages through adequately resourced labour inspectorates and apply dissuasive sanctions for violation of minimum wage provisions to act as a deterrent.
6. Take necessary and effective steps to improve labour inspection by providing the inspectorate department with the necessary resources to work. The labour inspectorate must be vigilant to root out wage theft, and unscrupulous health and safety working conditions that leave workers with no choice than to undertake self-help measures to protect themselves, including using their wages to secure safety and healthy working conditions.
7. Be ready and willing to source and secure technical assistance and support from competent local, national, continental and international organizations. In particular, we urge the government to work closely with the ILO on this process.

Federation of Somali Trade Unions (FESTU) & Somali Chamber of Commerce & Industry (SCCI) to:

1. Take part in and, respect and trust for the minimum wage fixing process.
2. Defend the principle of their independence and autonomy, particularly in their relations with each other and with other actors in the labour market.
3. Conduct periodic research to collect relevant data to inform their respective positions in the minimum wage setting process.
4. Respect flexibility and ensure a broader search for consensus in the minimum wage setting process.
5. Make sure the design of the minimum wage system is relatively simple and easy to understand.
6. Campaign to extend statutory minimum wage coverage to all workers, including those most vulnerable to exploitation, such as domestic workers.
7. Educate and disseminate information to workers and employers as well as to the public on the provisions of the agreed minimum wage.
8. Advocate for an effective mechanism to ensure minimum wage compliance.
9. Explain and report problems encountered in applying the agreed minimum wage.
10. Complement the minimum wage with the promotion of collective bargaining on wages, at both enterprise and sector-level, in order to ensure fair wages above the minimum level that take into account skills, productivity and profits.

10. CONCLUSION

The minimum wage concerns the path of dignity, the eradication of poverty, the reduction of inequalities, the transformation of lives and the guarantee of inclusive growth and sustainable development. It is an important tool that can help put Somalia on a solid path of inclusive growth that is, growth that enables people to contribute to the development process and benefit from it.

It entails establishing a wage floor to ensure a minimum standard of living to protect the health and well-being of workers and their families. It is the lowest remuneration that employers can legally pay their workers and it is an effective tool to stop exploitation of workers by unscrupulous employers.

A minimum wage rate that is too low does not guarantee a minimum income for workers and their families. In addition, too low minimum wages can constrain aggregate demand, productivity and overall economic growth. The minimum wage rate should therefore be adequate and adjusted from time to time to reflect changes in the cost of living and other economic considerations.

The selection and application of the criteria for determining the level of minimum wage to be set, the adjustment of the minimum wage rate, the problems encountered in the enforcement of the minimum wage legislation and the collection of data and conducting studies to inform the minimum wage fixing authority should remain as consultative issues.

Finally, it is important to emphasize that the Federal Government of Somalia shares a collective responsibility in the framework of the 2030 Agenda for Sustainable Development and the 2063 Agenda of the African Union, which aims to ensure a decent wage and social protection for all.

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