

Review and Update of the World Bank Safeguard Policies

Input from Building And Woodworkers International

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Guiding Questions:

1. Which aspects of the eight current environmental and social safeguards policies can the Bank improve to ensure that these policies most effectively help achieve sustainable development and results on the ground?

On behalf of the Building and Woodworkers International, representing workers and Trade Unions in the construction, building materials, wood and forestry sectors, it is our view that current Bank social safeguards do not provide adequate coverage of community impacts; labor and working conditions; and health, safety and welfare issues at the project level.

These important provisions are integral to IFC and MIGA performance standards. The World Bank Group should use the current social and environmental safeguards policy review to establish a consistent and comprehensive practice of respecting fundamental workers' rights in all the Bank's operations.

The current social safeguards at the Bank are restricted to two policies: involuntary resettlement and indigenous peoples. This limited thematic coverage is problematic. It focuses attention on these two important areas but thereby narrows the relevance of social safeguards to only a small segment of the Bank's portfolio. It's a prescriptive framework for existing social policies and a restrictive framework, which excludes consideration of other, more widespread and relevant, social risks that are routinely assessed by other members of the World Bank Group.

Key social risks, such as occupational health and safety, workers' rights to a fair wage and working conditions, hours of work and rest periods, social security, child labor, forced labor, non discrimination, gender equality and equal treatment for migrant workers do not receive adequate attention in projects where these risks are highly relevant. This is because they are not defined as safeguard risks. The narrow coverage of social safeguards in Bank projects, compared to IFC and MIGA, leads to an underestimation of the most relevant, serious and widespread risks. In construction and in forestry operations and supply chains, including the building materials sector (in particular brick making and quarrying), the sectors represented by the Building Workers International, these labor risks are so widespread as to be almost routine in many countries.

There is a need for the Bank to join up procurement and sustainability functions, and to focus on sustainability outcomes. The fact that the Bank's Safeguards Policies review is running almost in parallel with the Bank's Procurement Policy review presents the opportunity to achieve greater policy coherence and improved sustainability performance.

2. Please share examples of challenges you have encountered in applying the safeguard policies.

The safeguard policies are too narrow in focus to be applicable to many projects funded by the Bank. For

projects funded by the IFC, it has been estimated by IEG that more than 90% of real sector projects benefit from Performance Standards to improve management of the most relevant social risks of community and labor impacts, particularly those concerned with health and safety and working conditions. There is every reason to assume that the same is true for World Bank funded projects.

Labour risks, if not addressed, can and do become project risks, resulting in: delays in project implementation; project /construction cost increase; penalties and compensatory payments; increased labour costs; deaths, injuries and ill health; damages claims by workers; disruptions due to workforce accidents, disputes and strikes; forced suspension, shutdown or limitation of operations; corruption, including exploitative employment and labour practices and evasion of statutory fiscal and social security obligations; and damage to public image and reputation. Assessing these risks and managing them from an early stage in the project cycle will bring important social benefits and positive development outcomes.

3. Please share examples of what has worked well in applying the safeguard policies.

With regard to the eight existing environmental and social safeguard policies – OP 4.01 [Environmental Assessment](#), OP 4.04 [Natural Habitats](#), OP 4.09 [Pest Management](#), OP 4.10 [Indigenous Peoples](#), OP 4.11 [Physical Cultural Resources](#), OP 4.12 [Involuntary Resettlement](#), OP 4.36 [Forests](#), OP 4.37 [Safety of Dams](#) – Consultations with colleagues indicate that environmental and indigenous peoples’ groups are satisfied with the application of environmental and indigenous peoples safeguards policy. What is missing is attention to labor risks and policies in Bank operations, in particular for the construction and forestry sectors and risks in the supply chain.

4. In your view, what aspects of the 2010 Independent Evaluation Group’s study of the Safeguard Policies and accompanying recommendations are particularly important for the Bank to consider in the Safeguards Review and Update?

To transform Safeguards Policies into Performance Standards, shifting the emphasis from prescriptive measures to an explicit focus on the client’s environmental and social risk management systems.

To align the Bank’s approach to environmental and social sustainability with the IFC Performance Standards and Guidance. IFC in its Performance Standards included several new areas of coverage. These are areas of risk that IFC identified as commonly recurring in international projects, and hence require review in IFC’s process of project appraisal and supervision. These include human rights, labor and occupational health and safety, gender, disability, natural resources, and climate change.

The Independent Evaluation Group underlined the inconsistency of practices across the World Bank Group (WBG) as regards labour standards: “The thematic coverage of the [IFC] Performance Standards is more relevant to the WBG’s investment project portfolio than the policies in the current safeguards suite, due to the addition of explicit provisions on labor impacts, community impacts, and pollution prevention and abatement... There is no obvious reason to presume that community and labor impacts are not relevant to the Bank’s portfolio”.

In order to resolve the ambiguities and inconsistencies in the requirements regarding International Labour Standards and their application, the World Bank should update its social and environmental safeguards to ensure that all its divisions respect internationally agreed rights of workers.

5. What core principles that promote sustainable development should the Bank consider in the review, including those already reflected in the current safeguard policies?

The Human rights, Labour standards, Environment and anti corruption principles of the UN Global Compact.

Integrity, transparency and anti corruption measures

Resource efficiency and climate change mitigation

Responsible management of environmental, social and Governance issues.

Stakeholder engagement and protecting the rights and interests of stakeholders.

The Equator Principles

The Sustainability Reporting Principles and Guidelines of the Global Reporting Initiative.

The Universal Declaration of Human Rights.

Millenium Development Goals.

6. Are there any additional factors - beyond the internal and external drivers described in the paper (section II of the Approach Paper, page 4) - that the Bank should consider in the course of the review?

Governance and capacity building at country and project level.

Create synergies with wider economic, employment and industrial policies and development goals.

7. The paper notes that over the next decades countries will need to contend with a growing number of environmental and social risks and challenges (para 19 of the Approach Paper). These include: climate change, biodiversity loss, ocean acidification, economic and forced migration, and public health epidemics. The next generation of safeguard policies will need to help borrowers address these risks. Please describe any environmental and social sustainability frameworks used by other public or private institutions that you believe effectively address these risks, which the Bank should consider in the course of this review.

Continuing challenges include protection of Migrant workers' rights, prevention of HIV and AIDS, tuberculosis and malaria, Climate change and disaster risk mitigation and adaptation.

8. Please share examples of environmental and social assessment and risk management approaches (used by either public or private institutions) that are internationally recognized as good practice, which are not reflected in the current safeguard policies, but should be considered in the course of the review.

The International Labour Organisation Tripartite Declaration on Fundamental Principles and Rights at Work, and Internationally recognized Labour Standards of the ILO.

The ILO Tripartite Declaration is a voluntary global framework for responsible business conduct. It was developed and endorsed by government, business and workers organizations, and is based on agreed ILO conventions and recommendations. It has a strong emphasis on employment and human rights and

applies universally, regardless of ratification. It involves regular monitoring through periodic surveys.

OECD Guidelines for Multinational Enterprises (MNEs), and the OECD principles, OECD Policy Framework for Investment.

The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They were revised in 2011 in consultation with adhering countries and emerging economies. They embrace a set of widely recognised principles and standards for responsible **business** conduct including employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition and taxation, together with procedures for mediation and conciliation as part of the implementation of the Guidelines

United Nations Global Compact: The Human rights, Labour standards, Environment and anti corruption principles of the UN Global Compact. The UN Global Compact is a voluntary initiative for businesses committed to aligning their operations with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. Its objectives are (i) to mainstream the ten principles in business activities around the world; (ii) to catalyse actions in support of broader UN goals, including the MDGs. Business participants make a commitment to make the Global Compact's ten principles part of their business strategies and their day-to-day operations.

The Universal Declaration of Human Rights.

The Millenium Development Goals.

The Equator Principles

The Sustainability Reporting Principles and Guidelines of the Global Reporting Initiative.

International Framework Agreements and Codes of conduct of Multi National Companies.

9. As part of the review process, the Bank will also consider whether and how it could potentially address a number of emerging areas (para 35 of the Approach Paper) stakeholders have asked to be considered. These include human rights; labor and occupational health and safety; gender; disability; the free, prior, and informed consent of Indigenous Peoples; land tenure and natural resources; and climate change. Do you have recommendations with respect to any of these areas?

Trade Union Rights are considered to be Human Rights under the UN Universal Declaration of Human Rights. Of the Internationally recognized Labour Standards of the International Labour Organisation, eight are considered to be Core Labour Standards:

Elimination of forced and compulsory labour

(Conventions 29 and 105) where forced labour is "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily."

Abolition of child labour

(Conventions 138 and 182). Aside from violating children's basic human rights, sending children to work rather than to school perpetuates poverty and compromises economic growth. Each signatory, regardless of level of economic development, agrees to design and implement a course of action, effectively monitor implementation and apply appropriate sanctions.

Elimination of discrimination in respect of employment and occupation

(Conventions 100 and 111) is central to achieving greater social justice while also promoting development through a more efficient allocation of resources. Discrimination includes "any distinction, exclusion or preference" made "on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation...".

Freedom of association and collective bargaining

(Conventions 87 and 98). The right for workers and employers to freely create and participate in

organisations to promote and protect their interests is a fundamental principle behind the ILO's work. Signatories must give workers and employees the right freely to establish and join organisations of their choice, without any type of prior authorisation. Signatories further agree to establish mechanisms to ensure the right to organise and to encourage the practice of negotiating between employers and workers' organisations.

Protecting fundamental workers' rights in all World Bank operations

The recognition of the importance of Core Labour Standards is included in the World Bank's new Social Protection and Labour Strategy. CLS are the underpinning of well-functioning labour markets and effective industrial relations systems that promote productive work and fair wages. They are central to equitable distribution of income and the World Bank's mission of poverty reduction. Beyond the important role the World Bank can play in the promotion of core labour standards, the Bank's most effective contribution is to make certain that its own operations comply with them.

There are several other key International Labour Standards relevant to the Bank's portfolio, which are also addressed by **the International Labour Organisation's Decent Work Agenda**. These include:

Occupational Health and Safety, including provisions for Health and Safety Representatives Joint Health and Safety Committees – insurance, social security, working hours and rest periods. The ILO Conventions, Recommendations, Codes of Practice and Guidance on Occupational Safety and Health are highly relevant to the Bank's portfolio, including sector specific Conventions, such as 167 on Safety and Health in Construction.

Welfare arrangements – accommodation, transport, water, canteen facilities and food, shelter, toilets, washing and storage facilities. Good guidance on workers' accommodation in construction/ infrastructure has been published by the ILO and by the IFC and EBRD.

Workers' representation

Wages

Working hours

Equal rights for Migrant Workers

Social Security

The International Finance Corporation has required since 2006 that client companies comply with CLS and other **International Labour Standards (ILS)** as part of its Social and Environmental Performance Standards. They have also been applied by the Bank's Multilateral Investment Guarantee Agency (MIGA). IFC's revised performance standards, which went into effect in January 2012, reaffirm the importance for borrowing companies to respect ILS and expand on some other basic working condition requirements, such as occupational health and safety and workers' right to information. A strong majority of large private banks engaged in development project lending, known as the Equator Banks, have adopted the same standards.

Additionally, in 2010 the World Bank and the regional development banks jointly incorporated International Labour Standards clauses into their harmonized procurement of works documents, applicable to lending for major construction projects. However, the World Bank has taken no measures to ensure implementation of these clauses and they still have not implemented their commitment to apply the ILS to small construction works.

The revision of the World Bank's safeguard policies should include safeguards on labour standards. The policy should require compliance with all four of the core labour standards and properly adapted requirements such as those found in IFC's Performance Standards for other basic working conditions, namely the provision of information to workers on conditions of employment, retrenchment procedures, grievance mechanisms, occupational health and safety standards and supply chain standards.

10. An objective of this review is to evolve the safeguards policies into an integrated framework that would serve as the basis of a shared commitment between the Bank and its borrowers to environmentally and socially sustainable outcomes. Do you have any recommendations to guide the Bank in this effort?

Align policies with the Performance Standards of the IFC and the Performance Requirements of the EBRD. Ensure policy coherence with the Bank's Procurement Policy.

11. How can the Bank better support borrowers in their efforts to strengthen their systems and institutions with respect to environmental and social safeguards practices to yield more sustainable results on the ground?

Provide clear Guidance and training on implementing environmental and social safeguards for Bank Staff, borrowers / clients, procurement entities, contractors, workers and trade unions. This should include pricing and bidding.
Capacity building through Industry forums in construction and in forestry.
Coherence with Procurement Policy and with the Bank's Standard Bidding Documents for procurement of Works.

12. Do you have any additional comments or suggestions?

Jobs must be central in development strategies

Problems of high unemployment and underemployment predate the last global recession and subsequent period of slow recovery. As the ILO's *World of Work Report 2012* has shown, there remains a jobs deficit of 50 million relative to the pre-crisis situation. Young people have been particularly affected, with youth unemployment since 2008 having increased by 80 per cent in advanced and two-thirds in developing economies. Poverty rates and inequality have increased in most countries. The ILO also found that the incidence of precarious employment – jobs that are involuntary part-time or temporary – increased in most countries.

The World Bank's decision to focus its *World Development Report 2013* on jobs is welcome. The Bank should use the opportunity of the publication of the WDR 2013 to promote the understanding that creation of decent work must be at the centre of the development process if economic growth is to be broadly shared.