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Review and Update of the World Bank's Environmental and Social Safeguard Policies Phase 2 (ESS 2)

Dear Sir, dear Madame,

we thank the representatives of the World Bank (WB) and the Austrian Federal Ministry of Finance for the invitation on 5th of December and the opportunity to participate in the discussions around the proposal of the World Bank's new environmental and social safeguard policies.

Please find a summary of our comments below:

One of the major weaknesses in World Bank's draft of labour standards safeguard is seen by the Federal Chamber of Labour (BAK) in the narrow application of labour standards. While we welcome the reference of the protection of workers, and the avoidance of forced and child labour, the proposed labour standard ESS 2 fails to fulfill the ILO Core Labour Standards that represent internationally recognized minimum labour standards. All ILO-Member states are obliged to ratify, implement and effectively apply them. In particular, ESS 2 doesn't guarantee the basic rights to collective bargaining and freedom of association. Additionally it is so narrowly drawn by excluding third party contractors, that it will apply to only a fraction of workers. The World Bank is requested to correct these problems with ESS 2, in line with the standard set on application to public sector projects by the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD) and the African Development Bank (AfDB).

Issues in detail:

The absence of a labour standards safeguard at the World Bank has meant that borrowers from the World Bank's **public sector divisions**, International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA), funded by those divisions have not been required to comply with the basic labour standards adopted at other multilateral development banks (MDBs). MDBs that have adopted labour standards requirements include the World Bank's private sector division, International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD) and the African Development Bank (AfDB). All of the preceding labour standard safeguards or requirements have included obligations to comply with the International Labour Organization's (ILO) core labour standards, present written information to workers about their conditions of employment, provide a safe and healthy work environment and ensure that sub-contracted workers' rights and working conditions are also protected (Bakvis, Peter; ITUC/Global Unions; Sept 2014; Major weaknesses in World Bank's draft labour standards safeguard).

This means that ESS 2 suffers from:

- **Incomplete compliance with ILO Core Labour Standards:** it requires merely the compliance with forced labour, child labour and discriminatory practices at the work place. As concerns freedom of association and the right to collective bargaining, ESS 2 states that only „where national law recognizes“ those rights will they not be interfered with in Bank-funded projects (p 36). That means that workers of a WB public sector funded project are allowed to be discriminated if they seek to exercise freedom of association or the right to collective bargaining, unless these rights are explicitly protected under their national law.
- **Contract workers** are excluded from protection. ESS 2 applies only to „people employed or engaged directly by the Borrower, the project proponent of the project implementing agency“ (p 36). Almost all infrastructure projects are carried out by sub-contractors and not directly by government agencies.
- **Civil servants** have not the right to information about conditions of employment, to freedom of association and protection against discriminatory practices. The non-application to contract workers and the very limited application to public servants means that ESS 2 would apply to almost no one.
- ESS 2 has removed the stipulation that „the principles of non-discrimination in wages and working conditions, etc apply to **migrant workers**“. ESS 2 only prohibits employment of trafficked persons.

Therefore the BAK supports the ITUCs' and Global Unions' call for:

1. The inclusion of the missing **ILO Core Labour Standards**, especially the union rights (right to unionize, right to collective bargaining).
2. All the eight ILO Labour Standards have to apply to **contract workers, migrant workers and civil servants**.
3. **Documented information on the terms of employment**, cursory, verbal and unverifiable information is not sufficient.

Yours sincerely

Rudi Kaske
President

Maria Kubitschek
on behalf of the Director General