Understanding PS2

laboring under illusions

Steve Gibbons
IFC Community of Learning
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Assess The Risk

- Look at each scenario
- Quickly assess the level of risk
- Discuss
- Fill in the sheet
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919</td>
<td>Foundation of ILO</td>
</tr>
<tr>
<td>1919 – 1970s</td>
<td>Adoption of many ILO conventions. State regulation of labour markets</td>
</tr>
<tr>
<td>Mid- 1970s</td>
<td>Adoption of ILO and OECD codes of conduct of multinational enterprises</td>
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<tr>
<td>Early 90s</td>
<td>Privatisation, deregulation, weakening of national labour law, consumer pressure on labour issues starts</td>
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<tr>
<td>Early 90s</td>
<td>Private companies in defined sectors start to adopt of codes of conduct</td>
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<tr>
<td>Late 90s</td>
<td>WTO reject labour rights clause. <strong>ILO Fundamental Declaration adopted</strong>. Core labour standards concept gains currency. Global Compact launched</td>
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<tr>
<td>21st Century</td>
<td>wide range of organisations sign up to labour rights clauses. Various multistakeholder initiatives.</td>
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</tbody>
</table>
YOU MIGHT HEAR SOME NOISE FROM THE BASEMENT TONIGHT.

I GOT A BIG ORDER FOR RUNNING SHOES, SO I'M MAKING THE ELBONIANS WORK AROUND THE CLOCK.

HERE'S SOME PEPPER SPRAY IN CASE ANY OF THEM ESCAPE.

PLEASE HELP ME. YOUR DOG HAS ENSLAVED MY PEOPLE IN YOUR BASEMENT AND FORCED US TO MAKE RUNNING SHOES!

GAAA!!! MY EYES!!!

I LIKE TO HELP PEOPLE, BUT I ALSO LIKE INEXPENSIVE FOOTWEAR.
ILO Standards

- What is the ILO?
- Development of ILO standards – tripartite structure
- Key standards
- Broad-based approach
- Decent work
- Role of State
Some Private Initiatives

- Most common labor issues
- HR best practices
- Collaboration with other companies, NGOs, government and civil society;
- Supply chain labor issues – codes of conduct
- Sectoral initiatives
IFC PS2

- HR policy
- Employees informed of terms and conditions
- Respect collective bargains
- Terms should be reasonable
- Respect Freedom of Association and CB
- If FA restricted enable alternative means

- No forced labour
- Child labour
- Retrenchment
- Grievance mechanism
- OSH
- Supply chain for child and forced labour
- Contractors working on project covered by most of above
National Legislation

- Key to understanding standards for most clients
- May be functioning inspectorate or maybe not
- National courts are first line of complaint for employees, not IFC
- Key commitment under performance standards
- Getting information about national legislation
Understanding Labor Requirements

- National law compliance core to PS2
- Based on international standards, but not tied to them
- Management systems often key to demonstrating compliance
- Process standards cf outcome standards
WARNING

Due to risk of attack from kangaroos or injury from airborne golf balls admittance to the golf playing areas is prohibited except for players and authorised persons.

The Anglesea Golf Club will take no responsibility for any injuries sustained to unauthorised persons who are tresspassing upon the playing areas.

Visitors are very welcome to the Clubhouse and Pro Shop at all times.
Assessing Labor Risk

- Determines due diligence requirements
- Prioritises resources
- May well be sector driven
- Not always straightforward
Labor Risk Indicators

- Reputation of client
- Country
- Sector/Industry
- Employment impact
Reputation

- Client has many supermarkets
- Project is to expand into new country
- Client has history of difficult relations with trade unions in home country
- Client faced substantial criticism from NGOs and state labour inspectorate in another country on working hours and basic conditions
Country

- Project is to modernise and expand drinks company
- Country has a history of conflict
- Trade unionists have been subject to serious human rights violations
- Trade unions have conflict with the project sponsor
- ILO assessment of labour law system in country finds it seriously deficient
Sector

- Construction of a bridge feeder road
- Migrant workers used
- OHS risks
- Subcontracting of most of work
Employment Impact

- Recruitment of 1000 temporary laborers
- Recruitment of 600 permanent workers
- Housing for temporary workers
- Dismissal after first temporary phase
- History of discrimination in the country
Sources of Information – Labor Risk

- Client information –
  - Positive e.g. CSR measures, good union relationship
  - Negative e.g. Strikes, court cases, NGO campaigns

- Sector-based tools

- Various databases and information sources on labour and human rights

- Previous projects – build institutional memory
Risk Checklist

- Does the client have a good reputation regarding labor issues?
- Is the project located in a high-risk country/region? If so, which issues present a high risk of non-compliance?
- Is the project in a high-risk sector? If so, what are the relevant labor issues which give rise to a risk?
- Will the project entail changes in the employment situation at the client site – namely, recruitment or significant retrenchment?
- Does the client sub-contract or contract significant parts of its labor requirements?
- Is the client’s or contractor’s workforce made up of a substantial number of migrant workers?
- Is the project located in a high risk area – free trade zones, remote locations, etc.
- Is there a history of labor unrest in the company or in the region?
- Is there any significant ethnic or gender discrimination in the region / country?
Next stages

- Due diligence and labour issues
- Capacity of consultants
- Working with labour unions
- Working with other stakeholders
- Commitments from clients / action plans
- Monitoring performance on labour issues
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