

Attention: Alke Schmidt

Draft EBRD Environment and Social Policy

Thank you for the opportunity to participate in yesterday's discussions. The IOE commends the work of the Bank in its goal of bringing market economies to the participating countries. We also support the objective behind the Bank's environment and social policy. Our comments are based on the belief that those objectives are best achieved through the optimal blend of market behaviour, normal social behaviour in the host country and interventions by third parties.

General Comments;

Our understanding of the process for application of the policy would have been enhanced by an "Interpretation Section" that confirms the principles brought out during the discussions yesterday. Those principles relate to the work you do on each project to create a bridge between the particular circumstances of the project and the region, with the terms of the 'Policy'. These principles were;

1. National law is the benchmark. Where the Bank believes different measures are appropriate, these will be negotiated with the client.
2. ILO Conventions that are referenced in the Policy that have not been introduced as law in the host country will be the subject of negotiation with the government of the host country, to decide whether and/or how it is to be observed by the parties to the financing arrangement.
3. Only ILO Conventions are considered as possible terms of the Agreement to be negotiated. References in the Policy to ILO Standards, General Assembly Declarations and other such terms are to be considered as guides to good practice and are encouraged.

Specific References in the Policy;

1. Page 3, Para 9, note 7 - the correct reference would be 'OECD agreed instruments related to corporate responsibility .....!'

2. Page 20, Para 2, dot 3. We believe this note too broad. The Policy overall conveys the intent and terms of this Point. Wording more suitable, less emotive and consistent with the editorial style of the para would be;

- a. "promote compliance with the clients existing agreements and practices, national labour and employment laws and the principles of rights at work"

3. Page 21, para 5, dot 2 - delete 'and standards'. Unnecessary words.

4. Page 21, para 5(d). We believe the following words are more suitable and appropriate for the purposes of the Bank and the Policy;

'freedom of association and the effective recognition of the right to collective bargaining'

The ILO Convention Concerning the Promotion of Collective Bargaining, No 154 provides that "for the purpose of this convention the term "collective bargaining" extends to all negotiations

which take place between an employer, a group of employers or one or more employers organisations, on the one hand, and one or more workers organisations, on the other, for....” . This means that the workers cannot elect to negotiate themselves either individually or collectively, whether no union exists, or the union is perhaps a tool of the State, is incompetent or is corrupt. Compulsory unionism, as this Convention provides, is not always the appropriate or best option for the workers.

5. Page 23, Supply Chain, Para's 16 and 17. The present requirements as written are suitable, albeit possibly agreeing that there is only so much the clients can do. The Banks expectation could be more clear and precise if rewritten as follows;

Responsibility for Child Labour and Forced Labour in the Supply Chain

- 16. Where low labour cost is a material factor in a product or service supplied, the client will take reasonable steps to inquire about the use of child labour and/or forced labour.
  
- 17. Where child labour or forced labour are found to be apparent, the client will take all reasonable steps to address this in accordance with the following requirements;
  - (a).....unchanged
  
  - (b).....unchanged
  
  - .....this constitute forced labour.

Again, we appreciated the opportunity to participate in the discussions and to submit comment. We are available for further consultation at your request.

Regards, Peter Glynn