



**THE WORLD BANK**

IBRD • IDA | WORLD BANK GROUP

Operations Policy & Country Services



## Labor Related Risks

Legal Context



## Legal Context

- The Ministry of Manpower is responsible for labour inspections and OHS inspection
- The National Council for Childhood and Motherhood (NCCM) coordinates enforcement of laws relating to child labour, including its worst forms.
  - It also provides technical support and training on child labour for the Ministry of Manpower's inspectors (US DoL, 2019; Interview with ILO consultant, 2020).
- A draft new Labour Law was published by Parliament in 2019.
  - Currently under discussion in Parliament.
  - Expected to pass end of 2020 (Interview with ILO consultant, 2020).

# Legal Context

The draft Labour Law includes

- Provisions on the establishment of Specialized Labour Courts for achieving speedy justice in the labour cases and the rights of insurance to workers.
- Establish a Supreme Council for Social Dialogue and its branches in the governorates, although the scope and intention of this amendment are yet unclear (Youssry Saleh and Partners, 2018).

The draft law is reported to fail

- Provides for employer / enterprise to terminate a contract without having to give a reason, which is also a reported problem under the current Labour Law (Interview with ILO consultant, 2020).
- Not aligned with the new Social Insurance and Pensions Law of 2019
- Resulting in a difference between benefits granted by both the current and the draft labour law and by the Social Insurance and Pensions Law.
- The coverage of both laws is also different: informal workers are covered by the new Social Insurance and Pensions Law, but not by the draft labour law (Interview with ILO consultant, 2020).

## Social Security

- On 1 January 2020, Egypt's government implemented a new law that makes extensive changes to the country's social insurance pension system,
- including coverage, financing, qualifying conditions, benefit formulas, and benefit adjustments.
- The **new Social Insurance and Pensions Law (Law No. 148 of 2019)** replaces many existing social security laws and regulations, and consolidates several different social insurance programs into one.
- It is intended to improve social protection without undermining the pension system's financial sustainability.

# Social Security

- It replaces the social insurance end-of-service benefit with one based on individual accounts.
  - To fund the individual account benefit, employees and employers each contribute 1 percent of total monthly covered earnings or payroll. When an insured person retires, he or she receives his or her account balance (total employee and employer contributions plus accrued interest) as a lump sum.
  - The new benefit only applies to periods of service since the new law's implementation date. The old benefit still applies to periods of service before the implementation date (US SSA, 2020).
- It covers 26 categories of workers,
  - including public- and private-sector employees, civil servants, and self-employed persons.
  - Ten of the 26 categories previously lacked social insurance coverage; these 10 categories primarily include irregular and seasonal workers (for example, fishermen, land-transportation employees, and household workers) and small employers (for example, owners of environmental, rural, and family industries) (US SSA, 2020).

# Social Security

- In 2018, new social insurance networks for daily labourers were created.
  - State banks and state-owned insurance companies are encouraged by the Egyptian government to launch Aman Certificates (translating to Safety Certificates), designed to be life insurance plans for informal and temporary workers.
  - The certificates can be purchased by any informal or temporary worker between the age of 18 and 59. The worker only needs to present his or her national identification card for the certificate to be issued.
- The effective social protection coverage rate (as opposed to the legal coverage rate) of Egypt's population is estimated to be around 37%.
  - These numbers do not yet reflect the social insurance offered by the Aman Certificates.
  - Coverage is reported to have decreased in the last decade, contributing to employment informality (ERF, 2019a).

# Labor and Working Conditions – Scope of Bank requirements

to promote safety and health at work

to promote the fair treatment, non-discrimination, and equal opportunity of workers

to protect project workers including vulnerable workers such as women, persons with disabilities, children of working age, migrant workers

to prevent the use of all forms of forced labor and child labor

to support the principles of freedom of association and collective bargaining, consistent with national law

to provide workers access to mechanisms to raise workplace concerns



## Key gaps between Bank requirements and National law

- *Forced labour*: There is not a clear definition or prohibition under the Labour Law.
- *Discrimination*: Gender and other forms of discrimination (race, political beliefs) in recruitment and promotion is not expressly prohibited. Sexual harassment is not expressly prohibited by law.
- *Contracted and primary supply labour*: National law does not contain specific requirements for the management and monitoring of contracted labour or on the use of primary supply labour.

# Key challenges

- Informality rates in Egypt are high.
  - Lack both labour law protections and social insurance coverage
  - Risk of excessive working hours, heightened OHS risks, and poor terms and conditions of employment.
- Enforcement of labour laws is reported to be ineffective due to insufficient capacity and the absence of sufficiently dissuasive sanctions.
- Foreign workers are required to have a work permit in order to enter into formal employment. In practice, work permits are very difficult to obtain, resulting in the majority of foreign workers entering informal employment.

# Key Risks by Sector



# Construction

- Employs between an estimated 12,5% and 20% of Egypt's working population (IOM, 2017; Egypt Today, 2018a).
- Low job security and have no access to pensions as they are paid on a daily basis (Egypt Today, 2018a).
  - Construction is reported to account, together with the agricultural sector, for the majority of underqualification, informality, and often overqualification of workers (World Bank, 2019b).
- Child labour, with an estimated 18.9% of hazardous child labour taking place on industrial sites, including construction (ILO, 2018b).
  - Also a key risk in construction supply chains and bricks and limestone are named on the US Dept of Labor's 2018 List of Goods Produced by Child Labor (US DoL, 2019).

# Construction

- Forced labour
  - Egyptian men are reportedly subjected to forced labour by traffickers in the construction sector (US DoS TiP, 2019).
  - Migrants from South Asia, Southeast Asia, and East Africa are reportedly also subject to forced labour in the sector
- Issues of child labour and forced labour

Generally more present at construction sites of small enterprises and with subcontractors (Interview with ILO consultant, 2020).
- Legislation on oversight and OHS is reported to be sufficient, but implementation on construction sites remains a problem, particularly with subcontractors (Interview with ILO consultant, 2020).

A closer look to each of the Risks and Challenges



# Child and Forced Labor Risks

Child labor = employment of children in manner likely to be **HAZARDOUS**

Child labor	Forced labor
Age of 14 min. working age	Can workers leave the premises?
Do children go to school?	Do workers carry their documents with them?
Are working conditions safe? Are there any hazards involved (physical health, psychological and social well being)?	How work area and workers accommodation look like? Are they appropriate?
Risk sectors: agriculture, mining, construction, services	Do locals see workers arriving to and leaving the factory?
Vulnerability factors: single headed households, migrants	Do workers have contracts, receive their pay slips and/or salary on their bank accounts?
Differentiate between child labor and child work	Hiring procedure – do workers pay fees to be hired? Any migrant workers?

## Example of Mitigation Measures found in ESMPs

- The project will hire a qualified contractor/sub-contractor with the high health and safety standards. In addition, the ToR for the contractor and the ESIA will provide the provision of the health, safety and precaution of the environmental impacts and its mitigation measures to be followed during construction.
- Rigid obligations and penalties will be added to the contractor ToR in order to warrantee no child Labor is occurred in the project
- The ToR also will oblige the contractor to keep a copy of IDs of Laborers in order to monitor the hired staff below 18 years old
- The contractor also will be obliged to maintain daily attendance sheets in order to verify the attendance of workers to ensure first, that workers below 18 years old are not included on site.



# Community Health and Safety Risks

- Improper establishment, operation & decommissioning likely to lead to community health and safety risks such as:
  - fire and life safety;
  - operational accidents;
  - occupational health impacts;
  - community health risks from use of banned chemicals and substances (PCB, asbestos ..)
- Degradation of ecosystems may cause depletion in resources and services/benefits enjoyed by the communities such as:
  - protection from natural hazards such as land slides,
  - loss of topsoil cover
  - adverse livelihood impacts due to non-availability of food, fresh water, medicinal plants, etc.
- Poor road safety and traffic conditions may cause significant safety

# Example of Mitigation Measures found in ESMPs

## Traffic

- Time management for vehicles movement; especially avoiding the peak hours
- Clear sign surrounding construction site and the exit gate.
- Coordination with traffic department (ministry of interior) for vehicles route and movement.
- Vehicle speed restrictions should be applied across the project site
- Flag man will be considered whenever needed
- Safety precautions to be taken during night

# Occupational Health and Safety – Social Considerations

## Example of Mitigation Measures related to insurance coverage

- The project will hire a qualified contractor/sub-contractor with the high health and safety standards. In addition, the ToR for the contractor and the ESMP will provide the provision of the health, safety and precaution of the environmental impacts and its mitigation measures to be followed during construction.
- The contractor also should keep attendance worksheet and Laborers ID in order to verify the age of workers
- Health insurance should be applicable to the contractor workers and workers contracted by a sub-contractor

# Labor Influx Risks and Impacts

- **Social conflicts**
  - incoming workforce and host communities conflicts over religious, cultural, ethnic differences or competing demands on limited local natural resources (fuel, land, forest ..) and public services (healthcare, schools..)
- **Crime, Illicit behavior, community perception of insecurity**
  - thefts, physical assaults, substance abuse, prostitution.. by workforce and their followers
- **Communicable diseases**
  - exposure to diseases and STDs to which they may have low resistance
- **Child labor**
  - increased opportunities to sell goods and services to workforce may contribute to use of child labor and enhanced school dropout

# Labor Influx Risks and Impacts

- **Gender-Based Violence**
  - mostly younger males away from home; not bound by normal social control - sexual harassment of women, illicit sexual relations with minors, exploitive sexual relations, human trafficking..
- **Traffic safety**
  - Delivery of supplies and goods for workforce may increase in traffic related accidents and extra burden on transport infrastructure
- **Community dynamics**
  - Depending the size of the incoming workforce and host community and their level of engagement, community dynamics may change significantly or pre-existing social conflicts may intensify
- **Competing demands on limited public services**
  - Presence of large workforce and followers can generate additional demand for public services – water supply, electricity, health care, education, transport, law enforcement....

# Labor Influx Risks and Impacts

- Negative social impacts if environmental impacts are not managed satisfactorily, such as:
  - Improper waste disposal and use of illegal disposal sites - contaminated water and health impacts
  - Increased demand for freshwater, farming, fishing, grazing land - especially in case of smaller rural host communities may cause conflicts and adverse livelihood impacts
  - Adverse impacts from improper siting of workers camps and other facilities such as access roads, may contribute to deforestation, degradation of ecosystems & their services to communities, which in turn may cause result adverse livelihood impacts

# Mitigation Measures

- Avoid or reduce labor influx where possible
- Ensure that ESIA addresses anticipated labor influx and potential risks
- Introduce robust community engagement plan and well functioning GRM
- Apply a risk-based approach to design mitigation measures and identify additional instruments to be prepared by contractors
- Define contractual obligations (enforceable penalty clauses) between the contractor, supervision consultants and PIU
- Introduce appropriate monitoring, reporting arrangements and effective supervision protocols

## Mitigation Measures

Contractors to implement robust measures to prevent GBV:

- Training of workforce - unacceptable conduct
- informing workers about national laws
- Worker Code of Conduct as part of the employment contract
- Introduce sanctions for non-compliance (e.g., termination)
- Cooperation with law enforcement agencies



## Example of Mitigation Measures found in ESMPs

- Preparation of appropriate code of conduct that stipulates the different commitment of labor towards community groups and the different behavior that should be avoided
  - All workers should be trained on the Code of Conduct.
  - Code of conduct to be signed by sub-contractor.
  - Code of conduct induction to be done every 2 weeks for the recurrent workers and the new comers before starting work.
  - Apply Penalties to workers violating the code of conduct
- According to availability, try to rent all apartments in the same building.
- Apply the full requirements related to operating the grievance mechanism including anonymous channels
- Raising awareness of the local populations about the project commitment towards communities' and the measures taken for that