Targeting Infrastructure Projects

The BWI Agenda for Action
The Infrastructure Explosion

Demand for infrastructure to meet the needs of rapid urbanisation and increased population worldwide is constantly growing. Such projects include transport, energy, water, sanitation and waste, communications, education and healthcare facilities and housing, all essential to poverty reduction and sustainable development.

Public procurement contracts currently amount to 9-13% of the GDP of developing countries and 20% of the GDP of the OECD countries. Expenditure on infrastructure in estimated at 3% of global GDP (US$2 trillion), and will require a doubling of such spending over the next 20 years. China is spending 20% of its GDP on infrastructure, while India spends 6%, and needs to invest $250 billion over the next five years to achieve basic targets. In the European Union, over the next 20 years, the energy sector alone needs US$1.2 trillion.

While there are different models of financing, with an increase in the use of Public Private Partnerships (PPP), governments and the international development banks are the final sources of infrastructure funding. BWI and its affiliates are tracking the major infrastructure projects, their funding, bidding procedures and the main contractors. Its strategy has produced significant results over the last two decades.

Why BWI targets infrastructure projects?

BWI seeks to ensure that these projects provide decent work by ensuring that minimum labour standards are included in the contract conditions and by strengthening trade union organisation on the ground.

Much construction work, particularly in developing countries, is characterised by a large proportion of temporary, informal work, where it is hard to recruit workers into union membership. Infrastructure projects, on the other hand, offer opportunities to organise workers precisely because they are large-scale and employ a sizeable work force for considerable periods of time. In addition, the projects are often landmark ventures, which are susceptible to media attention and general public scrutiny.

Most importantly, since 2010, all the development banks that provide the loans for infrastructure development are required to ensure that labour and occupational health and safety standards are respected on the project sites. In many cases, the main contractor is a multinational company (MNC), so the BWI affiliate in the home country, can also apply pressure, particularly if BWI has signed an International Framework Agreement (IFA) with the company concerned. Also, when unions organise large infrastructure projects, they often find it is easier to recruit and gain recognition at other sites.

It is in this context that BWI and its affiliates have directed organising campaigns at infrastructure projects and are currently organising in more than 20 major projects worldwide.
Labour standards in public procurement – getting the banks on board

In infrastructure projects, governments are the client and there are certain standards concerning public procurement which they must apply. The ILO Convention 94 on Labour Clauses in Public Procurement sets an international standard. It states that all contractors bidding for a public contract must respect basic minimum standards on wages, working hours and health and safety, so there is not pressure to reduce labour costs as a consequence of the competitive bidding process. In this way, governments can both regulate the market and participate in it.

Most infrastructure projects in developing countries have some level of funding from the Multilateral Development Banks (MDBs), as part of their country assistance strategies.

Why the BWI engages with banks?

The BWI, together with other Global Unions, has put pressure on the MDBs to include labour clauses in their standard bidding documents and general conditions of contract for construction. For the BWI, infrastructure projects contribute to development and economic growth not only through the project itself, but also through providing employment, training, decent wages and health and safety as well as social security for the workforce and their families, all of which has an incremental impact on the national economy as a whole.

“The goal of the Labour Clauses is to establish a good worker management relationship and to promote fair treatment of workers, to prevent the use of child labour, and forced labour, to promote equal opportunities and to guarantee health, safety and welfare of the workforce. We in the BWI are already seeing the benefits of this approach on a number of MDB financed infrastructure projects.” Ambet Yuson, BWI General Secretary speaking at the FIDIC/MDB Harmonized Construction Contract Conference, June 2012, Brussels

Starting in 2006 with the International Finance Corporation (IFC) of the World Bank Group, which adopted what is known as Performance Standard 2 on labour and working conditions, by December 2010, all the MDBs and the International Federation of Consulting Engineers (FIDIC) had amended their standard bidding documents and general conditions of contract in construction (the MDBs Harmonised Edition 2010.)
The MDBs use between 40% and 60% of their expenditure on infrastructure projects. The MDB/FIDIC Harmonised General Conditions of Contract for Construction now include environmental, health and safety standards, fraud and corruption provisions and the four fundamental rights at work:- freedom of association, the effective right to collective bargaining, non-discrimination and equal opportunities and no forced labour or child labour.

The most important standards that construction contractors are expected to comply with are:

• National labour laws and health and safety regulations must always be followed
• Workers are provided with a safe and secure working environment
• Working hours are not excessive and are recorded and regulated in accordance with national law
• Pay and terms and conditions are at least at the level of sectoral norms and / or collective agreements, whichever is the higher, and workers are paid regularly
• Workers have employment contracts, according to national law, and contractors keep records of employment
• Workers have the right to form, join and participate in the activities of trade unions; contractors bargain with trade unions in accordance with national law
• There is no child labour, as defined by national law, and workers aged under 18 do not work on any hazardous tasks (in practice, this normally means that all workers on site must be aged 18 and over)
• There is no forced labour, as defined by national law
• There is no discrimination against foreign workers, religious or ethnic minorities, women or other groups
• A mechanism is available for all workers to communicate their grievances to management and resolve disputes
• If workers live in accommodation provided by the contractor, the contractor must ensure that this meets national and international good practice standards.

These standards apply to all workers on site whether they are employed by the Employer (the Banks’ client) directly, or by construction contractors, subcontractors or labour agencies. The standards also apply to temporary workers.

These are the 8 Multilateral Development Banks which have committed, in principle, to ensuring respect for fundamental rights at work on infrastructure projects which they wholly or partly fund, whether in the public or private sector:

~ World Bank
~ African Development Bank
~ Asian Development Bank
~ Black Sea Trade and Development Bank
~ Caribbean Development Bank
~ Council of Europe Development Bank
~ European Bank for Reconstruction & Development
~ Inter-American Bank

In addition the Islamic Development Bank and some government development aid agencies (Australia, France, Korea, Japan and the USA) have agreed in principle to use the harmonised contract conditions. Many private banks have signed up to similar commitments, known as the Equator Principles. However, some banks are not actively promoting these commitments, and have yet to include them in their operational policies.
Organising strategies on infrastructure projects

Because of the scale and complexity of the contractual relations on an infrastructure project, trade unions, where necessary with the support of BWI, need to start “upstream” by identifying and maintaining contact with both the main clients and the contractors.

As part of the conditions of a loan, the development bank must ensure that the client, normally a government or PPP, must comply with national labour laws and health and safety standards. In turn, the client puts the work out to tender, using the standard bidding documents, which contain clauses on labour and health and safety standards. The client then awards the contracts, based on price and performance, and is responsible for ensuring that all the clauses in the contract are respected by the main contractor and the sub-contractors. In this way, the bank, the government or client, the main contractor and sub-contractors are all committed to ensuring respect for workers’ rights and health and safety provisions.

Trade unions, therefore, need to ensure that both the client and the contractor are fully aware of their obligations. Once the main contractor has been appointed, the union can request access to the site in order to organise the workforce. The union has the right to request holding a mass meeting of the workforce to explain its role and to recruit members.

Once members are recruited, trade union elections can be held to appoint shop stewards and safety representatives. The contractor has the obligation to provide union officials with on site facilities and time off for training and carrying out their trade union work. The next step is to get recognition as the bargaining partner and to negotiate a collective agreement.

Examples of organising infrastructure projects funded by development banks

Struggle of workers in IFC/ Bujagali Hydroelectric Dam, Uganda

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries. IFC works in more than 100 developing countries and provides funding to companies and financial institutions in emerging markets.

The first major infrastructure project funded by the IFC after 2006 when it committed to the new labour standards Performance Standard 2 was the Bujagali hydroelectric dam, in Jinja, Uganda. The project started in 2007 and was scheduled to take 5 years. Even before the construction work began, the BWI and its affiliate, the Uganda Building and Construction Union (UBCCECAWU) held meetings with the IFC, the client, Bujagali Energy Company (BEL) and with the main contractor, Salini Construttori S.P.A., as well as the Ugandan Minister of Labour and local World Bank officials.
They discussed the need for cooperation between the contractors and the union. Subsequently, the union was granted access to the site, recruited members, elected shop stewards and safety representatives and the first collective agreement was concluded. There were 2,500 workers on the site at its peak, and the vast majority of the workforce are union members. There is a project union committee and a health and safety committee. Negotiations in following years have brought more improvements to wages and benefits.

“So far we have reviewed the CBA three times. The union also mobilised and organised the sub-contractors’ workers with similar conditions as the main contractor. The working relations between the union and management are now cordial and grievances that arise are resolved in reasonable time frames.” Oloka Mesilamu, General Secretary, UBCCECAWU

This organising experience has increased the union capacity to recruit and negotiate agreements on other construction projects in Uganda, with important gains in working conditions and health and safety. The union has strengthened its standing with the construction industry employers and as a consequence, there have been improvements to the national sectoral agreement.

Performance Standard 2: Labour and Working Conditions

Together the 8 Performance Standards establish standards that the client is to meet throughout the life of an investment by IFC. Performance Standard 2 recognizes that the pursuit of economic growth through employment creation and income generation should be accompanied by protection of the fundamental rights of workers.

For any business, the workforce is a valuable asset, and a sound worker management relationship is a key ingredient in the sustainability of a company.

Failure to establish and foster a sound worker management relationship can undermine worker commitment and retention, and can jeopardize a project.

Conversely, through a constructive worker management relationship, and by treating the workers fairly and providing them with safe and healthy working conditions, clients may create tangible benefits, such as enhancement of the efficiency and productivity of their operations.

The requirements set out in this Performance Standard have been in part guided by a number of international conventions and instruments, including those of the ILO and the UN.

Objectives:

• To promote the fair treatment, non-discrimination and equal opportunity of workers
• To establish, maintain and improve the worker management relationship
• To promote compliance with national employment and labor laws
• To protect workers, including vulnerable categories of workers such as children, migrant workers, workers engaged by third parties and workers in the client’s supply chain
• To promote safe and healthy working conditions, and the health of workers
• To avoid the use of forced labour
Global mission leads to workers’ agreements in IDB/IFC Panama Canal and Metro Line

The Inter-American Development Bank, together with the Japan Bank for International Cooperation (JBIC), the European Investment Bank (EIB), the Corporación Andina de Fomento (CAF) and the International Finance Corporation (IFC), are the major funders of the Panama Canal expansion project, estimated at USD$5.25 billion total cost of the project.

The Panama Canal expansion will double the waterway’s capacity through the construction of two new locks that will add a third lane, allowing the transit of more cargo and larger vessels.

The Panama Canal expansion will employ at its peak 7,000 construction workers. The client is the Panama Canal Authority and the main contractors are a consortium, known as the “United for the Canal Group”, comprising Spanish, Italian, Belgian multinationals and the Panamanian company, CUSA.

Work on the canal expansion began in 2010 and the BWI affiliate, SUNTRACS, began to organise workers, seeking to negotiate decent minimum wage increases through the National Minimum Wage Commission, a tripartite body. They also expected to gain recognition for collective bargaining purposes. The Panama Canal Authority is a separate legal entity and minimum wages were determined by Decree No 3, dating back to 1980. At the same time, the Panamanian government had adopted Law 30, which seriously undermined the right to freedom of association and the right to strike and another Law 14, which restricted civil rights. When SUNTRACS’ demands were rejected, they called for industrial action. In July 2010, the government responded with violent repression against union and civil society protests and arrested some of the SUNTRACS trade union leaders and many others were dismissed.

BWI, and affiliates from Spain, Italy and Belgium, together with other global union representatives held a mission to Panama in August 2010. The mission met with the Panama Canal Authority and the main contractors to request that they meet their obligations under the MDB loan conditions to respect labour rights. The mission also highlighted the potential damage to their international image that lack of compliance could bring. After a series of follow-up meetings, SUNTRACS was able to negotiate the first collective agreement, which achieved good results on health and safety, social security and other issues but wages were still considered too low. There have been further strike actions in 2011 and in 2012 to achieve decent wages for the workers on the site.

Partly because of the earlier experience, it has been easier to reach preliminary agreements with the Panama City Metro Line 1 Consortium, a major project to build a 14km metro line through the centre of the city. The two main construction companies are FCC Spain, with whom BWI has signed an IFA and Odebrecht, Brazil. During 2011, SUNTRACS held meetings with the consortium before the work began to prepare preliminary agreements. The union negotiated that the workforce be covered by the terms of the existing sectoral collective agreement with the Panamanian Construction Chamber, with some additions for specific skills. A delegation from BWI and the Spanish affiliate, FECOMA, have inspected the construction sites and will continue to monitor progress under the terms of the IFA joint reference group. There will be 7,000 workers employed at the peak of this project.
Overcoming informality in EBRD/IFIs funded Pan European Roads and Rail Corridor

The European Bank for Reconstruction and Development was established in 1991 and is the largest financial investor in the region. It operates in 30 countries from central Europe to central Asia and the southern and eastern Mediterranean. It is owned by 64 countries, the European Union and the European Investment Bank.

The Pan European Road and Rail Corridors project will build over 300km of highway in the different countries of the West Balkans. These projects started in 2011 and will finish in 2016 or later. Over 5000 construction workers will be employed in Bosnia alone.

The EBRD provides some of the loans in cooperation with other IFIs in the context of the newly established Western Balkans Investment Framework (WBIF). Strabag (Austrian) and AlpineBau (also Austrian and now owned by FCC Spain) are among the main contractors on the Corridor 5 project (Croatia and Bosnia Herzegovina) and Corridor 10 and 11 projects (Serbia and Macedonia), along with other contractors from the countries of the region, like Viadukt, Hidroelektra from Croatia and Energoprojekt from Serbia, Cengis, Hidrogradnja and ZGP from Bosnia and Herzegovina and Mavrovoinjenzerg and Granit from Macedonia. Corridor 11 sections are financed by Azerbaijan and China. There are also projects starting in Albania.

Trade unions face many challenges in the region and there is low level of union membership and collective bargaining coverage. The construction industry mainly comprises small or micro-enterprises, with very few permanent employees. It is poorly regulated and there are often highly exploitative labour practices, with a high incidence of informal and undocumented, migrant workers. In such circumstances, the labour clauses in the EBRD contract documents provided a vital entry point to hold discussions with all parties concerned to ensure minimum standards on wages, working conditions and health and safety in the projects, with the goal of establishing collective agreements.

Since June 2010, BWI has worked with its affiliates in the region to establish a geographical and chronological mapping of the corridors project sites and to provide training on the MDB contract compliance standards and their relation to national laws and practice. In 2011, the unions from Bosnia and Herzegovina, Croatia, Serbia and Macedonia formed a cross border network and adopted an action plan, a set of minimum criteria for collective bargaining agreements, known as the Joint Platform for Workers’ Rights in Collective Agreements, and a protocol on organising migrant workers.

There were a series of meetings with the EBRD, government ministries and national road authorities, the main contractors and national contractors to establish or strengthen relations with the national unions. There have also been annual regional workshops to review progress.

The BWI, together with its Spanish affiliates, signed an IFA with the Spanish company, FCC, which acquired AlpineBau. So with this added legitimacy, BWI, together with its Austrian affiliates, were able to hold meetings to raise concerns about compliance on the different sites, with the main contractors, AlpineBau and Strabag, works council members from the companies, and the Austrian Minister of Labour and Austrian Parliament. In March and May 2012, BWI representatives accompanied by the national affiliates visited project sites in Bosnia Herzegovina, Serbia, Macedonia and Croatia and identified serious health and safety issues, a high incidence of informal work, working hours well over the legal limits, situations of non-payment of wages, and health and
pension benefits, and poor or non-existent facilities. These issues were brought to the attention of FCC and Alpine Bau with the support of the Spanish and Austrian affiliates.

The Western Balkans construction unions are continuing recruitment and organising work, often starting with the training of site safety representatives, with a view to signing collective agreements. They are also improving monitoring skills so as to be able to report accurately on contract compliance to the main contractors.

French CGT achieves positive results for workers in ADB funded railway rehabilitation project in Cambodia

The Asian Development Bank is dedicated to supporting investment in infrastructure, health care services, financial and public administration systems, natural resource management and climate change mitigation projects. It had approved financing of USD$21.72 billion in 2011. Since 2000, the Asian Development Fund has been a major source of funding for the construction of thousands of schools, bridges, health clinics and roads.

TSO, a French railways construction company, is carrying out a large railway rehabilitation project in Cambodia, funded by the Asian Development Bank (ADB). The project is currently employing 400 workers and will continue until the end of 2013 or longer. In April 2012, following an intensive recruitment campaign, the BWI affiliate, the Building and Woodworkers Trade Union (BWTUC) was able to sign a collective agreement with TSO and its human resource sub-contractor, A-Plus.

The union had received on-going support from the French affiliate, CGT, which had played a significant role in putting pressure on TSO and supporting BWTUC when it raised concerns about working conditions with the project management and directly with the ADB. The collective agreement set a new standard for Cambodia and included a substantial wage increase, (up to 25% for the lowest paid workers), improved job security, paid sick leave and medical costs, and much needed improvements in living conditions. The agreement also set up management-union consultation mechanisms. The union had previously conducted a survey on conditions of work on the site and over the 5 weeks of negotiations, there were frank discussions with the project manager about the limitations imposed by ADB on their main contractors with reference to labour costs.

“We were having trouble negotiating union recognition but the support of CGT finally led TSO to conclude the collective bargaining agreement. BWTUC and all the workers were encouraged and more confident with CGT as the backstop,” Sok Kin, 2nd vice-president BWTUC
Gaining entry to recruit workers in AfDB/IFC Dakar-Diamniadio Toll Road, Senegal

Founded in 1964, the African Development Bank Group (AfDB) is dedicated to the sustainable economic development and social progress of African countries. In 2011, it had approved 184 operations totaling US$ 8.78 billion.

This 32km toll road is partly funded by the AfDB. The project began in 2010 and is due to complete in 2014. It is a PPP, the first in Senegal and indeed Francophone West Africa. The main contractor is the French construction company, Eiffage. Using contract compliance as an entry point, and with the support of French and Belgian construction unions, the BWI affiliate in Senegal, the National Construction Workers Union (SNTC) was able to gain access to the construction site and carried out a highly successful recruitment campaign. By the end of 2012, over 85% of the workforce, employed both directly by the main contractor and by the many sub-contractors, had joined the union. In Senegal, the national union density rate in the construction sector is considerably lower. SNTC has also organised the workers in the company, SENAC S. A., which will hold the concession for managing the toll road for a 30-year period.

SNTC has negotiated wage increases, improved job security, health and safety measures, sanitation facilities and medical care. The union has also conducted HIV/AIDS awareness training in the communities where the workers live and provided voluntary testing facilities.

From casual work to setting national standards for decent work in FIFA/ World Cup related infrastructure projects Brazil

In Brazil, the government intends to spend US$80 billion or 1% of GDP on World Cup and Olympics stadium renovation and other transport projects from 2011-2014. Building on its experiences from South Africa, BWI launched the Decent Work Towards and Beyond the World Cup 2014 in March 2011, in cooperation with Play Fair, a coalition of unions, NGOs and social movements, with the aim of guaranteeing compliance with the ILO decent work agenda. The campaign is using the opportunity of national and international focus on the prestige construction projects to improve working conditions, strengthen trade union organising and industrial relations. The construction industry in Brazil suffers from a high degree of informality, low skills levels, poor working conditions, large wage differences from one region to another and an ill-functioning industrial relations system, which results in a high incidence of wild cat strikes and punitive dismissals.

During 2011, workers increasingly mobilised to achieve better working conditions, leading to the adoption of a national negotiating agenda, signed by trade unions from all over Brazil, based on provisions that already existed in one or more collective agreements. In turn this led to the adoption of a tripartite National Commitment to Improve Working Conditions in the Construction Sector in March 2012, covering minimum salaries, overtime rates, a profit-sharing scheme, health care coverage for family members, trade union facilities and giving priority to issues concerning job security, health and safety and non-discrimination. This commitment was presented to the National Industries Confederation (CNI) and the Ministry of Labour and Employment, the Presidency, the Supreme Labour Court and the National Confederation of Industry. Some of the most significant construction companies, such as Odebrecht, have signed up to the commitments.
The campaign has strengthened trade union unity and organising. Over 30,000 construction workers from World Cup related infrastructure projects have now joined trade unions. There has been a major impact on wages, and other conditions on site have improved. Now the challenge is to extend the national commitment to other State companies and agencies, and to infrastructure projects in other Latin American countries where the contractor is a Brazilian signatory company. A National Permanent Tripartite Negotiating Forum has also been set up with the aim of developing a proposal for a National Collective Agreement to act as a standard for all of Brazil’s estimated 4 million construction workers. BWI national networks have been very useful in the process.

Towards sustainable construction

BWI affiliates have achieved important improvements in working conditions through organising infrastructure projects. Indeed, BWI as a whole has experienced record membership growth in 2012 as a result of targeting infrastructure projects in the Americas, Africa, Asia Pacific and in Europe.

Demands for infrastructure projects will continue to grow. There are mind-boggling estimates of the scale of the task. For example, according to the World Bank, the cost of redressing Africa’s infrastructure deficit would cost around $75 billion a year (about 12 percent of the region’s GDP), with half on capital expenditure, and half on operation and maintenance.

BWI will continue to support its affiliates as they organise infrastructure projects, using as the main entry point, the MDB commitments under the 2010 Harmonised General Conditions of Contract for Construction, and where appropriate, the OECD guidelines on MNEs and the existing IFAs. One area which needs more attention is ensuring that in the tender specifications, the project budgets clearly list how much will be used on occupational health and safety, wages and other labour costs.

BWI can make available simple guides to labour standard compliance in local languages. It can provide training to union leaders on how to monitor compliance and training related to occupational health and safety.

BWI will support, as appropriate, the strengthening of national networks, (Brazil) or cross-regional networks (Western Balkans). These networks allow for the exchange of information, particularly on collective bargaining, and practical knowledge sharing on recruitment, representation, bargaining and occupational health and safety. In addition, BWI will facilitate partnerships between the MNE home union and the national union (Cambodia and Senegal) and carry out monitoring and inspection missions (Uganda, Panama and Western Balkans).
BWI and its affiliates will continue to engage with the ILO on public procurement through its ongoing campaign for the ratification of ILO Convention 94 on Labour Clauses in Public Contracts. There are still over 120 countries which have not yet ratified this important convention. BWI has also submitted a proposal to the ILO Governing Body for an ILO Tripartite Global Dialogue Forum on Construction, Infrastructure Projects and Multinational Companies to be held in 2014.

BWI will continue to dialogue with the MDBs and international contractors, arguing for a holistic approach to public procurement policies to reinforce social, environmental and governance policies which are so integral to economic development. In this regard, the increasing presence of Chinese construction conglomerates throughout the world, particularly in infrastructure projects, needs to be addressed.

The World Bank has recently announced reviews of both its procurement policy and its social and environmental safeguards, due to conclude in 2014. BWI will form part of the International Advisory Group for the procurement review. These reviews present the trade union movement with an opportunity to urge the World Bank to follow through on the earlier IFC commitments to workers’ rights and to include them in the revised policies.

Over the next Congress period, BWI is well positioned to work with its affiliates to organise on infrastructure projects, to ensure decent working conditions, non-discrimination and high standards of occupational health and safety. BWI and its affiliates will become stronger, and through ensuring effective and sound public procurement policies and their implementation on site, will contribute to global efforts to reduce poverty and move towards sustainable development.
Annex:

C94 - Labour Clauses (Public Contracts) Convention, 1949 (No. 94)

Convention concerning Labour Clauses in Public Contracts (Entry into force: 20 Sep 1952)
Adoption: Geneva, 32nd ILC session (29 Jun 1949) -

Preamble

The General Conference of the International Labour Organisation,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Thirty-second Session on 8 June 1949, and

Having decided upon the adoption of certain proposals concerning labour clauses in public contracts, which is the sixth item on the agenda of the session, and

Having determined that these proposals shall take the form of an international Convention,

adopts this twenty-ninth day of June of the year one thousand nine hundred and forty-nine the following Convention, which may be cited as the Labour Clauses (Public Contracts) Convention, 1949:

Article 1

1. This Convention applies to contracts which fulfil the following conditions:
   - (a) that one at least of the parties to the contract is a public authority;
   - (b) that the execution of the contract involves--
     - (i) the expenditure of funds by a public authority; and
     - (ii) the employment of workers by the other party to the contract;
   - (c) that the contract is a contract for--
     - (i) the construction, alteration, repair or demolition of public works;
     - (ii) the manufacture, assembly, handling or shipment of materials, supplies or equipment; or
     - (iii) the performance or supply of services; and
   - (d) that the contract is awarded by a central authority of a Member of the International Labour Organisation for which the Convention is in force.

2. The competent authority shall determine the extent to which and the manner in which the Convention shall be applied to contracts awarded by authorities other than central authorities.

3. This Convention applies to work carried out by subcontractors or assignees of contracts; appropriate measures shall be taken by the competent authority to ensure such application.

4. Contracts involving the expenditure of public funds of an amount not exceeding a limit fixed by the competent authority after consultation with the organisations of employers and workers concerned, where such exist, may be exempted from the application of this Convention.

5. The competent authority may, after consultation with the organisations of employers and workers concerned, where such exist, exclude from the application of this Convention persons occupying positions of management or of a technical, professional or scientific character, whose conditions of employment are not regulated by national laws or regulations, collective agreement or arbitration award and who do not ordinarily perform manual work.
Article 2

1. Contracts to which this Convention applies shall include clauses ensuring to the workers concerned wages (including allowances), hours of work and other conditions of labour which are not less favourable than those established for work of the same character in the trade or industry concerned in the district where the work is carried on—
   • (a) by collective agreement or other recognised machinery of negotiation between organisations of employers and workers representative respectively of substantial proportions of the employers and workers in the trade or industry concerned; or
   • (b) by arbitration award; or
   • (c) by national laws or regulations.

2. Where the conditions of labour referred to in the preceding paragraph are not regulated in a manner referred to therein in the district where the work is carried on, the clauses to be included in contracts shall ensure to the workers concerned wages (including allowances), hours of work and other conditions of labour which are not less favourable than—
   • (a) those established by collective agreement or other recognised machinery of negotiation, by arbitration, or by national laws or regulations, for work of the same character in the trade or industry concerned in the nearest appropriate district; or
   • (b) the general level observed in the trade or industry in which the contractor is engaged by employers whose general circumstances are similar.

3. The terms of the clauses to be included in contracts and any variations thereof shall be determined by the competent authority, in the manner considered most appropriate to the national conditions, after consultation with the organisations of employers and workers concerned, where such exist.

4. Appropriate measures shall be taken by the competent authority, by advertising specifications or otherwise, to ensure that persons tendering for contracts are aware of the terms of the clauses.

Article 3

Where appropriate provisions relating to the health, safety and welfare of workers engaged in the execution of contracts are not already applicable in virtue of national laws or regulations, collective agreement or arbitration award, the competent authority shall take adequate measures to ensure fair and reasonable conditions of health, safety and welfare for the workers concerned.

Article 4

The laws, regulations or other instrument giving effect to the provisions of this Convention—
   • (a) shall—
     - (i) be brought to the notice of all persons concerned;
     - (ii) define the persons responsible for compliance therewith; and
     - (iii) require the posting of notices in conspicuous places at the establishments and workplaces concerned with a view to informing the workers of their conditions of work; and
   • (b) shall, except where other arrangements are operating to ensure effective enforcement, provide for the maintenance of—
     - (i) adequate records of the time worked by, and the wages paid to, the workers concerned; and
     - (ii) a system of inspection adequate to ensure effective enforcement.

Article 5

1. Adequate sanctions shall be applied, by the withholding of contracts or otherwise, for failure to observe and apply the provisions of labour clauses in public contracts.

2. Appropriate measures shall be taken, by the withholding of payments under the contract or otherwise, for the purpose of enabling the workers concerned to obtain the wages to which they are entitled.
Article 6
There shall be included in the annual reports to be submitted under Article 22 of the Constitution of the International Labour Organisation full information concerning the measures by which effect is given to the provisions of this Convention.

Article 7
1. In the case of a Member the territory of which includes large areas where, by reason of the sparseness of the population or the stage of development of the area, the competent authority considers it impracticable to enforce the provisions of this Convention, the authority may, after consultation with the organisations of employers and workers concerned, where such exist, exempt such areas from the application of this Convention either generally or with such exceptions in respect of particular undertakings or occupations as it thinks fit.

2. Each Member shall indicate in its first annual report upon the application of this Convention submitted under Article 22 of the Constitution of the International Labour Organisation any areas in respect of which it proposes to have recourse to the provisions of the present Article and shall give the reasons for which it proposes to have recourse thereto; no Member shall, after the date of its first annual report, have recourse to the provisions of the present Article except in respect of areas so indicated.

3. Each Member having recourse to the provisions of this Article shall, at intervals not exceeding three years, reconsider in consultation with the organisations of employers and workers concerned, where such exist, the practicability of extending the application of the Convention to areas exempted in virtue of paragraph 1.

4. Each Member having recourse to the provisions of this Article shall indicate in subsequent annual reports any areas in respect of which it renounces the right to have recourse to the provisions of this Article and any progress which may have been made with a view to the progressive application of the Convention in such areas.

Article 8
The operation of the provisions of this Convention may be temporarily suspended by the competent authority, after consultation with the organisations of employers and workers concerned, where such exist, in cases of force majeure or in the event of emergency endangering the national welfare or safety.

Article 9
1. This Convention does not apply to contracts entered into before the coming into force of the Convention for the Member concerned.

2. The denunciation of this Convention shall not affect the application thereof in respect of contracts entered into while the Convention was in force.

Article 10
The formal ratifications of this Convention shall be communicated to the Director-General of the International Labour Office for registration.

Article 11
1. This Convention shall be binding only upon those Members of the International Labour Organisation whose ratifications have been registered with the Director-General.

2. It shall come into force twelve months after the date on which the ratifications of two Members have been registered with the Director-General.

3. Thereafter, this Convention shall come into force for any Member twelve months after the date on which its ratification has been registered.
Article 12

1. Declarations communicated to the Director-General of the International Labour Office in accordance with paragraph 2 of Article 35 of the Constitution of the International Labour Organisation shall indicate --
   • (a) the territories in respect of which the Member concerned undertakes that the provisions of the Convention shall be applied without modification;
   • (b) the territories in respect of which it undertakes that the provisions of the Convention shall be applied subject to modifications, together with details of the said modifications;
   • (c) the territories in respect of which the Convention is inapplicable and in such cases the grounds on which it is inapplicable;
   • (d) the territories in respect of which it reserves its decision pending further consideration of the position.

2. The undertakings referred to in subparagraphs (a) and (b) of paragraph 1 of this Article shall be deemed to be an integral part of the ratification and shall have the force of ratification.

3. Any Member may at any time by a subsequent declaration cancel in whole or in part any reservation made in its original declaration in virtue of subparagraph (b), (c) or (d) of paragraph 1 of this Article.

4. Any Member may, at any time at which the Convention is subject to denunciation in accordance with the provisions of Article 14, communicate to the Director-General a declaration modifying in any other respect the terms of any former declaration and stating the present position in respect of such territories as it may specify.

Article 13

1. Declarations communicated to the Director-General of the International Labour Office in accordance with paragraph 4 or 5 of Article 35 of the Constitution of the International Labour Organisation shall indicate whether the provisions of the Convention will be applied in the territory concerned without modification or subject to modifications; when the declaration indicates that the provisions of the Convention will be applied subject to modifications, it shall give details of the said modifications.

2. The Member, Members or international authority concerned may at any time by a subsequent declaration renounce in whole or in part the right to have recourse to any modification indicated in any former declaration.

3. The Member, Members or international authority concerned may, at any time at which the Convention is subject to denunciation in accordance with the provisions of Article 14, communicate to the Director-General a declaration modifying in any other respect the terms of any former declaration and stating the present position in respect of the application of the Convention.

Article 14

1. A Member which has ratified this Convention may denounce it after the expiration of ten years from the date on which the Convention first comes into force, by an act communicated to the Director-General of the International Labour Office for registration. Such denunciation shall not take effect until one year after the date on which it is registered.

2. Each Member which has ratified this Convention and which does not, within the year following the expiration of the period of ten years mentioned in the preceding paragraph, exercise the right of denunciation provided for in this Article, will be bound for another period of ten years and, thereafter, may denounce this Convention at the expiration of each period of ten years under the terms provided for in this Article.
**Article 15**

1. The Director-General of the International Labour Office shall notify all Members of the International Labour Organisation of the registration of all ratifications, declarations and denunciations communicated to him by the Members of the Organisation.

2. When notifying the Members of the Organisation of the registration of the second ratification communicated to him, the Director-General shall draw the attention of the Members of the Organisation to the date upon which the Convention will come into force.

**Article 16**

The Director-General of the International Labour Office shall communicate to the Secretary-General of the United Nations for registration in accordance with Article 102 of the Charter of the United Nations full particulars of all ratifications, declarations and acts of denunciation registered by him in accordance with the provisions of the preceding articles.

**Article 17**

At such times as it may consider necessary the Governing Body of the International Labour Office shall present to the General Conference a report on the working of this Convention and shall examine the desirability of placing on the agenda of the Conference the question of its revision in whole or in part.

**Article 18**

1. Should the Conference adopt a new Convention revising this Convention in whole or in part, then, unless the new Convention otherwise provides--
   - (a) the ratification by a Member of the new revising Convention shall ipso jure involve the immediate denunciation of this Convention, notwithstanding the provisions of Article 14 above, if and when the new revising Convention shall have come into force;
   - (b) as from the date when the new revising Convention comes into force this Convention shall cease to be open to ratification by the Members.

2. This Convention shall in any case remain in force in its actual form and content for those Members which have ratified it but have not ratified the revising Convention.

**Article 19**

The English and French versions of the text of this Convention are equally authoritative.
Targeting Infrastructure Projects

The BWI Agenda for Action

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