

Labour requirements (PR2)

EBRD briefing note

Covid-19

15 April 2020

Briefing note for clients: The Covid-19 pandemic gives rise to unparalleled environmental, health and safety and social risks and impacts, presenting significant challenges to companies and their workforces, contractors and suppliers, as well as host communities across the economies where the EBRD invests. The EBRD has prepared briefing notes to highlight some critical areas of concern that many clients may need to address in their Covid-19 response planning, together with references to additional resources containing further details on how to minimise or mitigate risks and impacts. The information provided in this briefing note will be updated as necessary.

This briefing note is not a compliance document and should be taken only as a source of information and analysis. It does not constitute medical or legal advice and is not a substitute for professional advice from international public health organisations such as the World Health Organization (WHO), national public health authorities and national governments, which should be consulted for qualified and more detailed information. We strongly encourage our clients to seek daily updates from these sources as the coronavirus pandemic evolves. No representation, warranty or undertaking, expressed or implied, is made in respect of any information contained herein or the completeness of the content of this briefing note, or any conclusion or judgements described herein. Certain parts of the briefing note link to external internet sites. No responsibility is accepted for the content of any external references.

Covid-19 response with regard to labour requirements (PR2)

During the Covid-19 crisis and in its immediate aftermath, our client companies will face unprecedented pressure to safeguard their businesses and/or projects. We are here to support our clients in their endeavours to achieve business continuity and to help them protect their workers' health and employment, while also addressing potential changes in national labour regulations and remaining aligned with the EBRD's labour standards as set out under Performance Requirement 2 (PR2) on Labour and Working Conditions.

Companies' individual circumstances and the level of financial support offered by their national governments to protect enterprises and their workers will vary widely across countries¹ and, in many cases, will provide a lifeline in the first instance to struggling companies. The European Commission announced that it will mobilise €100 billion to protect jobs² and people at work (click [here](#) for more on the SURE initiative). Furthermore, the [EBRD Solidarity Package](#) gives access to additional funding for existing clients, comprising emergency liquidity, working capital and trade finance.

Workers are a critical asset for companies and ensuring their safety must be the first priority (see Workplace risk assessment briefing note). Wherever possible, remote working and other flexible working arrangements should be considered as a first option to protect workers and their employment and to allow workers to assume their roles as carers when schools are closed or when relatives become sick. While cutting employment may appear to be a quick way to reduce costs for distressed companies, it is important to remember that restrictions due to Covid-19 will not be in place indefinitely

and that collective dismissals will negatively affect companies' prospects when these restrictions are lifted and the economy starts to recover. Despite the pressure to act quickly, companies are advised not to act impulsively and to carefully consider all possible alternatives to collective dismissals.

Issues to consider

The various options we typically ask companies to consider before any decisions about involuntary retrenchment are taken remain broadly applicable during the Covid-19 crisis; in particular, alternatives such as paid leave and sick leave, voluntary unpaid leave or reduced working hours and/or salaries (see [Module A of the Workforce retrenchment guidance note](#)). Any such options should be discussed with workers and their representatives, and the EBRD will have to be notified in advance of any collective dismissals. Requirements to submit a retrenchment plan also apply in cases of significant numbers of redundancies.

Decisions to reduce labour costs should be taken incrementally and revisited in light of the rapidly changing circumstances and levels of support provided by national governments. Where applicable, companies may also be well positioned to provide their workers with advice and support to access any government assistance extended directly to them and their families and to ensure childcare support for essential workers.

Further to this, and especially in countries where social protections are weak, companies should consider applying positive discrimination criteria to dismissals, within the bounds permissible under applicable labour and social protection laws

¹ The OECD provides a useful [Country Policy Tracker](#) including information about how countries are "helping people, small businesses and the economy weather the crisis and beyond".

² In particular, the proposed [Short-time schemes](#) will allow firms that experience economic difficulties to temporarily reduce the hours worked by their employees, which are provided with public income support for the hours not worked.

and regulations, in order to protect the workers who are most vulnerable³ in the context of the Covid-19 crisis. Responsible retrenchment planning should also consider the options for re-employment of dismissed workers once the situation improves.

Women workers are likely to be more adversely affected than men for a number of reasons:

- ▶ Women tend to be overrepresented in sectors that provide critical services such as health and social care,⁴ food retail, and cleaning, and hence they will continue to be actively involved on the frontlines facing patients, service users and customers.
- ▶ Sectors that employ low-skilled and low-paid women in global manufacturing supply chains (for example, the garment, electronics and other consumer goods sectors) or the tourism sector are likely to suffer large employment losses.
- ▶ The increased childcare burden in many countries where schools have closed will fall disproportionately on women.
- ▶ Where governments impose lockdowns, domestic violence is expected to rise and access to support services will be limited.⁵

Wherever possible, and supported by national governments, employers should consider options that continue to guarantee wages (or at least a portion of workers' wages) to allow workers to meet their families' basic needs for housing, electricity, food and healthcare.

We also urge companies to engage with workers and their representatives during the process of evaluating the different viable options. Not only can workers contribute meaningfully to the development of such options, their cooperation will facilitate the subsequent implementation of whichever options are agreed by company management.

Where workforces are maintained on the payroll but remain idle during the crisis, companies may also consider deploying internet-based learning, so that the workforce develops new or existing skills during that time. This could be tied to the wage support provided to workers during that time. Another option could be to allow workers to volunteer for charities and in their communities to support the broader Covid-19 relief efforts.

Well-functioning worker grievance mechanisms will be essential during this time to monitor staff morale, understand how workers are affected and what their concerns are and to address pressing matters promptly. There should be zero tolerance for discrimination against sick workers and reporting of illness and self-isolation should be encouraged. Regular worker engagement and clarity about measures taken by human resources will also help workers weather the crisis.

Where remote working is possible, companies will need to identify and assess any potential risks associated with the new working arrangements and address these through revised HR policies and procedures.

Where companies or their contractors provide worker accommodation, special protection measures will have to be put in place as a matter of urgency (see **Workplace risk assessment** briefing note) and potential risks to surrounding communities also have to be factored in. The entity in charge of managing the accommodation may have a specific duty to report to health authorities on Covid-19 cases as well as on prevention measures that have been put in place.

When working with contractors, clients must act in accordance with the Procurement Policies and Rules, as appropriate (some emergency measures may require certain amendments to contracts and could lead to cost increases). Additional procurement guidance for clients and tenderers operating during the Covid-19 pandemic is available on our website: <https://www.ebrd.com/work-with-us/procurement.html>

Vulnerable supply-chain workers, especially migrant workers, may be at increased risk of exposure to Covid-19, as well as discrimination and labour exploitation.⁶ Access to healthcare and safeguarding mechanisms may be disrupted during the crisis, further compounding their vulnerability. Clients should consider engaging proactively with their primary suppliers in high-risk supply chains to ensure that risks of forced labour and child labour continue to be addressed adequately or to implement additional prevention and response measures where necessary.

Further resources:

[EBRD PR2 Workforce Retrenchment - Client Guidance Note \(2017\)](#)

[EBRD PR2 Employee Grievance Mechanism – Client Guidance Note \(2017\)](#)

[EBRD/IFC Guidance Note - Worker's Accommodation Processes and Standards](#)

[International Labour Organization \(ILO\) Note: COVID-19 and world of work: Impacts and responses](#)

[ILO, UN Women and UNICEF – Family-Friendly Policies and Other Good Workplace Practices in the Context of COVID-19: Key steps employers can take](#)

[Business Fights Poverty - Business and Covid-19: Supporting the Most Vulnerable](#)

³ Vulnerable workers may be more adversely affected than others by virtue of characteristics such as their gender, ethnicity, age (including children, young people and the elderly), physical or mental disability, literacy, or socio-economic status. They may also include workers in vulnerable situations, such as contract and supply-chain workers, migrant workers, and refugees, casual, seasonal or informal workers, or any other workers who may not be protected through national labour or social security laws.

⁴ In 104 countries analysed by the WHO women made up 70 per cent of workers in the health and social care sector.

⁵ For example, police reports in China show that domestic violence tripled during the Covid-19 lockdown.

⁶ <https://www.weforum.org/agenda/2020/04/covid19-modern-slavery>

<https://www.responsible-investor.com/articles/covid-19-demonstrates-the-need-to-address-esg-risks-in-supply-chains>