SUMMARY

LABOR INFLUX
SELECT PORTFOLIO REVIEW AND CASE STUDY SITUATION ANALYSIS

APRIL 2018

WORLD BANK GROUP
1. Introduction

In January 2017 the World Bank (WB) commissioned a study on social impacts of labor influx as part of a series of actions set in motion by social issues related to the Uganda Transport Sector Development Project, which ultimately resulted in its cancellation by the WB. The study (Labor Influx – Select Portfolio Review and Case Study Situation Analysis) involved a review of 20 projects from across the WB’s global portfolio covering diverse sectors such as urban infrastructure, energy, transport and water supply.

The study, carried out by Plexus Energy Ltd (Plexus) in 2017, examines the extent to which social impacts associated with labor influx are identified and managed in the planning and implementation of WB-financed projects, and makes recommendations to improve these processes. This summary highlights the key findings and recommendations of the study.

2. Context: Labor Influx

Labor influx refers to people who move to a project area for the purpose of project-related employment, economic opportunities and associated reasons during project construction – the study is confined to this specific project phase. Project-induced labor influx includes:

- **Direct labor influx**: non-local people who come to the area to take employment with the project;
- **Indirect labor influx**: non-local people who come to the area for work providing goods and services to the main contactors or to the mobile workforce;
- **Labor-associated influx**: such as workers’ families, drug or sex trade workers, refugees and/or non-economic migrants, and protestors.

While project-induced influx can benefit the project and host communities (e.g., by increasing business opportunities, improving the availability goods and services, and offering employment to locals), more often than not there are significant adverse impacts.

If not carefully managed, labor influx can negatively affect public infrastructure, utilities, public services, housing, health, food security and social dynamics in the project area, especially in rural, remote or small communities, which typically have less absorptive capacity than a large urban environment.

3. Methodology

This study analyzed a total of 20 projects selected by the WB (see Map 1). Projects represented a range of sectors, such as pipelines, ports, road and transportation infrastructure, airports and energy. Both category A and B projects were included, across a range of active projects at both the lending and supervision stages.

For all projects, Plexus conducted a Desktop Review (DTR), which involved examining WB documentation such as Aide-Memoires (AM), Environmental and Social Impact Assessments (ESIA) and Management Plans (ESMP), Indigenous Peoples Plans (IPP), Integrated Safeguards Datasheets (ISD), Implementation Status & Results Reports (ISR), Project Appraisal Documents (PAD), Project Information Documents (PID), Resettlement Action Plans (RAP), Resettlement Policy Frameworks, and Tracking Social Performance (TSP) documents. For certain projects, follow-up interviews were held with WB staff.

Finally, Plexus carried out field visits to six of the projects to consult with WB staff, the project proponents, government agencies, contractors, host communities, civil society organizations and other stakeholders, and to observe project conditions first-hand.
4. Key Findings

The findings described below are derived from the sample project review. The findings of this sample cannot necessarily be generalized for all WB projects. It should also be noted that, while many of the projects reviewed lacked explicit consideration of influx and related issues, influx is not necessarily an issue in all projects.

A. Assessing labor influx and social risks

Consideration of influx and its drivers in project documentation

Figure A shows the performance of reviewed projects with regard to whether information related to influx and related issues was included in project planning documents such as ESIAs and ESMPs, as well as WB documents such as PADs.

![Figure A: Consideration of Influx in Project Documentation](image)

The study finds that the project planning stage provides a key opportunity for developing a preliminary assessment of the likelihood of influx and related issues, but that many projects fail to do so, with a tendency to focus mainly on environmental issues, although the absence of attention to influx sometimes goes hand-in-hand with a failure to focus on social issues more generally. Specifically:

- Project planning documents often do not describe aspects of the baseline socio-economic context that may drive influx or may be impacted by influx such as geographic context, current employment patterns, mobility/transiency of local population, overall absorptive capacity of host communities, and existing social patterns such as poverty, crime or vulnerability.
- Further, few projects include construction phase workforce estimates in their project description. Although details may not be developed until later, even “order of magnitude” workforce estimates assist in planning and risk management. For example, knowing if hundreds vs. thousands of workers are needed, in what general locations, when and whether they will be housed in camps or in the local community, will greatly assist in initial risk scoping.

Such gaps in information create challenges for both the WB and project proponents, making it difficult to ascertain in advance whether there is likely to be labor influx, the magnitude and dispersion of possible influx, what social issues could occur related to this influx, and whether appropriate mitigation and enhancement strategies are planned or available.

Upon probing with project proponents, several produced detailed information about local versus non-local workers over time. It appears that such information may be held by proponents but that its relevance to social impact and social risk management is not always fully appreciated.
Influx-related social issues considered

Many projects consider at least some influx-related social impacts. Potential impacts that are most commonly mentioned include:
- Introduction and spread of infectious diseases;
- Social tensions;
- Crime, prostitution, human trafficking, and sex trading;
- Price inflation;
- Business opportunities to supply construction camps.

Influx-related social impacts that are typically overlooked include: housing, drugs/alcohol, social services, changes to the cost of living, poverty, and competition for resources and employment. A full assessment would consider the significance of these impacts.

It should be noted that sexual and gender-based violence, which is a key issue for the WB, is specifically and substantively considered by projects, either as a line of inquiry in risk considerations or in terms of outcomes, in the context of only two of 20 projects.

Based on the available information, no direct link between type of project/industry sector and influx was established. Further research and a broadening of the case study base is required to reach more definitive conclusions regarding “types” of projects that are or are not inclined to experience or appropriately evaluate labor influx issues. Though not based on this study, experience from major infrastructure projects around the world indicates there may be a higher risk of negative social impacts from influx where large numbers of workers are required. Contextual factors, however, play an important role as well. Labor influx and related social risks, for example, can also be triggered in smaller projects, notably in remote and socially sensitive areas where the absorptive capacity of the receiving area is low.

B. Stakeholder engagement

Meaningful and ongoing engagement with stakeholders is critical to understanding local conditions, identifying potential issues, developing relevant mitigation and monitoring plans, and understanding how issues and impacts actually unfold during project construction and implementation. In addition, proponents have a responsibility to disclose to stakeholders the nature of a project as it may affect them.

A small number projects reviewed (~30%) provide evidence of good stakeholder engagement on influx and related issues. Projects with high-quality stakeholder engagement processes carry out detailed stakeholder identification and analysis and ensure that key stakeholders are engaged early on during project planning. Some even specifically raise influx-related questions as part of the engagement approach.

![Figure B: Stakeholder Consultation on Labor Influx](image)

The approach to stakeholder engagement, of course, can vary depending on the context and the needs of the community. For example, the TANAP Natural Gas Pipeline Project in Turkey employs a dedicated team of social experts who are in charge of day-to-day stakeholder engagement. This team informs communities about the project status, administers the Grievance Redress Mechanism (GRM), and informs local stakeholders about job opportunities. Another example is the Punjab Barrages Improvement Phase-II Improvement Project in Pakistan, which features broad-based engagement including women-only consultation meetings – attended by 700 women.
C. Adequacy of mitigation planning and effectiveness of mitigation measures

The review shows that the extent to which proponents identify and implement management and mitigation processes to manage the potential social effects stemming from influx varies considerably among the projects, as shown in Figure C.

**Figure C: Effectiveness of Mitigation Planning and Mitigation Measures**

 Mitigation Planning

Planning for the mitigation of influx-related social impacts is something that should show up in the ESIA or related documents prepared by the project proponent, such as an ESMP or Contractor Environmental and Social Management Plan (CESMP). Where the risk of significant influx and associated negative social impacts is found to be high, it may be appropriate to prepare a stand-alone Influx Management Plan.

There are a number of mitigation measures put forward in the planning stage in various projects that are particularly important for minimizing adverse social effects stemming from labor influx. Although many of these mitigations are developed in order to address other issues, they also provide benefit in managing influx-related issues, and include the following:

- Camp-based worker housing;
- Provision of camp-based medical services to avoid strains on local services;
- Ensuring adequate health and safety conditions for workers and promoting HIV/AIDS awareness;
- Worker codes of conduct, including training on conduct expectations;
- Social and cultural awareness training for workers;
- GRMs for community members (not limited to resettlement);
- Maximizing local employment;
- Special initiatives to support women’s economic opportunities and protections, particularly for Indigenous women.

Although there is little evidence in the ESIA/ESMPs reviewed of any detailed planning for implementing influx mitigation measures, field visit observations indicate that in many cases, mitigation is actually in place to minimize both labor influx and social impacts and the risks associated with it. Two of the projects reviewed, for example, carry out regular social impact monitoring to determine the effectiveness of mitigation and what issues/impacts actually materialize over time. However, it should be noted that in some projects the mitigation measures adopted, which are effective in addressing influx, were not necessarily designed with labor influx in mind.

The success of mitigation in reducing or managing social impacts of labor influx would be identified, in theory, through a socio-economic monitoring process. Most of the projects included in the review, however, show no evidence of a monitoring program to identify such issues and mitigation success and/or mitigation enhancement needs. Moreover, contractor monitoring consultants do not always see themselves as responsible for broader social impacts, and therefore tend to focus on resettlement implementation issues, sometimes at the expense of other issues such as labor influx.
D. Supervision, monitoring and reporting

Coverage of influx and related issues in WB project planning documents.

The WB’s internal documentation for projects provides a number of different opportunities to ensure that influx- and other social-related issues are adequately addressed:

- **PADs**, developed at the outset of the planning process, often recapitulate relevant parts of the ESIA, including references to social context and issues. This can be very helpful, especially when the ESIA is produced in a language other than English, as this can reinforce key messages from the ESIA.

- WB monitoring reports (e.g., TSP, ISR) focus on the issues of resettlement and Indigenous Peoples, as per the Bank’s OP policies and framework. While these documents typically do not comment on labor influx and associated social impacts, they provide a broad and standardized framework against which to describe ongoing social risk during project implementation.

- Finally, **AMs** provide useful insight and reporting as a project evolves. AMs, in fact, appear to be the main instrument for reporting on labor influx issues, and present a particularly strong opportunity given that AMs are produced following each safeguards mission.

Monitoring influx and impacts

The WB monitoring process tends to focus on environmental and/or resettlement and related issues. While this may include some social aspects (i.e., construction complaints, noise/dust, traffic safety, camp environmental management), there is an opportunity and need to strengthen social monitoring in general and influx-related monitoring in particular.

What is more, of the 20 projects reviewed, there are few in which systematic monitoring of contractors’ social obligations and responsibilities takes place. Additionally, few projects have WB documentation providing evidence of systematic socio-economic monitoring that considers labor influx and associated community impacts once a project moves into implementation to determine if socio-economic effect predictions are accurate and if mitigation is effective.

Challenges to examining influx

A number of key recurring challenges are identified that may impede systematic monitoring of and reporting on labor influx-related issues during project development and construction. These include:

- **Staff Resourcing**: Anecdotal evidence suggests that the over-extension of social safeguards staff may affect the ability to monitor and report on labor influx issues.

- **Lack of Specific Guidance/Safeguards Policies**: Whereas OP 4.01 on EA (which includes social impacts), and the Bank’s 2016 Guidance Note *Managing the Risks of Adverse Impacts on Communities from Temporary Project Induced Labor Influx* provide some guidance, in particular regarding Resettlement and Indigenous Peoples, absence of specific guidance on other potential social impacts and issues means other issues/impact pathways may not be appropriately considered, assessed, managed and monitored over time.

- **Lack of Guidance and Tools on Social Monitoring**: There is no WB guidance available to proponents and their contractors on monitoring social impacts and mitigation effectiveness. Similarly, there is no identified guidance for Bank safeguards staff related to the types of issues and lines of inquiry to explore during field missions or WB audits related to labor influx (i.e., monitoring checklists that provide topic-specific prompts for missions and reviews).

Notwithstanding these limitations, there are examples where WB staff have been able to address influx and related issues in a timely and comprehensive manner. It is important going forward that such practices be shared and communicated across projects to ensure lessons learned in the day-to-day management of influx are available to project teams across the WB Group.

5. Conclusions and Recommendations

Among the 20 projects reviewed for this study, there are few that resulted in substantial levels of influx, or any adverse social impacts related to influx. However, among the majority of projects reviewed, influx is
not systematically addressed, with key foundational information missing that would have helped both the
proponent and the WB to assess proactively the risk involved, to identify actual labor influx during
implementation, to understand any associated impacts and to assess the effectiveness of mitigation. This
means that in many cases projects happen to avoid influx and/or influx related impacts coincidentally
rather than as a result of risk screening and the application of dedicated or suitable mitigation measures.

In fact, there are opportunities to adjust the WB’s early project evaluation process and its approach to
mitigation and project monitoring to ensure appropriate management of labor influx risks. It is important
to emphasize, however, that labor influx must be seen in the wider context of social impact management
and that it is linked to a number of related socio-economic and environmental issues. Any attempt to
address the issue systematically consequently needs to be placed in the overall context of the WB’s
approach to social impact management and social safeguard initiatives.

The key recommendations to project proponents and the WB to improve the identification and
management of social impacts associated with labor influx, on the basis of proportional risk, are as follows:
1. **Project Screening**: The WB should require projects to strengthen the screening/scoping process to
determine if labor influx and social impacts are likely to be of significance and to provide
documentation supporting the position taken.
2. **Baseline Data**: The WB should ensure that projects document a robust socio-economic baseline
context and provide information on project labor needs and project phasing with sufficient detail to
be able to characterize the likelihood and significance of labor influx.
3. **Relevance of Mitigation to Identified Risk**: Project proponents need to scale mitigation measures
appropriately to the identified risk.
4. **Mitigation Compliance Reporting**: Proponents should ensure that contractor obligations and
commitments related to labor influx mitigation and worker management are specified in contractor
documentation, and that project management systems are in place to ensure identified mitigations
are applied. This requirement should be reinforced in mandatory WB audits and inspections.
5. **Mitigation Effectiveness Monitoring**: The WB should require projects/contractors to monitor and
report on the implementation and effectiveness of labor influx-related mitigation measures.
6. **WB Monitoring Systems**: WB appraisal and monitoring systems (e.g., PAD, PID, AM, TSP, ISR)
should include specific reference to labor influx and related social issues more consistently. WB
monitoring systems (e.g., AM, TSP, ISR) should also address labor influx more consistently.
7. **WB Code of Conduct Minimum Requirements**: WB guidance should be provided on the minimum
expectations regarding the content of Worker Codes of Conduct.
8. **Bidding Document Guidance**: WB guidance should be prepared setting out the minimum
requirements regarding contractor bidding documents. This should advise on consideration of social
safeguards and the requirements relevant to labor influx and worker management.
9. **Training**: It is recommended that the WB provides training to clients in how to monitor contractors
to ensure social mitigation requirements are effectively implemented.
10. **WB Mission Remit**: The mission review process should be widened to ensure social impacts
beyond Resettlement and Indigenous Peoples are addressed systematically.
11. **Tools**: There is a need for the WB to develop practical tools and processes to help its staff and
Bank-financed projects to identify labor influx and related social issues during screening and
scoping and, on that basis, to monitor and manage them such that labor influx does not become a
social and reputational risk to either party.

More generally, it is recommended that the WB requires proponents to provide evidence of meaningful
stakeholder engagement during the ESIA and as part of ongoing social monitoring and reporting.

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