

## PROTECTING MIGRANT CONSTRUCTION WORKERS IN THE MIDDLE EAST

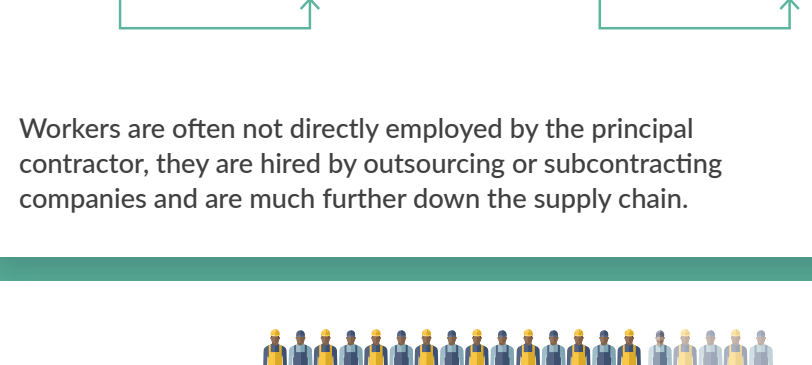
Over recent years the construction sector in the Middle East has experienced rapid expansion, resulting in a dominant migrant-based workforce who often experience delayed payment and dangerous working conditions.

In our exploratory paper we focus on good policies to protect migrant workers in the region, giving examples of what has ensured their protection elsewhere as well as the benefits this can bring to the sector.

### OUR FINDINGS

## ADDRESSING LATE PAYMENT IN THE MIDDLE EAST CONSTRUCTION INDUSTRY

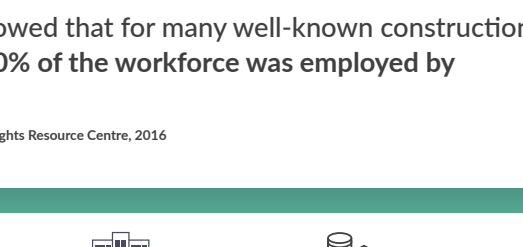
Why are workers not paid on time?



Workers are often not directly employed by the principal contractor, they are hired by outsourcing or subcontracting companies and are much further down the supply chain.

**80%**

may be employed by subcontractors



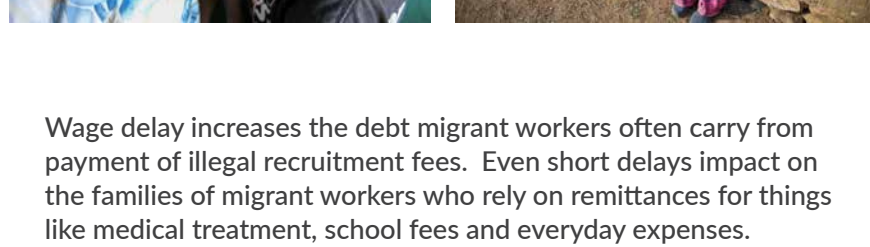
A recent survey showed that for many well-known construction companies up to 80% of the workforce was employed by subcontractors.

Survey by the Business and Human Rights Resource Centre, 2016



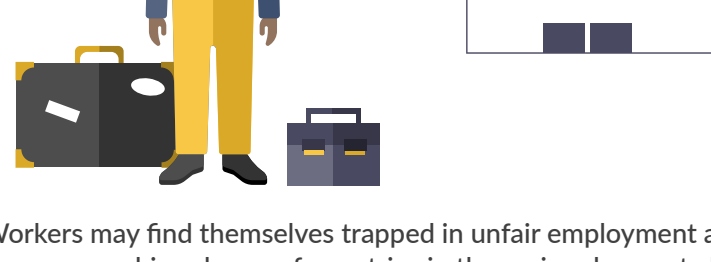
This means it can take months for funds to flow down the supply chain to workers. When clients and others pay late – which they often do – a process of ‘pay when paid’ ensues throughout the chain, resulting in subcontractors only paying workers once they have been paid.

What is the impact of wage delay?



Wage delay increases the debt migrant workers often carry from payment of illegal recruitment fees. Even short delays impact on the families of migrant workers who rely on remittances for things like medical treatment, school fees and everyday expenses.

Image, right: Alex Proimos



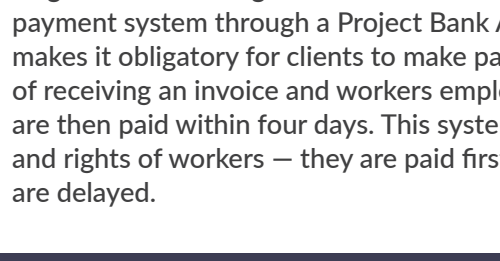
Workers may find themselves trapped in unfair employment as the sponsorship scheme of countries in the region does not allow workers to easily change employer, even when they have not been paid.



In the most serious cases, when companies go into liquidation due to late payment, workers are left without a salary and without a job. Without money to pay for food and shelter, they may be left destitute.

## WHAT CAN BE DONE?

Are there innovative ways of addressing these issues in other parts of the world – and which focus on sharing responsibility?



**In Seoul, South Korea** 18,000 workers failed to receive timely wages in 2011. The government introduced a transparent payment system through a Project Bank Account (PBA). This makes it obligatory for clients to make payment within seven days of receiving an invoice and workers employed by subcontractors are then paid within four days. This system recognises the needs and rights of workers – they are paid first, even if other payments are delayed.

**In the UK**, and more recently in **Australia, Malaysia, New Zealand and Singapore**, ‘pay when paid’ is banned and all contractors have to pay their subcontractors according to a pre-determined schedule, even if payment from the client is delayed. This improves the cash flow and mitigates the risk that subcontractors will not be able to pay workers when wages are due. These countries have also introduced a process of rapid adjudication to resolve payment disputes in real time.

**In France and Poland**, the client and principal contractor are jointly liable for payment to subcontractors who can claim against the client if the contractor fails to pay.

**In Spain and Italy**, the client can request proof of payment of wages by contractors and subcontractors and notification when wages have not been received.

**In Belgium and Greece**, the principal contractor is obliged to pay the wages of subcontractors if the latter fails to do so and in Germany and France principal contractors have to make obligatory checks and reports.

**Many European countries** ensure joint liability between the client and/or principal contractor for wages or labour conditions. Therefore, workers who have not been paid by their employer can seek a remedy from further up the supply chain.

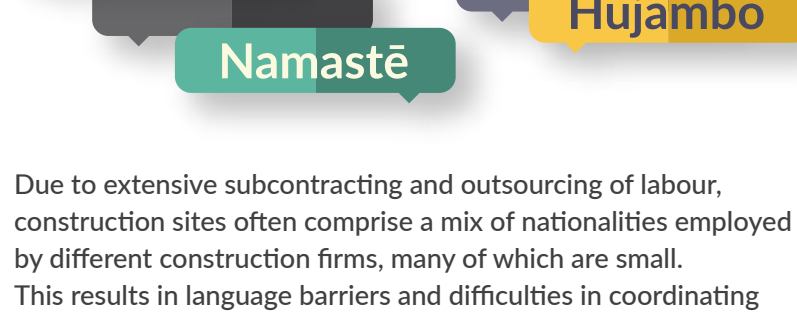
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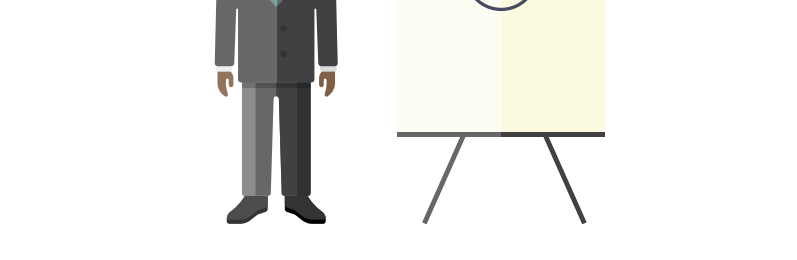
## ENSURING WORKER SAFETY IN THE MIDDLE EAST CONSTRUCTION INDUSTRY

Why are construction workers at risk?



Due to extensive subcontracting and outsourcing of labour, construction sites often comprise a mix of nationalities employed by different construction firms, many of which are small. This results in language barriers and difficulties in coordinating measures to protect workers' safety.

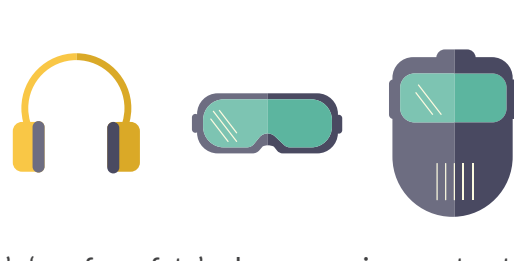
What can be done to improve safety?



Small firms generally have limited access to health and safety advice and make little investment in training which puts their workers at higher risk.



Clients often look for contractors promising the lowest price who neglect occupational safety and health (OSH). To avoid this, clients should ensure that there are clear standards for OSH in the procurement process and that a separate pricing schedule is included.



Hong Kong's ‘pay for safety’ scheme requires contractors to price separately for safety items in their contracts at:

- up to 2% of the estimated value of the contract on small projects
- 1% on large projects

Schemes such as this are increasingly being recognised as initial costs to the client are outweighed by increased productivity due to fewer accidents.



In the UK during the construction for the Olympics, the client for stadiums – the Olympic Development Authority – required that all contractors ensured subcontractor compliance on OSH, including through:

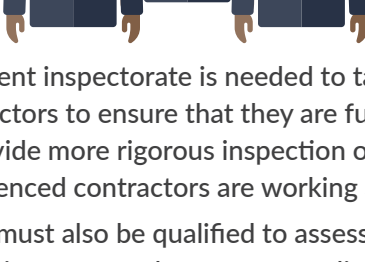
- a detailed compliance monitoring framework
- ensuring contractors followed rigorous OSH procurement standards

How can better occupational safety and health policies be developed?



Currently, only the immediate employer is held liable for the health and safety of the workforce.

Governments should introduce legislation that makes the principal contractor and/or the client jointly liable with the immediate employer.

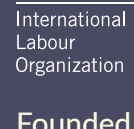


An OSH government inspectorate is needed to target major clients and contractors to ensure that they are fulfilling their duties and to provide more rigorous inspection on small sites where less experienced contractors are working alone.

The inspectorate must also be qualified to assess risks and to advise and instruct employers on compliance with the regulations.

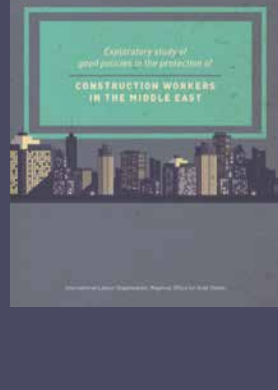
## ENGINEERS AGAINST POVERTY

Engineers Against Poverty promotes policies and practices that ensure efficient and well-governed infrastructure delivery, maximising the social and economic value of investments and contributing towards the elimination of poverty.



International Labour Organization

Founded in 1919, the International Labour Organization brings together governments, employers and workers of 187 member States, to set labour standards, develop policies and devise programmes promoting decent work for all women and men.



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