Sustainable Development and the Construction Phase:
Digging deep into the risk of contracts and contractor behaviour

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We work in complex settings
To enable a more predictable setting & accountability

Social Performance Management System

Impact & Risk Assessment  Structure & Action Plans  Organization & training  Engagement & Grievances  Monitoring & Reporting

Dynamic – continuous
Commensurate with scale of impacts and risks
Change through life cycle
Through a risk management lens

IFC Performance Standards on Environmental and Social Sustainability
And during the Construction Phase......
But what drives construction phase risks?

- Type of contract
- When a contract is negotiated
- Complexity of the Owner/EPC/Subcontractor Relationship
For Instance….

$9 Billion Petrochemical Project

$5 billion lump sum contract negotiated prior to financing secured from IFI’s

A cultural mixing pot between owner/EPC/construction workforce

40+ Sub-contractors; projected workforce to peak at 40,000
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<th>Zone 1</th>
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<td>Sub-Con 1</td>
<td>Sub-Con 2</td>
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Multiple sub-contractors – 95% Asian National
In a nation where capacity is limited...
In a nation where the national subcontractor workforce:

Believe that HIV+ People should be isolated

- Yes: 49%
- No: 51%

Are Ashamed to seek HIV or STI Services

- Yes: 46%
- No: 54%
In a nation where workers are normally treated....
Requires a different approach

Look at contracts as a major risk issue - They influence EPC/Sub-con behaviour – Which contractual arrangements offer the least risk?
Requires a different approach

As the owner, engage and build relations with the EPC/Sub-con teams – Take your management strategies inside the fence.