

Sri Lanka: Local trade unions urge IFC to delay vote on US \$ 50mn Brandix loan

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Six Sri Lankan trade unions and workers' organisations have filed a complaint with the International Finance Corporation (IFC) of the World Bank Group, raising the issues in the due diligence and labour rights components of the Environment and Social Action Plan for the proposed US \$ 50 million loan facility to Brandix Lanka Ltd, according to a media release issued by the Washington-based Global Labour Justice - International Labour Rights Forum (GLJ-ILRF).

Stand Up Workers' Union, Dabindu Collective, Revolutionary Existence for Human Development (RED), Ceylon Mercantile Industrial and General Workers' Union (CMU), Commercial and Industrial Workers' Union (CIWU) and National Union of Seafarers - Sri Lanka (NUSS), have filed the complaint requesting the IFC to revise the Environmental and Social Action Plan of the proposed loan.

"Sri Lankan unions and workers' organisations, whose memberships include Brandix workers, urge the IFC to delay its vote on the Brandix loan pending substantive consultation with key labour stakeholders and revision of the Environmental and Social Action Plan for the loan to include ensure workplace health and safety and freedom of association in compliance with the IFC's Performance Standard 2," the GLJ-ILRF stated.

The IFC has proposed to extend a US \$ 50 million long-term financing facility to Brandix Lanka Limited, to help the latter sustain its operations and preserve jobs in the country, as part of its efforts to counter the impact of the COVID-19 pandemic on the country's apparel sector. The proposed funds are to be utilised to retain employment, generate export revenues and continue as going concerns by Brandix.

The board of directors of the IFC was scheduled to consider the proposed facility for Brandix on the 25th of this month. Currently, the status of the proposed project remains as 'Pending Approval'.

"It is well documented that some employers are using COVID-19 as an excuse to bust unions across manufacturing, healthcare, logistics and other sectors globally and in Sri Lanka. In light of this, the World Bank Group must be extremely vigilant to conduct serious due diligence and include specific actions to ensure international labour standards, including freedom of association, are respected where it is a financier," Fast Fashion Coordinator for GLJ-ILRF Sahiba Gill said.

According to the GLJ-ILRF, the six trade unions and workers' organisations represent over 26,000 workers in Sri Lanka's industrial sector, including garment manufacturing.

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