



NINTH ITEM ON THE AGENDA

ILO cooperation with the Asian Development Bank: Core labour standards and ADB activities

1. As the Committee was informed orally at its last session,¹ the ILO and the Asian Development Bank (ADB) concluded an agreement in August 2000, at the ADB's initiative, to carry out a regional technical assistance (RETA) project, which had three objectives:
 - (i) increase awareness of key policy-makers in the DMCs,² NGOs, and the private sector, regarding the economic and social implications of the non-implementation of labour standards;
 - (ii) improve the capacity of policy-makers in DMCs and ADB staff to prepare and implement projects that would: (a) move children from the worst forms of employment and to school; (b) improve employment for women; and (c) reduce occupational safety and health standards;
 - (iii) enable ADB staff at headquarters and country levels to address the issues of poverty reduction, child labour, gender discrimination in employment and occupational safety and health issues by strengthening the implementation of relevant labour standards in ADB-assisted development interventions.
2. The project was carried out by the ILO as the executing agency, according to a methodology agreed with the ADB to ensure the full and active participation of the constituents of both organizations. As indicated above, it examined in detail the consequences of the non-application of labour standards in three areas: child labour; gender discrimination; and occupational safety and health. These were chosen as examples of standards-related subjects for which considerable data were available, and were intended to be representative of the wider range of labour standards. As the project progressed, it

¹ See report of the discussion on this subject in the Committee's report, GB.285/11/2. The meeting on which this oral report was based was held after the deadline for submission of documents for that session of the Governing Body.

² DMC is ADB terminology for "developing member countries".

became evident that certain conclusions could be drawn also as to the consequences of the non-application of labour standards as such.

3. There has been preliminary discussion on the timing and methodology for extending coverage to subjects not yet considered in depth, particularly the other fundamental labour standards. This would depend on how the RETA's conclusions on the first indicative standards are received.
4. The project was carried out on the basis of case studies on each of these three subjects in four countries which represented a range of situations in the region: Bangladesh, Nepal, Philippines and Thailand. The regional reviews prepared to consolidate the data from these four countries also incorporated available data and conclusions from across the Asian region, in order to arrive at more generally applicable conclusions for the region.
5. In each country a Project Advisory Committee (PAC) was created to oversee the studies carried out in the country. The PACs were chaired jointly, in three of the four countries,³ by the ministries responsible for labour and finance, representing the major governmental constituencies of each of the two participating organizations. While the composition of the PACs varied from country to country, all of them were tripartite, with the participation of representatives of the employers and workers in each country, in addition to other civil society organizations working on related questions.
6. Experts were engaged in each of the four countries, to carry out studies at the national level for each of the three subjects. An international expert from the region was engaged for each subject, to oversee the work of the four national experts and consolidate their work on the regional level. All studies on each of the subjects were overseen by staff experts at ILO headquarters,⁴ who contributed to drawing up the schedule of studies, controlling the ILO input and supervising the work being done. The overall direction in technical terms was assumed by the Chief of the Equality and Employment Branch (EGALITE) in the International Labour Standards Department, while the administrative side of the project was supervised by the ILO Regional Office in Bangkok.
7. On the basis of the country studies carried out, a regional review was concluded for each subject (available in English only on the ADB web site at <http://www.adb.org>, and copies are available from the EGALITE secretariat for examination by members of the Governing Body). The national studies and the regional reviews were submitted to a meeting convened by the ADB in Manila in September 2002 (too late for the conclusions adopted there to be submitted in writing to the November 2002 session of the Governing Body).
8. In addition to the studies themselves, the principal output was a draft handbook containing guidelines for the use of ADB staff on the incorporation of labour standards in ADB activities. On delivery, the draft is to be examined and adapted as necessary by the ADB staff. A copy of the draft submitted is available from the EGALITE secretariat for examination by the members of the Governing Body.⁵

³ In Bangladesh agreement could not be reached on this method and the Ministry of Labour chaired the PAC, with the Ministry of Finance participating as a member.

⁴ These staff experts came from SafeWork, the International Programme for the Elimination of Child Labour (IPEC) and EGALITE.

⁵ It is not published, being too voluminous.

9. The draft handbook takes up the findings of the regional reviews. The studies carried out examined the socio-economic costs over time of non-application of labour standards in the three areas concerned. The draft handbook recalls the sources of labour standards at the national and international levels, and reflects the conclusions of the national and regional reviews, and of the Manila meeting, that there is a real and measurable cost to development if labour standards are ignored. The information assembled also allowed the conclusion that ignoring labour standards generally, in addition to the standards on individual subjects, carries a cost for development.

Conclusions from the studies

10. Conclusions were reached on each of the three subjects, as well as on labour standards as such, which were reviewed by the concluding meeting in Manila in September 2002. These conclusions also made recommendations to the ADB on future action in these areas. Representative extracts from these conclusions and recommendations are contained in the appendix to this paper, and have been published *in extenso* on the ADB web site. The essential conclusion for each subject, and as concerns labour standards as such, was that failure to respect labour standards carries a penalty for development; and the essential recommendation to the ADB was that it should take additional action to ensure that labour standards were taken into account in all its work with its member States.

The Manila meeting

11. The participants in the meeting in Manila in September 2002 were invited by the ADB after consulting the Office. Tripartite participants were invited from each participating country and in most cases were able to attend. The meeting also covered questions including a broader examination of labour standards and development institutions, and social accountability and corporate social responsibility. A wide variety of attendees were represented, including international organizations of workers,⁶ labour research institutions, UNDP, UNICEF and others, in addition to ILO and ADB staff. The participants broke up into groups to adopt the conclusions and recommendations on various issues.

Other areas of cooperation with the ADB

12. After the work on the RETA began in 2000, two events of particular relevance took place. In September 2001, the ADB adopted its Social Protection Strategy⁷ which, among other things, requires that all ADB interventions must be designed and formulated in accordance with the core labour standards. In addition, under the Social Protection Strategy, ADB should take all the necessary and appropriate steps to ensure that ADB-financed procurement of goods and services, contractors, subcontractors and consultants comply with the country's labour legislation (e.g. minimum wages, safe working conditions, social security contributions, etc.) as well as with international core labour standards. The RETA, then already under way, is obviously a way of implementing this decision in practice.

⁶ A misunderstanding resulted in no invitation being sent to the International Organisation of Employers, as discussed at the previous session of the Governing Body.

⁷ Also available on the ADB web site, in English only; a copy is available for consultation in the secretariat.

13. In addition, a Memorandum of Understanding (MOU) signed between the two organizations in February 2002 recognized the mutual benefits to their member States of increased cooperation, recognizing the expertise of each organization in its own fields. Consultations, joint activities, and the advantages of each organization lending its expertise to the other were recognized. This MOU was notified to the Governing Body in March 2002.⁸

Follow-up

14. The Governing Body will be notified of further developments, once the ADB has considered the draft handbook.

Geneva, 29 January 2003.

⁸ GB.283/LILS/4/2.

Appendix

Extracts from: Conclusions and recommendations approved by the ADB/ILO Regional Meeting, Manila, 17-18 September 2002

The Meeting adopted conclusions and recommendations for ADB action on four subjects: labour standards in general, and the three substantive subjects of child labour, gender discrimination and occupational safety and health. What follows are extracts from these conclusions and recommendations, intended to convey to the Governing Body the kinds of subjects discussed and conclusions reached. The full texts are available for consultation, and can also be found on the ADB web site.

A. Labour standards in general

I. Why is action needed?

According to the ILO's experience in setting and monitoring labour standards, there are numerous gaps in the Asia-Pacific region in the coverage and implementation of labour standards. A failure to respect labour standards carries specific and measurable costs to national economies, harms economic development, and violates the rights of working people throughout the region. Failure to respect laws is a governance issue both generally and specifically for each subject.

Asia is not alone in this respect – this is a phenomenon common to all developing countries and developing regions, and is found in pockets in developed countries as well.

II. What are labour standards?

Labour standards are found both in national laws to regulate the labour market, and in international standards adopted to guide the adoption and implementation of national standards. The Social Protection Strategy (SPS) adopted by the ADB in 2001 requires that all ADB interventions must be designed and formulated in accordance with the core labour standards. In addition, under the SPS, the ADB should take all the necessary and appropriate steps to ensure that ADB-financed procurement of goods and services, contractors, subcontractors and consultants comply with the country's labour legislation (e.g. minimum wages, safe working conditions, social security contributions, etc.) as well as with international core labour standards. The core labour standards are:

- (a) freedom of association and the effective recognition of the right to collective bargaining;
- (b) the elimination of all forms of forced or compulsory labour;
- (c) the effective abolition of child labour; and
- (d) the elimination of discrimination in respect of employment and occupation.

There are additional standards that develop aspects of these core standards, such as those on workers with family responsibilities, protection of migrant workers, working hours for young workers, industrial relations, etc.

III. Benefits of taking action to promote respect for labour standards

Labour standards as a governance issue

Labour standards are contained both in internal and international law, and international conventions containing them have generally been ratified and thereby incorporated into national law, at least for the core labour standards.

Failure to respect laws is a governance issue both generally and specifically for each subject.

Other labour standards than the core labour standards usually contain management guidance intended to regulate relations between worker and employers, provide guidance to legislators and administrators, and in general ensure that the economy functions in an optimal way.

Respecting labour standards at the national level therefore:

- builds respect for law;
- increases respect for human rights;
- promotes decent work for everyone;
- improves economic relations inside the country;
- improves prospects for exports;
- makes a major contribution to the alleviation of poverty.

Labour standards as a rights issue

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IV. ADB action to promote respect for labour standards

The ADB should therefore take account of labour standards in providing assistance to member States. This has to be done at five levels:

- strengthening inclusion of labour standards consideration in country programming, to improve poverty and social analysis and to highlight problems that need to be addressed. This is a conclusion the ADB has already reached – see, e.g. its *Handbook on poverty and social analysis* and related staff instructions and guidelines;
- addressing respect for labour standards as an issue in itself, and as a matter of corporate social responsibility and good governance;
- proactive measures to promote the implementation of specific labour standards and the values contained in them, such as the elimination of child labour and discrimination, abolition of forced labour and promotion of freedom of association and collective bargaining;
- strengthening inclusion of labour standards consideration in the planning, design and implementation of all ADB activities, as approved by the ADB in its Social Protection Strategy (2001);
- mitigation measures to compensate for negative effects on labour standards of ADB activities, or for failure by contractors and others to observe the standards they are required to implement in ADB-funded activities.

B. Child labour

Why we need to take action against child labour

It is a matter of good economics

- Child labour is not only a consequence but also a cause of poverty and underdevelopment.
- Child labour has negative externalities, mainly in the form of lost productivity and reduced capacity for income generation due to missed education and skills formation, stunted growth, and physiological damage.
- Child labour contributes to a country's inability to achieve increasing returns to scale, technological advancement and efficiency improvements derived from a more skilled, productive and educated workforce.

It is a matter of human rights

- Children have rights of their own.
- Child labour may deprive a child of her/his right to study, to play, to socialize with her/his peers, and not to be physically, psychologically or emotionally abused and harmed.

It is a matter of saving lives

- It is estimated that there are globally 179 million children in the worst forms of child labour, exposing them to development-stunting and life-threatening hazards.
- The effects of hazardous work on children can be even more acute than they are for adults because of physiological and anatomical differences.
- Children are sometimes forced into outrageously hazardous situations to which even adults are not exposed. Irreversible physical and psychological damage is caused to these children.

Fields of action by governments and the ADB

- Action against child labour should follow three basic objectives:
 - to prevent it altogether;
 - to remove children from child labour, especially its worst forms; and
 - to provide for the rehabilitation and social integration of children affected by the worst forms of child labour.
- To attain these objectives requires action on various fronts. It includes: sensitizing public opinion on the long-term negative impacts of child labour; adopting and enforcing legislation regulating the work of children; establishing affordable and quality education for all; and providing support for children and their families.
- Child labour requires a response from a broad alliance of national and international actors. ...

C. Gender

Benefits of providing better labour standards for women workers accrue at several levels

For faster development of any economy, it is important that all its available resources are used optimally. However, the presence of gender bias means that a large section of the workforce is

operating under non-economic constraints; therefore, currently, these workers are not being utilized to the best of their capacities.

In developing countries, a large part of the domestic resources (workers, land, capital) are engaged in activities of the self-employed or family enterprises and these activities together produce a significant section of the domestic product. Increasing the productivity of these activities and the women workers engaged in them is essential for the country to reach a higher rate of economic growth.

For poor households, the only available productive resource is the labour of its members and the primary workers of a household are the man and his wife. Unless both of them can find work that is sufficiently remunerative, the household remains mired in poverty. One consequence of this is to compel minor children of the households to join the workforce; this means that they are unjustly denied their childhood and their chances of a better future. Also there are many households where women are the main earners, where policy-makers and employers ignore this, viewing women as supplementary earners, primarily engaged in household activities, the family welfare suffers just as much as when their family responsibilities are ignored.

Providing women with adequate occupational safety and a healthy working atmosphere reduces the cost to the family of medical treatment, which is a major cause of household expenditure. Also, working for money wages results in women getting more voice in the family's decision-making, particularly about reproduction and family planning. It is a general observation about many countries that, given a choice, women prefer to have fewer children and to plan their families better so that each child can have better nurture and education. This can very swiftly reduce the pressure of population growth from an economy. Thus the economy, the family and the individual women benefit.

It was acknowledged that economic growth alone, while important, will not eradicate discrimination, nor will it necessarily provide equality of opportunity and treatment. Moreover, gender neutral action or intervention will not automatically promote equality and it may even perpetuate discrimination.

Recommendations for action by ADB with DMCs

Country programming

- In its lending activities and policy advice the ADB should strengthen the promotion of opportunities for women, as well as men, to obtain decent and productive work, in conditions of freedom, equity, security and human dignity.
- ILO international labour standards can be used as a means of realizing decent work, promoting rights, opportunities and protecting against vulnerabilities at work. National dialogue, involving workers' and employers' organizations and other relevant civil society actors, should be strengthened with a view to improving the observance of international labour standards through adoption of national laws and policies for the promotion of equal opportunity and treatment in employment.

Suggestions for proactive projects

ADB projects that impact most on women are those aimed at direct-wage employment, micro-enterprise, infrastructure, public sector reform in which there are retrenchment issues. More work should be undertaken to identify with specificity the sectors in which ADB should invest that would most benefit women workers.

Suggestions for project design

- Strengthen participatory planning and design to identify needs and priorities of target beneficiaries with stakeholders and intended beneficiaries. Community and beneficiary participation in conceptualization, planning, implementation and evaluation are fundamental.
- In the design provide clear instructions on selecting workers for training including specifications of target groups of women that should be involved.

The following suggestions are for additional steps to be integrated in the project designing tasks of any project supported by ADB:

- legal literacy/empowerment ...;
- complaints committee ...;
- support for household and family responsibilities ...;
- challenging gender roles and stereotypes ...;
- greater value added from women's activities ...;
- health insurance and social security ...;
- encourage women's groups/organizations ...

Stakeholders and agencies to consult

The following stakeholders should be involved in all aspects of project phases in a way that allows for meaningful dialogue and contribution:

- local ILO offices;
- women's national machinery: most countries have a government department or a bureau for women's affairs. This agency has experts on the legal and economic position of women in the country;
- ministry of labour: there is usually a department for labour that keeps track of the application of labour laws and their violations. There is often a statistical wing of it which should have gender disaggregated data about labour. Also there is usually a gender focal point or women's department;
- trade unions or other workers' organizations ...;
- employers' associations ...

D. Occupational safety and health

Main objective for governments and the ADB

All possible actions have to be taken to achieve the main objective: substantially reduce the number of occupational accidents and diseases, especially in the industries and occupations with high rate of injuries.

Main directions of action:

- creation of the national OSH profiles and SafeWork programmes and laws and regulations;
- creation, development and strengthening of the national enforcement system;
- raising of public awareness on social, moral and economic aspects of occupational accidents and diseases;
- OSH training of workers, as well as OSH education of students and school children with a view to establish safety culture at different levels.

Country programming

Elaboration of the national strategic OSH programme with the identification of priority needs for the sustainable and effective reduction of occupational accidents and diseases:

- promote activities at national level that build a culture of occupational safety and health as a boost to economic development ...;
- take active steps to ensure that workers engaged on projects funded by the Bank are provided with safe and healthy working conditions that are appropriate to the project.

Project design

1. The project design phase includes a labour plan. This is where OSH issues would first be addressed. The issues here are: the nature of the available workforce for the project – experience, skills and capability, composition, availability of competent supervisors, understanding of safety and health issues.
2. Existing national OSH laws that are relevant to the project and the effectiveness of the enforcement process.
3. Application of any relevant ILO Conventions, Recommendations and codes of practice.

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All of the relevant ILO Conventions would have to be considered at this stage. The objective must be to identify all the risks for the resident population and project workers that could arise from the work.

Project implementation

- The overriding objective should be to ensure that hazards are being identified and effectively managed for each project. This is the essence of the ILO’s “management systems” approach for safety and health. ...
- Hazard management plans must be specific to each project. Generic standards (ILO Conventions/Recommendations) can form the basis for the development of these plans but there must be a focus on the particular hazards and their controls for each project. ...
- There must also be a clearly defined management process, and accountabilities for translating these plans into practical reality on each project.
- At the implementation stage, the ADB has the opportunity of specifying the Bank’s requirements and expectations in reasonably specific terms. ...
- These requirements would be based on ILO Conventions and other international best practice. They would not be a substitute for DMC legislation or for the detailed planning that would be required of executing agencies and contractors. The requirements would provide a minimum set of expectations and standards to guide the development of project safety and health plans.