

Regional Workshop on Labor Standards Manila, 18-19 September 2002

General Recommendations on Labor Standards

WHY IS ACTION NEEDED?

At the beginning of the 21st century, there are numerous gaps in the Asia-Pacific region in the coverage and implementation of labor standards, according to the ILO's experience in setting and monitoring labor standards. A failure to respect labor 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 also a grave governance issue.

The Asia and Pacific region 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. The fast economic and social progress achieved in developed countries during the 20th century is intrinsically linked to promotion of labor standards.

WHAT ARE LABOR STANDARDS?

Labor standards are found both in national laws to regulate the labor market, and in international standards adopted to guide the adoption and implementation of national standards. The Social Protection Strategy adopted by ADB in 2001 requires that all ADB interventions must be designed and formulated in accordance with the Core Labor 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 labor legislation (e.g., minimum wages, safe working conditions, social security contributions, etc.) as well as with International Core Labor Standards. The Core Labor Standards are:

- (i) the elimination of all forms of forced or compulsory labour;
- (ii) the effective abolition of child labour; and
- (iii) the elimination of discrimination in respect of employment and occupation and
- (iv) freedom of association and the effective recognition of the right to collective bargaining;

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. Other labor standards cover such subjects as:

- Occupational Health and Safety (OSH)

DISCLAIMER: These findings and recommendations are a result of the ADB-ILO Regional Technical Assistance 5887 studies, national consultative processes during 2001-2002 and high level discussions at the concluding Manila Regional Workshop, and do not necessarily reflect the views of the ADB or the ILO.

- Employment promotion, including mechanisms (employment exchanges, etc.)
- Minimum wages and payment of wages
- Social security
- Labor administration (including inspection)
- Specific economic sectors or occupations (seafarers, dockers, nursing personnel, home workers, plantation workers, etc.)

At the national level, international labor standards have been embodied in national laws and regulations, collective agreements and other regulatory instruments. The Core Labor Standards are an inherent part of membership in the ILO. They form more specific international obligations when the Conventions containing them are ratified.

BENEFITS OF TAKING ACTION TO PROMOTE RESPECT FOR LABOR STANDARDS

A. Labor standards as an economic issue

Promoting labor standards reduces poverty, raises living standards, and enhances the quality of growth by increasing productivity. For instance, child labor is not only a consequence of poverty, but also a cause of poverty. Despite short-term benefits to families, child labor deprives the young of their childhood, generates stunted growth, removes children from education and skills formation, and deprives them of their right to study and become more productive adults.

Similarly, discrimination in the workplace, or working conditions that do not protect against hazards, may bring short-term gains to employers but result in long-term losses for development. They result in overall losses to the national economy. For instance, the investments made on education are lost if children are made to work and are unable to learn, or if women or minorities cannot find work suited to their capacities and their training. Workers injured because safety has been neglected become disabled or sick, and they generate further expenses to the economy by having to depend on family support or disability or health insurance. These issues are also dealt in relevant sections of the studies and recommendations.

B. Labor standards as a governance issue

Labor 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 Labor Standards. Failure to respect laws is a governance issue both generally, and specifically for each subject. Other labor standards than the core labor 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 labor standards therefore builds respect for law; increases respect for human rights; promotes decent work for everyone; improves economic relations inside the country and is a good corporate social responsibility practice, helping firms to become more productive and better working environments.

C. Labor standards as a rights issue

The core labor standards embody fundamental human rights commitments, respect for which is a matter of general acceptance by all nations, and is binding in the law of most..

RECOMMENDED ACTION TO PROMOTE RESPECT FOR LABOR STANDARDS

ADB is taking into account of labor standards in providing assistance to its member countries. Recommendations focused on the following areas:

The need to strengthen country programming strategies:

- Strengthening inclusion of labor standards consideration in ADB's country programming strategies, to improve its country-based poverty and social analysis and to highlight priorities that need to be addressed. This is a conclusion the ADB has already reached – see, e.g., the approved Summary Labor Market Assessment in the ADB's Social Protection Strategy, and guidance provided in the *Handbook on Poverty and Social Analysis*, and related staff instructions and guidelines.

The need to strengthen project design:

- Strengthening inclusion of labor standards consideration in the planning, design and implementation of all ADB activities, as approved by the ADB in its Social Protection Strategy - Addressing respect for labor standards as an issue in itself, and as a matter of ADB's corporate social responsibility and good governance.
- Promoting proactive projects to promote the implementation of specific labor standards, such as the elimination of child labor, discrimination, or abolition of forced labor, etc. this may be done by stand-alone projects agreed with the Government or as subcomponents of projects where labor standards may not be the main objective (for instance, introducing a child labor component into an ADB Education project)

The need to strengthen project implementation:

- Prevent violations of labor standards in the implementation of ADB-funded activities, or failure by contractors and subcontractors to observe the standards they are required to implement.
- ADB has limited capacity for oversight of the employment conditions of its projects so a proposed option was to request social audits from its contractors or receive reports from relevant labor stakeholders (e.g., labor unions).
- Strengthening conflict resolution: While references to labor standards are found in various ADB publications, detailed implementation mechanisms to put these principles into practice have not been developed; one particular mechanism should be by including a procedure for resolving problems in the application of labor standards (e.g., a complaints committee or other possibility of raising and resolving problems) in the context of individual projects.

The need to create guidance for good practice

A need was found in Governments as well as in the ADB and other international development agencies, to develop detailed guidelines, probably in the form of Handbook on Labor Standards, to provide practical examples and instructions.

The need to review procurement documents

It was recommended that procurement documents be reviewed to ensure that they meet these requirements.

The need to progressively but firmly develop proactive policies and interventions to ensure compliance with labor standards and the promotion of decent work in developing countries

Enforcing labor standards and good working conditions cannot happen overnight. For instance, if working children were suddenly removed from their income generating activities, their families would further sink into poverty. The solution lies in a progressive agenda to eliminate child labor, in which the first step is to urgently fight its worst forms (children working in prostitution, hazardous jobs, etc), while the rest of working children are temporary allowed to help their families always that they can combine work with an education. Government's commitment is essential to ensure action to bring children to school and allow them to develop as healthy and productive adults.

National Action Plans for Decent Work are being developed in the region and should be continued. The workshop further recommended that Safe Work programs, anti-child labor projects, and policies to promote respect for other labor standards should be urgently promoted in Asia and the Pacific.

The need to ensure cost effectiveness

The measures necessary to take full account of labor standards may involve additional costs of implementation. Care will have to be taken:

- Not to construct implementation measures at such a high level that it is uneconomical to carry out economic activities and projects;
- To build the costs of implementation of labor standards into the costing of economic activities and projects at all levels;
- To ensure that respect for labor standards never be used a non-tariff barrier or protectionist measure

The need to develop capacity building and training of staff from ADB and national ministries, contractors, subcontractors and executing agencies

The measures needed to respect labor standards will require training and familiarization of responsible staff, contractors and subcontractors, and probably the acquisition of new skills. It was recommended that a training program should be put into place, once good practice on labor standards has been established.

The need to strengthen the Ministries of Labor and Social Security or Welfare was also recommended. Major deficiencies were reported in the number of administrative staff, inspectors and budgetary resources. Ministries of Labor and Social Security/Welfare in Asia and the Pacific receive the lowest budgetary allocation and share of the national budget, as compared to the rest of economic and social categories. The workshop recommended maintaining the work started under this project, building consensus between the Ministries of Labor and Finance at the country level.

The need to raise public awareness

Public information campaigns were also recommended tools to ensure sensitization of public opinion on the long-term benefits of respecting labor standards, and how the circle of poverty is reproduced by violating labor standards.

The need to involve different stakeholders and institutions

Ensuring compliance with labor standards will require positive involvement of non-governmental organizations such as employers' associations, labor unions, and community and civil society groups. Proper involvement of these institutions is particularly required for conflict resolution.

Given that it is estimated that more than 350 million new jobs are needed in the next decade to absorb all the new entrants into the labor market in Asia and the Pacific, involving the private sector in good corporate social responsible practices is essential to promoting employment under decent working conditions.