

**REGIONAL TECHNICAL WORKSHOP ON LABOR STANDARDS**  
**Manila, 18-19 September 2002**

**“The Importance of Labor Standards for Development”**  
**Keynote Address by Mr. Lee Swepston<sup>1</sup>**

The International Labour Office is very pleased to be pursuing this joint effort with the Asian Development Bank. This is a concrete manifestation of the recent engagement between our two important institutions, consecrated in the Memorandum of Understanding signed in February of this year, and is the beginning of more work to be done together in the future. This relationship was reflected in the way in which the research for the project was carried out, associating both labor and financial ministries, the ILO's worker and employer constituents, and a wider group of civil society representatives at the national level. We conducted a series of national workshops, jointly run by ILO and ADB staff, testing the conclusions of our research in a number of countries.

This meeting, and the detailed work we have been doing to prepare for it, is to explore the reasons for, and the practical means of, taking account of core labor standards and others in the ADB's activities. The ADB took a decisive step in this area when our two organizations agreed two years ago to cooperate on the Regional Technical Assistance programme (RETA No. 5887), which has been the focus of this phase of our work. It took another extremely important step when it adopted the Social Protection Strategy one year ago, requiring a compliance with national and international labor laws and standards including the reported existence of child or bonded labor and violations to other Core Labor Standards<sup>2</sup>

Let me begin with the conclusions that we have reached in carrying out this work, and that emerge from the research and consultations:

- Failing to take account of labor standards harms development in definite and measurable ways. Respect for basic human rights at work, and for the legal and regulatory structures necessary to give effect to them, helps workers, employers, and economies as a whole. It is for poverty reduction. This conclusion has already been adopted by the Bank in its Social Protection Strategy, and is increasingly a cornerstone of international development work, where the Bank is a leading force.
- This does not mean that developing countries should be pushed to adopt a form of regulations and protections that will stifle flexibility, competitiveness and growth. Nor does it suggest conditionalities on ADB relations with its Members. There are costs involved for all the actors that must be managed before the benefits become evident, but there are short-term as well as long-term gains to be made. The difficulty in practice is to find the appropriate level of regulation and protection in each case.
- This also implies evolving a new approach to viewing country situations and incorporating this part of the solutions to problems of poverty, exclusion and lack of development.
- As a consequence of this analysis, the conclusion is that respect for labor standards is a proper concern of the Asian Development Bank in promoting economic development and poverty reduction.

A series of more specific recommendations is being submitted to the workshops being held to day for each of the three subjects covered in detail, for discussion and submission.

The objectives of the RETA were the following:

- (i) Increase awareness of key policy makers in the DMCs, NGOs, and the private sector, regarding the economic and social implications of the non-implementation of labor

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<sup>1</sup> Chief, Equality and Employment Branch, International Labor Office, Geneva.

<sup>2</sup> Ibid., Section II, para. 20

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 labor, gender discrimination in employment, and occupational safety and health issues by strengthening the implementation of relevant labor standards in ADB-assisted development interventions.

You will understand from this that we agreed on the RETA about a year too early - when the ADB had not yet formally accepted the notion that respect for all the core labor standards recognized in international law should be one of its objectives. We decided to examine in detail a selection of labor standards – on gender, child labor and safety and health - which we felt were the best subjects to begin our study. This is not, of course, the full list of core labor standards. However, the implementation of this project has evolved during the last two years, by mutual agreement, and we have adapted to this changing situation.

What are these core standards, and what do they have to do with the ADB? And why were they adopted in the first place?

Since the end of the Cold War and the dismantling of opposing socio-economic blocks, for the first time since 1914 we have returned to a virtually universal market economy. There was a relatively brief period in the early 1990s when the dominant expectation was that the combination of democracy and this universal market economy would by themselves create the growth opportunities that had been so lacking. The growth that materialized certainly was impressive in many places - but both within and between countries, it was very uneven. Some benefited, others did not; the position of many improved but others saw that the relatively secure position they had worked out for themselves and their children came under threat.

It became clear that in the new universal market economy, the old problems of poverty, lack of development, and defects of social justice, were still there. Not only had they not gone away; due to the increased transparency of the global economy, they were more visible than earlier. They could not be hidden, and they could not be justified by referring to cultural differences. One example of this has been the increased attention paid to the problems of child labor since the 1990s, as part of a general consensus that a rights-based approach to development should be pursued.

These were also the same concerns that had led to the founding of the ILO in the aftermath of the First World War, in 1919. In this new situation, one of its basic Constitutional maxims became increasingly relevant in the new global context. As the 1944 Declaration of Philadelphia of the ILO states, "poverty anywhere constitutes a danger to prosperity everywhere". It became necessary to rethink the basic principles on which social progress should be based.

The ILO had long considered that freedom of association and the right to collective bargaining; the abolition of forced labour; and non-discrimination in employment and occupation were its basic labor standards. In Copenhagen in March 1995, the World Summit for Social Development added the elimination of child labour to this list. It recalled that these standards are based on the ILO Conventions on these subjects and stated that even those countries that had not ratified the relevant Conventions should take action to respect their principles.

Around the same time, the OECD decided to base its first study on trade and labour standards (which came out in 1996) on this same short list of ILO standards. This OECD study concluded, among other things, that respect for core labor standards did not have negative consequences for the economies and trade of developing countries.

The next important step was taken by the Ministerial Meeting of the World Trade Organization in Singapore, in December 1996. It reaffirmed the commitment to international labor standards, stating that they belong to the competence of the ILO, which should be supported in promoting them. Secondly, labor standards should not be used for protectionist purposes and particularly not for denying the comparative advantage of developing countries from lower wages. This also is an important element of the considerations concerning ADB action.

In June 1998 the International Labour Conference adopted the Declaration on Fundamental Principles and Rights at Work and its Follow-up, which includes the same list of principles. Its acceptance by the Conference includes the affirmation that all Members, even if they have not ratified the Conventions in question, have an obligation arising from the very fact of membership in the Organization, to respect, to promote and to realize, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are the subject of those Conventions.

The Global Compact, which was proposed to the international business community by the Secretary-General of the United Nations in Davos, in early 1999, also adopted the four categories of this Declaration as its labor principles. This is part of the larger movement, on which we shall have a discussion tomorrow morning, taking a promotional approach to the implementation of labor standards through mostly voluntary action by the business community, with the wider participation of civil society. This additional element lends strength and depth to the long-standing international mandatory and supervisory approach, and is a vital supplement to it.

Where does all this take us?

In this afternoon's session, we will be discussing in more detail the recommendations that emerge from the preparatory work. They involve three overall areas for the ADB:

- **Country programming** including an analysis of the labor situation;
- **Project design**, for promoting labor standards generally and for pursuing such objectives as the elimination of child labor and discrimination, and promoting a healthier work force; and
- **Implementation of projects**, including mitigation measures to ensure that ADB interventions are carried out with respect for core labor standards.

The recommendations that have emerged from the research and deliberations we have been carrying out together will allow us to continue exploring practical measures to implement the Social Protection Strategy by including labor standards analysis in programming and designing international assistance to member States.