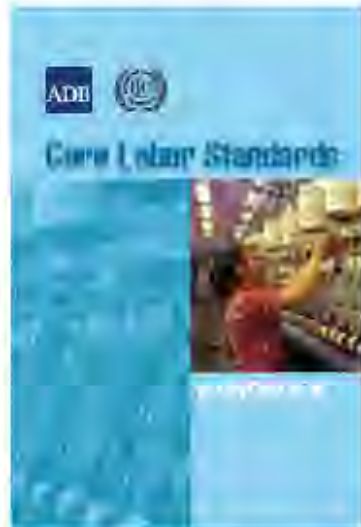


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Core Labor Standards (CLS) are a set of four internationally recognized basic rights and principles at work: (i) freedom of association and the effective recognition of the right to collective bargaining, (ii) elimination of all forms of forced or compulsory labor, (iii) effective abolition of child labor, and (iv) elimination of discrimination in respect of employment and occupation. CLS are aimed at ensuring workers' rights to trade union organization and collective bargaining, freedom from discrimination in the workplace and the elimination of child labor and forced labor.

In 2006, Asian Development Bank (ADB) published its *Core Labor Standards Handbook* in collaboration with the International Labor Organization (ILO). As part of its 2001 Social Protection Strategy, the Handbook formally commits the Bank to comply with the internationally recognized CLS in the design and formulation of its loans. It also asserts that all ADB's developing member countries (DMCs), by virtue of being members of the ILO, are held to respect and promote the fundamental core labor standards.

As a result of trade unions' engagement with multilateral development banks like ADB, CLS are increasingly being mainstreamed into their operations and loan obligations.

In 2002, World Bank (WB) launched a website "*Core Labor Standards Toolkit for Staff Preparing Country Assistance Strategies (CAS)*" which provides a 3-step process for: (a) understanding CLS and their relevance to development and poverty reduction; (b) locating information on CLS on specific countries; and (b) diagnosing CLS in the CAS.

In 2005, ADB's *Procurement of Works Standard Bidding Document (SBD)* was amended to be

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consistent with the MDB Harmonised Edition 2005; the document includes 22 labor-related clauses covering some areas of core labor standards. In March 2006, the MDBs' procurement departments adopted a new 'harmonized' SBD which contains obligatory requirements that include prohibitions of forced labor and harmful child labor for major public works contracts. Other requirements are related to respect for national labor laws and health and safety issues, e.g., HIV/AIDS prevention.

In February 2006, International Finance Corporation (IFC), WB's private sector lending arm, adopted the *Policy and Performance Standards on Social & Environmental Sustainability*, with a chapter on 'Labor and Working Conditions' that requires all companies that borrow from IFC to comply with CLS and observe some other basic conditions such as health and safety standards, protection for contract workers, and a policy for managing reductions in employment. IFC clients are expected to respect workers' freedom of association (FOA) and right to collective bargaining and "will not discriminate or retaliate against workers who participate or seek to participate" in the organizations of their choice, regardless of whether national law fully protects those rights. The new IFC policy also require that all proposed IFC projects include an assessment of the labor, health and safety impacts and risks of the project and adopt measures to respond to any deficiencies or negative impacts commensurate with the level of impact and risk. Non-compliance with CLS could lead to cancellation of the IFC loan.

In April 2007, WB adopted CLS clauses in contracts for public-sector construction infrastructure contracts which for the first time include requirements referring to all four CLS.

The *CLS Handbook* provides guidelines on how to integrate CLS into ADB's operational cycle:

1. As a first entry point, CLS should be considered during the preparation of the country poverty analysis (CPA).
2. At the pre-project design, the IPISA (initial poverty and social assessment), which is mandatory for all Bank projects, should identify issues related to CLS.
3. At the project design phase, checklists are in place for compliance with CLS, conformity with national labor law, and design of project assurances, covenants and loan agreements.
4. In preparing bidding documents, invitations to bid should include a specific reference to CLS and indicate that compliance with such provisions would be monitored during the project's implementation.
5. During project implementation, project staff should develop a consultation phase, address stakeholder concerns through dialogue, build the capacity of stakeholders to implement CLS, and monitor activities for compliance with CLS.
6. The project's completion and post evaluation reports should also focus on labor issues and how the CLS were implemented. Any adverse effects of the project on people, mitigation and compensation measures adopted, and the results of these measures should be assessed.

The ongoing review of ADB's safeguard policies provides a key opportunity for the Bank to strengthen its safeguards framework through incorporation of CLS and some other basic labor safeguards and make it a standard requirement that their borrowers comply with CLS, as has been adopted by IFC since 2006. As well, a labor impact assessment should ensure genuine and meaningful consultations with affected workers and trade unions such that impacts are identified and assessed early in the project cycle, and any adverse impacts are avoided, minimized, or mitigated. ADB should take cognizance of the fact that various categories of workers may be differentially affected by Bank-assisted projects, and hence, should design appropriate mitigation measures in compliance with CLS.

Many cases of CLS violations take the form of physical violence against union organizers and officials, apart from the usual discrimination and dismissals and other work-related anti-union/worker action. Slave labor and bonded labor are still found in the Asia-Pacific region, mainly affecting the most vulnerable, i.e., children and women.

About 60 percent of the workers in the region are in the informal economy; in some countries, informal economy accounts for over 90 percent. Informal economy workers or those engaged in 'atypical work' are the most exploited, most neglected and is characterized by low wages, long working hours, lack of social protection, lack of job security, absence of occupational health and safety measures, and are largely unorganized and exempted from labor laws.

Atypical work is commonly characterized by its contingency, transitoriness, different working conditions compared to regular workers in the same job, and precariousness of employment such as part-time job, dispatched workers, temporary or

contractual workers, or outsourced workers.

All workers have basic human rights and are entitled to all opportunities for full human development; this is consistent with and supports ADB's goal of poverty reduction in the region.

Public Services International (PSI) is a global trade union federation representing some 20 million women and men working in public services around the world. It has more than 600 affiliated unions in over 150 countries. PSI is an autonomous body, which works in association with federations covering other sectors of the workforce and with the International Trade Union Confederation (ITUC). PSI is an officially recognised non-governmental organisation for the public sector within the International Labour Organisation (ILO) and has consultative status with ECOSOC and observer status with other UN bodies such as UNCTAD and UNESCO.

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