

***Applying the Core Labor Standards in ADB Operations:
Practical Methods, Tools, and Awareness Raising***

**Presentation by Mr. Xianbin Yao
Acting Director General, Regional and Sustainable Development Department
Asian Development Bank**

**Panel Discussion on Exploring Best Practices to Mainstream Core Labor Standards
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Thank you very much, Sato-san. Good afternoon to my fellow panelists and to those of you who have joined us for this discussion. I am very glad to have this opportunity to sit with my colleagues from PSI and ILO to discuss core labor standards. I note that this is another component of a continuing dialogue that we have been undertaking with PSI and ILO, one that is leading to concrete actions in terms of strengthening ADB's capacity to effectively address labor issues in its operations.

ADB is committed to working with its developing member countries to promote good labor and social protection practices in Asia and the Pacific. ADB addresses CLS in its operations through social analysis, and the findings are summarized in the poverty reduction and social strategy for each project. CLS are also reflected in loan assurances. For example, the Xianjiang Regional Road Improvement Project, approved in 2007, includes a clause to address CLS concerns:

“The Government will ensure that all employment and labor standards provided in the applicable laws and regulations of the People's Republic of China are complied with, in particular, that all civil work contracts engaged under the project (i) provided timely payment of wages and safe working conditions to all workers including male and female workers, with such requirement being included in the civil work contracts and monitored by the construction supervision consultants, (ii) provide employment opportunity to women and ethnic minorities, where appropriate, and pay equal wages to the male and female employees for equivalent works, and (iii) do not employ child labor in the project works.”

ADB supports the CLS because good labor practices:

- Help to reduce poverty
- Raise living standards
- Increase productivity
- Contribute to the quality of economic growth

During my brief remarks, I would like to highlight some of the concrete ways in which ADB is implementing this aspect of our Social Protection Strategy, and ensuring that the CLS are mainstreamed throughout ADB operations.

Incorporating CLS into ADB's Project Cycle

Opportunities to incorporate the CLS into ADB operations begin in the preparation of the Country Poverty Analysis and Country Partnership Strategy. Together, these documents can provide a general risk and vulnerability profile, as well as a summary labor market assessment.

During the “pre-project design,” an initial poverty and social analysis is carried out to identify possible positive and negative social impacts of a project, including impacts on workers. Findings are to be presented as a core appendix in the technical assistance paper. Issues like bonded labor, child labor, freedom of association, and gender (or other) inequalities in employment are to be flagged. If necessary, consultants’ terms of reference can contain appropriate specialization to look at these issues.

If the IPISA has identified important issues, a full poverty and social assessment should be conducted to address social risks and vulnerabilities that could undermine a project's objectives or limit its benefits. Some risks may be directly linked to the project, such as job losses associated with organizational restructuring, or poor labor conditions for workers involved in project construction. Specific actions and components may be included in project design, as well as monitoring indicators and mechanisms.

In projects where they have been identified as being important, CLS issues are given a prominent place in project documentation. Actions requiring compliance with CLS may

be written into the assurances and covenants associated with loan documents, and – in the case of construction projects - draft bidding documents. Any strategies to address social risks and vulnerabilities in a project are presented in the summary of poverty reduction and social strategy (SPRSS), which becomes a core appendix to the Report and Recommendation to the President (RRP). [The RRP sets out the terms and conditions proposed for a loan project, and seeks approval from ADB's Board of Directors].

During project implementation, ADB monitors compliance, and can hold consultations with implementing agencies on CLS as necessary.

Providing Tools

In December 2006, ADB together with the ILO, launched the CLS Handbook to offer practical knowledge on how ADB operations can comply with the CLS. The main purpose of the Handbook is to provide information about the CLS, explain the difference between core and other (non-core) labor standards, and to present some ideas, opportunities, and examples of good practice on application of the CLS in ADB operations. Guidelines for addressing CLS issues are also presented in ADB's Handbook on Social Analysis, published last year.

In addition, ADB has published a Technical Note on Labor Issues in Public Enterprise Restructuring. The note discusses the impacts of public enterprise restructuring on workers, especially in the case of privatization of state-owned enterprises and private participation in infrastructure services. The note aims to guide the ADB, its consultants, and the partners in its developing member countries in designing and implementing effective labor adjustment programs.

ADB is also preparing a guide on how to consult with labor unions and has actively sought the inputs of major labor organizations in the guide's preparation. We hope to complete the guide during 2008 to provide another practical tool for ADB staff and consultants.

The CLS Handbook, Handbook on Social Analysis, and the Technical Note are all available on ADB's website for easy access by Bank staff and others who may be interested.

Training and Education

As part of the effort to expand awareness and capacity on CLS issues, ADB has distributed hundreds of copies of the CLS Handbook to staff, and organized briefings and training components on how to identify potential labor issues in projects. The Regional and Sustainable Development Department provides regular advice and support to operations departments on good practice for addressing labor and other social aspects of projects.

Collaboration with Labor Unions

ADB's application of the CLS is strengthened through increasing dialogue with labor unions at the national and supranational level. Workers organizations are extremely well-placed to assist ADB in identifying potential labor issues early on, and to assist in monitoring implementation. Numerous meetings between Public Services International and regional department staff have helped to raise awareness of project officers about the concerns and interests of organized labor.

ADB encourages unions to participate in consultations on the elaboration of Country Partnership Strategies and in the preparation of projects and programs. Such engagement can only raise the quality of our assessment of labor impacts and consequently improve the strategies put into place to minimize them and to mitigate any negative consequences.

ADB participated in training workshops in organized by the International Trade Union Confederation (Asia-Pacific) on CLS and on IFI lending operations. Just last month, ADB gave a presentation in Manila to the "Forum on Updates on IFI Integration of Core Labor Standards in Policies and Operations," organized by the Philippine Chapter of the Asian Labor Network on IFIs.

Closing

I have welcomed this opportunity to talk a bit about ADB's application of the CLS in its operations, and look forward to the discussions following the panel presentations.