



Core Labour Standards to safeguard An inclusive, sustainable and resilient Asia and the Pacific

**A Policy Proposal by
the International Trade Union Confederation – Asia Pacific (ITUC-AP)
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'Governments, employers and workers in the region agree that action to promote decent work fosters inclusive growth and social justice, stimulates economic dynamism and innovation, and drives sustainable development.'

(The Bali Declaration, 16th ILO APRM, Bali, Indonesia, 2016)

Introduction

1. The ITUC - Asia Pacific (ITUC-AP), effectively representing over 60 million workers in 34 countries and territories of the Asian and Pacific region, has a long-established dialogue with the Asian Development Bank (ADB) in order to exchange policies to ensure national and regional development sustainable and inclusive with prosperity being promoted and fairly shared.
2. Asia and the Pacific has achieved rapid economic growth with the significant reduction of extreme poverty thanks to enormous sacrifices and dedication of the hundreds of millions of hard working people. The regional economy, expected to grow at 6.3% in 2018, has been pulling the world economy into still incomplete recovery and high uncertainty. We recognise that the ADB has been a leading international financial institution in this remarkable progress for the last 51 years.
3. Today, with remaining huge deficits to be redressed, economic, social and environmental landscape in Asia and the Pacific has been changing at unprecedented speed and scale, driven mainly by globalisation, technological progress, climate change and demographic shift, which presents challenges and opportunities for the regional development. In this regard, we believe that the ADB has been discussing the new long-term strategy, 'Strategy 2030', to reaffirm its overarching goal to end poverty and to strengthen its commitments to income equality and climate actions while the Sustainable Development Goals (SDGs) are implemented. The ITUC-AP welcomes such continued commitments of the ADB and, as a responsible social partner, puts forth the following policy viewpoints for a sustainable and inclusive growth with no one left behind.

Current economic, social and environmental deficits are deeply rooted in the labour market.

4. There are persistent and great economic, social and environmental deficits in the region while the benefits of growth have not been fairly shared among people; there are still 400 million

people in extreme poverty and 1.2 billion in moderate poverty; income inequality has a clear upward trend with the high average population weighted Gini coefficient in Asia, 10 Gini points higher than the world average; only 38.9% of the regional population is covered by at least one social protection benefit, lower than the global average, 45.2%; natural disasters have been increasing and intensifying with 1.4 million people affected by 1,625 natural disasters in the region between 2005-14.

5. Such deficits have been deeply rooted in the labour market and more exacerbated by weakening of labour market institutions with rampant violations of core labour standards.

- In the region, **315 million workers** are living **in moderate poverty** including **174 million workers in extreme poverty**. (ILO)
- **959 millions**, half of working people in the region are **in vulnerable employment** and informal employment in the region has been growing. (ILO)
- An estimated **62.1 million children** aged between 5 and 17 were **in child labour** in 2016 in the region. (ILO)
- An estimated **16.6 million** out of 24.8 million people **in forced labour** in the globe were in the region in 2016. (ILO)
- Labour income shares have declined since 1990 in Asia. Between 1990's and 2007, among 13 large economies with data available in the region, 7 countries had declining labour income shares while the income inequality increased. (IMF)

Shaping the future of work based on core labour standards is essential for sustainable and inclusive development.

6. The major drivers to change Asia's development landscape are also underlying factors behind the transformation in the world of work. Therefore, shaping the future of work towards a sustainable and inclusive world with social justice upheld is essential to make the future development in the region sustainable and inclusive. In doing so, full respect of internationally recognised core labour standards is a prerequisite condition. Further, it is important to have a balanced approach to boost domestic demands based on strengthening of labour market institutions.

Decent Work Agenda is an integral part of the Agenda 2030.

7. The key components of labour market institutions are; 1) fundamental principles and rights at work, 2) decent employment creation and sustainable enterprises, 3) social protection and 4) social dialogue. Those components are the four pillars of the ILO Decent Work Agenda which is an integral part of the Agenda 2030 for Sustainable Development. The Decent Work Agenda is the basis of the SDG 8 but also is directly and indirectly interrelated to all the other SDGs.

- **Fundamental principles and rights at work:** Despite ADB's long commitment to core labour standards (CLSs) since 2001, an obligatory lending requirement for CLSs has not been yet introduced, different from other major multilateral development banks having adopted labour safeguards. In order to ensure the quality outcome of ADB's investment regardless of sources of funding to serve the fulfilment of its vision, it is essential to strengthen enforcement mechanisms for CLSs including a comprehensive labour safeguard.

- **Decent employment creation and sustainable enterprises:** Decent job creation not only directly from an ADB funded project but also indirectly during and after a project is indispensable for sustainability and inclusiveness of development. The freedom of association and the right to collective bargaining should be promoted in conformity with core labour standards together with living wages and employment protection measures.
- **Social Protection:** Social protection is the fundamental human right as well as a prerequisite condition to ensure human resource development and economic resilience. Social protection deficits with poor domestic resource mobilisation in Asia and the Pacific should be tackled including illicit financial flows (USD 1.6 trillion in 2014 in Asia).
- **Social Dialogue:** Social dialogue is a democratic and peaceful platform for all social partners to work together, which is beyond a partnership. Social dialogue at the national, sub-regional and regional levels should be promoted to ensure inclusive growth.

ITUC-AP's recommendations

8. In order to redress the current economic, social and environmental deficits, and to respond adequately to rapid changes in Asia's development landscape for ensuring 'End poverty, promote prosperity and build a more inclusive, sustainable and resilient Asia and the Pacific', ADB's vision shared with the ITUC-AP, the labour market deficits should be resolved by implementing the Decent Work Agenda in ADB operation based on rights at work, decent employment, social protection and social dialogue. Therefore, the ITUC-AP puts forth the following policy recommendations to be included in ADB's development policies, operation rules and country guidance;

- a) The Decent Work Agenda with core labour standards should be included in ADB's new long-term strategy, 'Strategy 2030', to manifest its commitment to sustainable and inclusive development;**
- b) The ADB should establish a comprehensive labour safeguard, in ADB's Safeguard Policy Statement, which should incorporate ILO's Decent Work Agenda, especially core labour standards with effective enforcement mechanisms in it by its internal and external groups together with the ILO and all stakeholders, including trade unions and employers' representatives;**
- c) The ADB should ensure that its development projects contribute to attainment of the Sustainable Development Goals, which essentially include full and productive employment, protection of workers' rights, reduction of inequality, universal health coverage, universal primary and secondary education and a national social protection floor for all;**
- d) The ADB should promote public investment in essential public services and sustainable infrastructure by providing assistance for countries to build public administrative capacity including domestic revenue mobilisation;**
- e) The ADB should provide technical support for smooth transition towards green economy with trainings and green job creation; and**
- f) The ADB should continue the national, sub-regional and regional social dialogues with trade unions as part of its inclusive approach for development.**

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