



***Decent Work to achieve
A Prosperous, Inclusive, Resilient, and
Sustainable Asia and the Pacific***

***Comments on and Proposals for ADB's New Strategy 2030
From International Trade Union Confederation – Asia Pacific***

9 May 2018

Core Labour Standards, as human rights and an integral part of Decent Work, to ensure a prosperous, inclusive, resilient and sustainable Asia and the Pacific

“We resolve, between now and 2030, to end poverty and hunger everywhere; to combat inequalities within and among countries; to build peaceful, just and inclusive societies; to protect human rights and promote gender equality and the empowerment of women and girls; and to ensure the lasting protection of the planet and its natural resources. We resolve also to create conditions for sustainable, inclusive and sustained economic growth, shared prosperity and decent work for all”
(Transforming our world: the 2030 Agenda for Sustainable Development, UN, 2015)

Introduction

1. The International Trade Union Confederation – 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 ADB on our shared concern to ensure sustainable and inclusive national and regional development in Asia and the Pacific with prosperity being promoted and fairly shared.

2. The ITUC-AP acknowledges significant economic growth in Asia and the Pacific. However, huge economic and social deficits such as stagnant poverty reduction and rising inequality remain and pose a great threat to sustainability of the regional economic development. Further, rapidly changes in economic, social and environmental landscape in the region present substantial challenges for the future of Asia.

3. In this regard, the ITUC-AP welcomes ADB’s new long-term corporate strategy, ‘Strategy 2030’, with the clear vision of a prosperous, inclusive, resilient, and sustainable Asia and the Pacific through more social interventions and also in alignment with global commitments including the Agenda 2030 and the Paris Agreement on climate change. The ITUC-AP, as a social partner to represent workers, makes comments on the draft of ‘Strategy 2030’ and put forward our proposal for successful operationalisation of the strategy to achieve its vision together.

Lack of Labour Market Aspects in Changing Landscape and Challenges

4. The major changes and challenges seem to be well captured in the draft of ‘Strategy 2030’. Especially, the ADB rightly identifies widening income as well as gender inequalities and climate change as key problems and threats to sustainable and inclusive development. In addition, it is well highlighted that ‘globalisation and technology are related to widening inequality in many countries.’

5. Labour market aspects are limitedly included in this analysis, in particular on rising inequality and technological development. However, given the fact that most challenges are outcomes of labour market failures as well as that key drivers to change the landscape are main factors behind unprecedentedly fast transformation of the world of work with significant

economic, social and political impacts, the labour market is not sufficiently reflected in the analysis. Also it should be noted that the labour market is the main nexus of interrelations among changes and challenges, for instance, between globalisation and inequality. In order to make the Strategy 2030 more relevant to changing landscape and to implement it more effectively to redress challenges, the Strategy 2030 should be reviewed based on further investigation into or analysis on the labour market at the global, regional and national levels. (see major labour market deficits in the box below)

- ILO estimates that around 10% of workers in Asia and the Pacific, 174 million workers, are in extreme poverty with less than \$1.90 (PPP in 2011) per person per day in 2017, and that around 17% of workers in the region, 315 million workers, are living with less than \$3.10 (PPP in 2011) per person per day.
- It is projected that the gender gap in labour force participation rate in Southern Asia and South-Eastern Asia and the Pacific would be 50.8% and 22.4% respectively.
- Around half of working people in Asia and the Pacific, 959 millions, are in vulnerable employment
- The higher prevalence rates of child labour can be observed in the region; Cambodia (19.3%), Vietnam (17%), The Philippines (11%), Lao PDR (10%).
- Youth unemployment rate in the region in 2016 was 11.8%, almost 3 times higher than general unemployment rate, 4.2%.
- The income inequality has a clear upward trend with a clear upward trend with the high average population-weighted Gini coefficient in Asia, 10 Gini points higher than the world average.
- It is estimated that 2.78 million deaths in the globe per year are attributed to work, 5% of the global total deaths. Asia constitutes about two-thirds of the estimated work related mortality, nearly 6 times that of African and Europe.

6. In addition, decent work deficits in global supply chains are well recognised¹. One of ILO studies (ILO world Employment and Social Outlook, 2015) illustrates that participation of a supplier firm, applicable to most businesses in Asia and the Pacific, in global supply chains could have a positive impact on productivity but not necessarily on wages. This might contribute to further declining labour income share and, in turn, increasing income inequality (paragraph 14). On rising inequality (paragraph 8), there are many studies to demonstrate that rising inequality can be explained by weakening of labour market institutions².

7. As identified (paragraph 18), many countries in the region face issues of weak governance and institutions. In particular, labour market institutions, specified in the ILO Decent Work Agenda, have been ignored or weakened under the neo-liberal regime in Asia and the Pacific as illustrated by the fact that the Asian and Pacific region has the lowest rate of ratification of the ILO Conventions, comparing with other regions, with only 14 out of 47

¹ The 2016 International Labour Conference adopted a resolution and action-oriented conclusions concerning decent work in global supply chains. The tripartite constituents agreed that global supply chains are complex, diverse and fragmented. They also acknowledged that failures within global supply chains attribute to decent work deficits and to the undermining of rights at work. According to the ILO, the term, 'global supply chains' is used here instead of 'global value chains'.

² a. Some labour market regulations and institutions contribute to reducing inequality, and there is no evidence for strong and systematic negative relationship between levels of regulation and employment (world Bank, "World Development Report 2013: Jobs", 2013)

b. "Labour market flexibility support the rich and reduces the bargaining power of lower-income workers" (IMF, "Causes and Consequences of income Inequality: A Global Perspective", June 2015)

c. "Declining rates of trade union density and collective bargaining coverage are the main drivers of increased inequality in many countries (IMF, "Inequality and Labour Market Institutions", July 2015)

member states having ratified all core conventions as of 2016. In addition, according to the 2017 ITUC Global Rights Index, there is no guarantee of workers' rights or systematic violation of rights in 26 countries among 35 surveyed countries in the region.

Core Labour Standards (Fundamental Workers' Rights)

8. Freedom of Association and the Right to bargain collectively are human as well as fundamental workers' rights enshrined in internationally recognised core labour standards together with no forced labour, no child labour and no discrimination at workplace. As proven by many studies of international financial institutions, those rights are also economic fundamentals. However, as highlighted above, weakening labour market institutions to undermine core labour standards is prevailing in many countries in Asia and the Pacific while inequality has been increasing. Especially erosion of trade union power with low wages and poor working conditions are strongly correlated with increasing inequality which ends up hampering economic growth.

9. In this regard, the ITUC-AP welcomes ADB's reaffirmation (paragraph 33) that 'ADB will also help enhance the work environment by supporting core labour standards.' Even though only the paragraph makes reference to 'core labour standards', it is fundamental to other commitments of the ADB across the draft; "contribute to maintain and raising standards in the international development community" (paragraph 59), "help improve environmental, social and governance standards" as well as "seek to promote commercial sustainability via high standards of ... social and environmental safeguards" (paragraph 66). Further, core labour standards should be regarded as regional public goods to prevent social dumping within and across countries. (paragraph 61)

10. Therefore, core labour standards should be respected for successful operationalisation of the Strategy 2030. In order to ensure application of core labour standards in ADB's operation at the national level in Asia and the Pacific where weakening labour market institutions is prevailing, the ADB should introduce an obligatory lending requirement for core labour standards as other major multilateral banks have already implemented. It is also prerequisite for successful One ADB approach with efficiency and coherence in its operation.

Generating Decent Work and Quality Jobs

11. Generating decent works and quality jobs not only directly from an ADB funded project but also indirectly during and after a project is indispensable for sustainability and inclusiveness of development. As mentioned before, core labour standards are one of major pillars of decent work as well as regional general goods to promote quality jobs.

12. In Asia and the Pacific, SMEs are playing an important role in job creation (paragraph 33). In order to ensure quality job and decent work creation by SMEs, however, business environment is not only important but balancing labour market institutions are also important.

For instance, WB³ and ILO said that labour regulations were important because well designed polices could help create jobs, whereas economic growth alone might not do. Hence, the ADB should include a paragraph to outline its efforts to promote decent work (not temporary, precarious, outsourced, etc.) through policy advice and on ADB-funded projects. Further, in order to maximise ADB's effort to promote SMEs, it should be done to examine country's economic structure to get rid of any non-economic factors to increase monopsonic or oligopsonic power of just few enterprises (economic democratisation).

13. In this regard, the ADB should look into labour market and labour market institutions of each DMC together with social partners at the national level. This is also related to one of operational priorities (Strengthening Governance and Institutional Capacity), the paragraph 23 (Country Focused Approach) and the paragraph 97 (Strong Country Presence).

14. The ADB should also promote formalisation of the informal economy, living wages, and coordinated collective bargaining systems to reduce wage dispersion and to improve labour income share. Transition of informal works to decent works would particularly benefit women to make the ADB achieve its goal of promoting gender equality (paragraph 39). Also in general, transition could result in increasing income to boost consumption and broadening income tax base for better domestic resource mobilisation (Paragraph 87). Further, the ADB should also promote labour market and social protection policies that reduce precarious work and provide workers with a safety net during disruption and crises.

15. Decent work or quality job is also free from any industrial accident and disease. However, it is estimated that 2.78 million deaths in the globe per year are attributed to work and Asia constitutes about two-thirds of the estimated work related morality, nearly 6 times that of Africa and Europe. It is imperative for the ADB to take preventive measures to protect workers in its project. Promoting occupational and health at workplace is also for achieving better health for all (paragraph 35) as well as saving a great financial burden on society.

Social Protection

16. Social protection is the fundamental human right as well as a prerequisite condition to ensure decent work and economic resilience. Social protection is also instrumental to redress inequality. The ADB should follow the lead of the World Bank and formally endorse universal social protection in its 2030 strategy. This would mean the strategy commits to building social protection floors, expanding coverage and not recommending narrow targeting of benefits. The ADB could also join the ILO, the World Bank, the African Development Bank and the Inter-American Development Bank in the Global Partnership for Universal Social Protection.

17. Decent work creation including formalisation of informal economy and increase in employment security as well as wages will facilitate more domestic resource mobilisation for social protection provision by boosting domestic consumption and also broadening personal

³ "Balancing Regulations to promote Jobs: From employment contracts to unemployment benefits", World Bank, 2015

income tax base. Further, social protection deficits with domestic resource constraints in the region can also be addressed by tackling illicit financial flows (USD 1.6 trillion in 2014 in Asia).

Climate Change

18. Since 'ADB's aspirations for Asia and the Pacific are aligned with major global commitments including the Paris Agreement (paragraph 20), the ADB should adopt a just transition framework as part of its Strategy 2030 as a basis of its operational priority for tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability. This framework is based on the promotion of tripartite social dialogue to create just transition plans.

Social Dialogue

19. Social dialogue is a democratic and peaceful platform for all social partners to work together, which is beyond a partnership. Social dialogue should be a main component for strengthening institutional capacity (paragraph 91) and should be promoted at the national, sub-regional and regional levels to ensure inclusive development. Social dialogue is also important to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels (SDG 16).

Gender

20. The strategy should continue to highlight and emphasize the urgency of accelerating progress in gender equality and why doing so is important – *because giving women and girls equal opportunities to succeed can transform societies and economies and is central to achieving the 17 sustainable development goals (SDGs) of the Agenda.*

A. TWIN-TRACK APPROACH

- Ensure the incorporation of gender elements not just in the design and/or implementation of ADB projects and programs but also in the evaluation/monitoring.
- Targeted focus of interventions on the most marginalized women and girls (young women; people with disabilities, indigenous peoples, women in the informal economy, migrant communities, domestic workers, women in countries in fragile situations, etc.); and recognize and address the impact of multiple and intersecting forms of discrimination.
- Beyond mere participation numbers, women (and their organizations/unions) have so much to contribute as active participants in all stages of the implementation of ADB projects and programs.
- Strengthen the involvement of men and boys in discussions around gender equality, family rights and caring responsibilities, among others, at all levels.

B. WOMEN'S ECONOMIC EMPOWERMENT

- Promote measures that ensure inclusive labour markets and workplaces that guarantee rights, dignity and equal treatment for all.
- Targeted efforts to generate not just any kind of work but decent employment.
- Improve women's access and opportunities to labour market-demand and adaptive/core skills needed for the future economy.
- Promote and strengthen the implementation and application of the ILO principle of equal remuneration for work of equal value (as enshrined in the ILO Equal Remuneration Convention, 1951, No. 100) building from experiences of other countries such as New Zealand. Link work around this with the Equal Pay International Coalition (EPIC)⁴.
 - Trade unions have more access to resources, knowledge and information about companies and are therefore in a unique and better position to investigate equal pay and gender discrimination issues.
 - Promote the use of periodic equality-proofed pay reviews and job evaluation systems by employers as ways of exposing pay anomalies and laying the way for achieving equal pay for work of equal value drawing on the ILO Guide to Gender Neutral Job Evaluation.

C. GENDER EQUALITY IN HUMAN DEVELOPMENT

- ADB to reaffirm its commitment to non-discrimination for all and opposition to gender-based violence everywhere.
- Elaborate and provide more detailed plans on addressing gender-based violence in all its forms, including at the workplace, particularly in the light of the ILO standard setting discussion on violence and harassment in the world of work⁵.
- Place more attention on all aspects of women's specific vulnerabilities and unique health and safety risks and needs in the workplace and recognize these in safety and health policies and practices.

D. GENDER EQUALITY IN DECISION-MAKING AND LEADERSHIP

- Not just to remove discriminatory provisions but all discriminatory barriers, whether in law or in practice and to undertake positive measures to bring about equality.
- Reinforce efforts to achieve equal and equitable representation of women in the leadership and develop and/or support mentorship and other related sponsorship programs for (young) women.

E. REDUCED TIME POVERTY OF WOMEN

- Place CARE at the centre of human and economic development by investing in (1) decent jobs in the care economy and (2) quality public care services for all.⁶

⁴ Led by ILO, UN Women and the OECD, EPIC is a multi-stakeholder coalition to contribute to the achievement of SDG target 8.5 focusing on equal pay between women and men for work of equal value.

⁵ The trade union movement is calling for the adoption of a strong ILO Convention on gender-based violence at the ILO International Labour Conference in 2019.

- Promote the recognition, reduction and redistribution of care work through gender-responsive macroeconomic policies and investment in social infrastructure and jobs.
- Measures to assist women and working families stay active in the workplace including through the provision of paid maternity, paternity and parental leaves

F. WOMEN'S RESILIENCE TO EXTERNAL SHOCKS

- We strongly support the integration of women and girls in the fight against climate change. Their crucial role should not just be fully understood, but they must be fully and genuinely engaged in designing gender responsive and environmentally sustainable climate policy and solutions.
- Increase support for women-led, women-centric climate change initiatives and projects.

Youth

21. As identified, Asia and the Pacific is home to 2 billion youth under the age of 30, representing 54% of the global youth population. Even though youth are one of main players in society, economy and labour force, they have very limited access to quality jobs and they are isolated or marginalised. The ITUC-AP has adopted its youth charter to make them visible in the trade union movement so that their voices can be heard. This is not only applicable to the trade union but also to all societal levels. It can be a good reference for the ADB to review the Strategy 2030 in the field of decent work for youth.

Strengthening Dialogue between the ADB and the ITUC-AP

22. The ITUC-AP again welcomes its new vision, achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, which the ITUC-AP also pursues. Hence, based on the new vision, the ADB and the ITUC-AP can cultivate further our cooperation and dialogue to exchange policies for national and regional development in a constructive manner.

⁶ Research commissioned by the ITUC demonstrated the impact on gender equality and jobs growth when [OECD](#) and [emerging](#) countries invest in the care economy