

Core Labor Standards

Presentation for Learning Event
Adapted from SDES presentation

12 April, 2018

ADB's Commitment to CLS

- Social Protection Strategy (2001)
 - Social Protection Operational Plan (2014-2020)
 - OM C3: Incorporation of Social Dimensions into ADB Operations (2010)
 - IPSA and SPRSS reports on CLS due diligence
- Safeguard Policy Statement (2009)
- ADB and CLS in Practice
 - RRP
 - Loan Covenant
 - Bidding Documents
 - FIDIC Conditions of Contract (2010)
 - Gender Action Plan – as it pertains to labor discrimination

CLS in Operations

- **Infrastructure & agriculture** – child labor, forced/bonded labor, and gender-equal wages
- **Public sector and regulatory reforms** – may involve CLS-related legislation
- **Enterprise restructuring and privatization projects** – retrenchment and/or redeployment



Social Protection Strategy

Para. 84:

“in the design and formulation of its loans, ADB will comply with the internationally recognized core labor standards”

“take all necessary and appropriate steps to ensure that for ADB financed procurement of goods and services, contractors, subcontractors and consultants will comply with the country’s labor legislation(e.g., minimum wages, safe working conditions, and social security contributions, etc.) as well as with the Core Labor Standards”

Social Protection Operational Plan

Identifies Labor Market Programs as a key priority areas, including support for CLS

Para. 41:

“As set forth in the Social Protection Strategy, ADB will assess human vulnerability, social risks, labor market issues, and social protection needs during preparation of the country partnership strategy. Relevant linked documents, such as sector assessments that support social protection, will also be used to capture social protection issues. ADB will draw upon ILO expertise and analysis under the ADB–ILO Memorandum of Understanding in order to better address labor market and employment issues in DMCs.”

OM C3: Incorporation of Social Dimensions into ADB Operations

Para 6 and Para. 8:

Requires labor issues to be assessed during project design and reported in the Initial Poverty and Social Assessment (IPSA) attachment of a project concept paper; where significant impacts are likely, management plans should be prepared (e.g., labor retrenchment plan)

Para. 9:

Requires the results of social analysis to report in the Summary Poverty Reduction and Social Strategy (SPRSS) attachment of an RRP


Safeguard Policy Statement

Prohibited Investment Activities List (page 76):

“The following do not qualify for Asian Development Bank financing:

(i) production or activities involving harmful or exploitative forms of forced labor or child labor”

CLS Due Diligence and Supervision

Stage of Project	Actions
Pre-project design (PPTAs)	<ul style="list-style-type: none"> Analyze social risks and vulnerabilities Identify forced/bonded labor, child labor, or discrimination in employment Assess the situation concerning freedom of association Determine need for consultancy report
	
Project Design	<ul style="list-style-type: none"> Design necessary interventions to adhere to CLS Engage with stakeholders Formulate assurances/covenants Scrutinize draft bidding documents Incorporate in Project Administration Manual
	
Project Implementation/Completion	<ul style="list-style-type: none"> Consult with implementing agencies Draft model clauses for bidding documents Observe compliance with national labor legislation Monitor and evaluate project adherence to labor pensions

CLS in Practice: Sample RRP Text

- Use of child labor will not be permitted in the execution of project work. Construction workers will be made aware of communicable diseases like HIV/AIDS. The project will partner with the State AIDS Control Society (SACS) to help raise awareness among contractors and labors regarding risks associated with the disease. Employment of child laborers is prohibited and a clause to this effect will be included in contract agreements. Equal remuneration and other relevant clauses for female workers will also be included. SAUW--
- SPVs will comply with national labor laws and, pursuant to ADB's Social Protection Strategy (2001), will take measures to comply with internationally recognized core labor standards.28 SPVs will report regularly to ADB on (i) its and its contractors' compliance with such laws, and (ii) the measures taken. Information disclosure and consultation with affected people will be conducted in accordance with ADB requirements.

PSOD-INO: Eastern Indonesia
Renewable Energy Project (Phase 2)

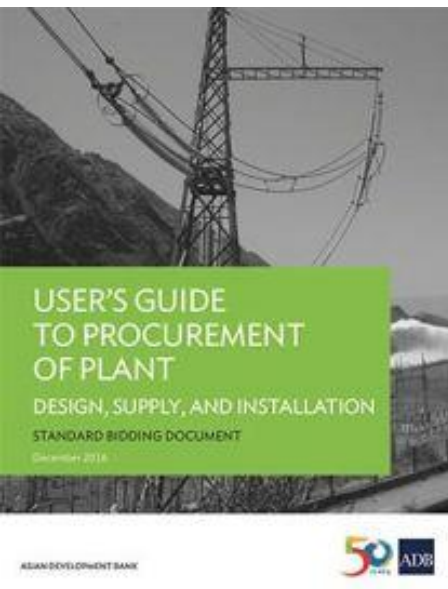
Proposed Multitranchise Financing Facility, Technical Assistance Grant and Administration of Grant India: Tamil Nadu Urban Flagship Investment Program

Loan Covenant Language

- Prohibited List of Investments: The Borrower shall cause RHD to ensure that no proceeds of the Loan under the Project are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS. (para 15 of the Schedule 5 on Execution of Project: Financial Matters)
- Labor Standards, Health and Safety: The Borrower shall ensure that the core labor standards and the Borrower's applicable laws and regulations are complied with during Project implementation. The Borrower shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Borrower's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate works in respect of employment and occupation; (d) do not use forced labor; (e) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women. (para 16 of the Schedule 5 on Execution of Project: Financial Matters)

Bidding Documents

- User's Guide on Procurement of Plant: Design, Supply and Installation (Dec. 2016) Standard Bidding Document
 - General Conditions of Contract--22.2 Labor,
 - section 22.2.3 Labor Laws
 - 22.2.4 Rates of Wages and Conditions of Labor
 - 22.2.5 Working Hours
 - 22.2.9 Records of Contractor's Personnel
 - 22.2.15 Prohibition of All Forms of Forced or Compulsory Labor
 - 22.2.16 Prohibition of Harmful Child Labor



Bidding Documents

- User's Guide to Procurement of Works--
Small Contracts
 - Section 7 General Conditions of Contracts
 - Part B on Staff and Labor
 - Para 31 on Forced Labor
 - Para 32 on Child Labor
 - Para 33 on Workers' Discrimination
 - Para 34 on Nondiscrimination and Equal Opportunity



FIDIC Conditions of Contract

Conditions of Contract (MDB Harmonized Edition) include four conditions under Section 6 on Staff and Labor, one each for the four CLS:

6.20 Forced Labor

6.21 Child Labor

6.23 Workers' Organizations

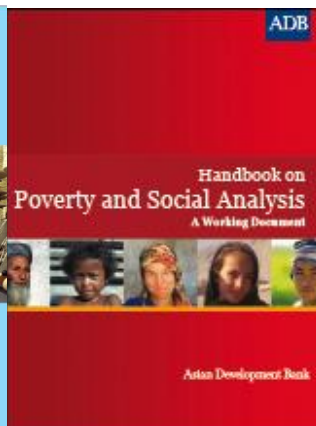
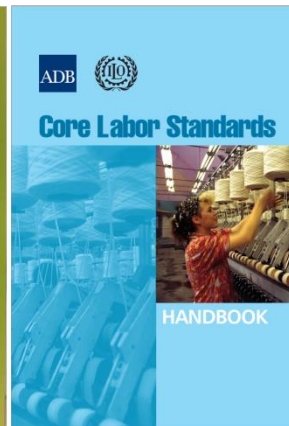
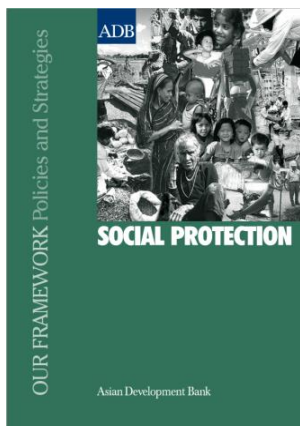
6.24 Nondiscrimination and Equal Opportunity

Challenges

- **Sensitivities**—Not all CLS are easy to implement—sensitivities around Collective Actions and Freedom of Association
- **Capacity** --Limited project-level expertise in this area among social development specialists at ADB;
- **Monitoring constraints**--Field implementation and monitoring can be extensive (such as tacking loan covenants, bidding documents, and contracts) ;
- **Limited knowledge** products and tools;
- **Resource limitation**

TOOLBOX

- Social Protection Strategy
- Safeguard Policy Statement
- Handbook on Poverty and Social Analysis
- ADB-ILO Handbook on Core Labor Standards
- Interacting with Worker's Organizations
- FIDIC Conditions of Contract
- Module on Core Labor Standards in the Staff Training on Poverty and Social Analysis
- SDCC and ILO expertise
- Guidance notes and contextual risk assessments of other MFIs



Conditions of Contract
for CONSTRUCTION
FOR BUILDING AND ENGINEERING WORKS
DESIGNED BY THE EMPLOYER

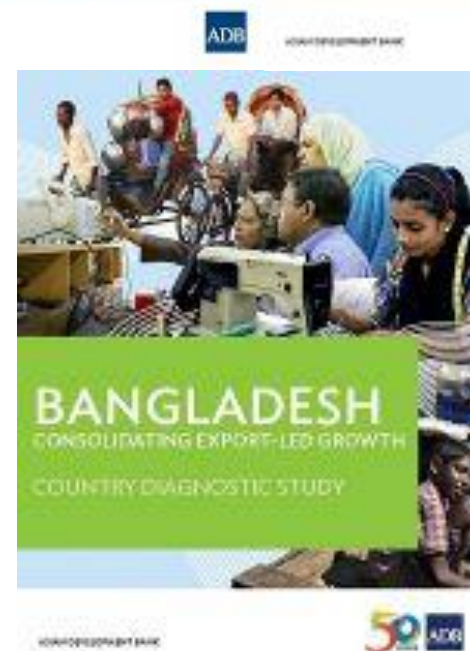
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Country Diagnostics

- ADB Research:



More information:

<https://www.adb.org/site/safeguards>

<http://adb.org/socialprotection/>