

Written Submission on Asian Development Bank's (ADB) September 2023 Draft Environmental and Social Framework (ESF)

Submission from International Trade Union Confederation – Asia
Pacific

Received on September 21, 2023

Disclaimer: The views expressed in this document are the views of the author/s and and/or their organizations and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this document and accepts no responsibility for any consequence of their use.



New Social Contract towards An inclusive, sustainable and resilient Asia and the Pacific

**A Policy Proposal by ITUC – AP to ADB
22nd September 2023**

'Promotion of workers' rights is a key element for the attainment of inclusive and sustainable growth, with a focus on freedom of association and the effective recognition of the right to collective bargaining as enabling rights.'

(The Singapore Statement, 17th ILO APRM, Singapore, December 2022)

Introduction

1. The ITUC - Asia Pacific (ITUC-AP), effectively representing over 60 million workers of 59 trade union national centres in 34 countries and territories of the Asian and Pacific region, has a long-established partnership with the Asian Development Bank (ADB) in order to exchange policies to ensure national and regional development sustainable and inclusive with resilience and equality being promoted.

2. The COVID-19 pandemic highlighted the fragile global economy which had already walked into a crisis with rampant decent work deficits, especially, in Asia and the Pacific. The recovery of the regional economy seems to stall with great uncertainty and inequality. Stagnant wages with increasing cost of living have eroded workers' purchasing power, many economies have faced higher external debt levels than the pre-pandemic, and millions of people have slipped into extreme poverty. These challenges have suppressed domestic demand with weaker global demand from the region. We must get out of this crisis by shifting a paradigm for sustainable development with decent work being at the centre under a new social contract; jobs, rights, wages, social protection, equality, and inclusion.

3. In this regard, ADB has already demonstrated its leadership and foresight by committing to the core labour standards, enshrined in the ILO Fundamental Conventions, and reaffirmed in 'Strategy 2030' that it would 'help enhance the work environment by supporting core labor standards'. ITUC-AP supports this continued commitment by having engaged with ADB, and, as a responsible social partner, puts forth the following policy viewpoints for a paradigm shift from the current crisis toward a sustainable and inclusive development in Asia and the Pacific.

New ADB Safeguard Policy Statement with a standalone and binding labour safeguard

4. We appreciate the efforts of ADB to modernise its safeguard policy statement with a standalone and binding labour safeguard. Of course, there will be more works to ensure a final version of the new safeguard policy, namely 'Environmental and Social Framework (ESF)',

adequate to make ADB meet its international commitments including the core labour standards. Furthermore, it is necessary to continue our cooperation for successful and effective implementation of ESF to realise decent work for all ADB projects across their lifecycle, aligned with the core labour standards; freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, the elimination of discrimination in respect of employment occupation, and a safe and healthy working environment.

5. In order for ESS with the labour safeguard to build the enabling environment for sustainable and inclusive growth while maximising the outcomes of development finance by ADB, it should clearly refer to the ILO Fundamental Conventions. As mentioned above, ADB already made its clear commitment to the core labour standards with a reference to ILO (Social Protection Strategy, 2001). Otherwise, ESF would undermine the fundamental rights and also hinder the implementation of ESF with great difficulties to define key terms that have been already agreed by governments, employers and workers from ADB's member countries, as well as to set appropriate expectations.

6. ESF with the labour safeguard should be applicable to all projects regardless of its financing modalities. Furthermore, ESS should be inspiring and forward-looking to set a higher bar to meet international agreements including the fundamental labour rights that ADB member countries are committed to. This is really essential for the region, with rampant violations of labour rights as well as regressive labour law reforms in many countries, for ADB member countries to narrow the gap between inadequate national laws and their commitments towards sustainable and inclusive future we want. The ADB Core Labor Standards Handbook clearly states that 'Should the ADB observe CLS in its interventions even if the country has not adopted labor legislation, or if it has exempted some economic sectors or parts of the population from the law? The answer is yes'.

7. There are many works to do together with continued efforts to improve, finalise and implement ESS, for example, technical discussions, trainings, assistance with due diligence and so on. In this regard, ITUC-AP reaffirms our policy partnership with ADB.

Just Transition

8. Pertaining to the review and update of the ADB's safeguard policy, it was demanded that systematic incorporation of the core and international labour standards into all thematic and sector strategies or policies which should draw upon ILO instruments relevant to the sector or topic.

9. In this regard, it was highlighted that any climate change related strategy, policy or action plan of ADB should uphold a just transition by integrating *the ILO Guidelines for a just transition towards environmentally sustainable economies and societies for all*. This is in line with ADB's strong commitment to climate change, aligned with the Paris Agreement which stipulates 'Taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs'.

10. Therefore, ESF should include an element of a just transition of the workforce together with protection of workers in transition affected by ADB project.

Social Dialogue

11. One of critical areas for us to work together is to promote social dialogue at the national and regional levels. Social dialogue is, according to ILO, is a tripartite process including 'all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy'. It is the most effective labour market institution for 'consensus building and democratic involvement among social partners to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability, and boost economic progress'.

12. ILO itself is based on the tripartism with governments, employers and workers. Therefore, working with ILO means working not only with governments but also with employers as well as workers. The effective implementation of ESF requires constructive industrial relations based on social dialogue at all levels with full realisation of freedom of association and right to collective bargaining.

13. In this regard, ITUC-AP will continue to work with ADB to promote social dialogue at the national and regional levels with its national affiliates, in particular, for the implementation of ESF effectively.

ITUC-AP's recommendations

14. A new social contract - jobs, rights, wages, social protection, equality, and inclusion - is an integral part of the realisation of 'Strategy 2030' through all ADB projects. Therefore, ESF should adhere to the core labour standards and other international agreements.

15. In this regard, ITUC-AP would like to propose the followings to improve, finalise, implement, promote, and monitor ESF for all projects across their lifecycle;

- a) **ADB and ITUC-AP will resume its high-level discussion annually/biannually;**
- b) **ADB and ITUC-AP, together with ITUC, will have technical discussions on ESF, in particular, with regard to ESS2, 4 and 9;**
- c) **ADB and ITUC-AP will discuss about a possibility about a joint programme or action for labour market analysis as well as trainings for ADB staffs, borrowers/clients, and projected workers on labour rights and social dialogue including collective bargaining; and**
- d) **ADB will support ITUC-AP to organise a dialogue at the national level with ADB's resident missions, governments and trade unions**

Ends