



FOURTH ITEM ON THE AGENDA

Other legal issues**(b) Memorandum of Understanding between
the International Labour Organization and
the Asian Development Bank**

1. The Asian Development Bank was established in 1966. Over the years, it has transformed itself from what was essentially a project financier to a full-fledged development institution with a fundamental challenge to combat poverty. To date, its membership has grown to fifty-nine (59) member countries, both within and outside the Asian and Pacific region, from its original thirty-one (31) member countries.
2. The purpose of the Asian Development Bank is set forth in article 1 of its establishing Agreement, which reads as follows:

The purpose of the Bank shall be to foster economic growth and co-operation in the region of Asia and the Far East (hereinafter referred to as the “region”) and to contribute to the acceleration of the process of economic development of the developing member countries in the region, collectively and individually. Wherever used in this Agreement, the terms “region of Asia and the Far East” and “region” shall comprise the territories of Asia and the Far East included in the Terms of Reference of the United Nations Economic Commission for Asia and the Far East.

3. The activities of the Asian Development Bank are mainly focused on areas such as, promoting investment in the region of public and private capital for development, extending loans and equity investments to its developing member countries for their economic and social development, responding to requests for assistance in coordinating development policies and plans of its developing member countries, and providing technical assistance for the planning and execution of development projects and programmes and for advisory services.
4. The principal organs of the Asian Development Bank are the Board of Governors that meet at least once a year, the Board of Directors that direct the general operations of the Bank, and the President who is entrusted with the current business of the Bank and its administration.
5. The Asian Development Bank has concluded recent agreements for closer cooperation with the Inter-American Development Bank, the United Nations Environment Programme, the United Nations Development Programme, and most recently with the World Bank in

January 2002. The Asian Development Bank also maintains active relations and cooperation with other international organizations and non-governmental organizations.

6. The ILO has been invited as an observer and has attended on a regular basis meetings of the Asian Development Bank's Board of Governors.
7. During 2001 and 2002, a period during which the Asian Development Bank adopted its Social Protection Strategy, the organizations gave new priority to discussions for closer cooperation. Agreement has now been reached on a text. The full text of the proposed Memorandum of Understanding appears in the appendix to the present document.
8. The proposed Memorandum of Understanding aims to facilitate collaboration between the ILO and the Asian Development Bank in matters of mutual interest. It provides that the ILO and the Asian Development Bank will seek to establish an operational framework and practical modalities for their cooperation which will focus on development issues in their common developing member countries. For the ILO, this includes those member States in both the Asia and Pacific region and Europe and Central Asia region.
9. The proposed Memorandum also contains provisions on arranging for the exchange of information and documentation relating to matters of specific interest or activities of mutual interest. The proposed Memorandum further provides for mutual representation at meetings and conferences of both organizations. In this regard, if the Governing Body agrees to article 4 of the proposed Memorandum appended to this document the Asian Development Bank would receive a standing invitation to the International Labour Conference.
10. ***In light of the foregoing, the Committee may wish to recommend that the Governing Body approve the text of the Memorandum of Understanding between the Asian Development Bank and the International Labour Organization and authorize the Director-General (or his representative) to sign it on behalf of the ILO.***

Geneva, 26 February 2002.

Point for decision: Paragraph 10.

Appendix

Memorandum of Understanding between the Asian Development Bank and the International Labour Organization

The Asian Development Bank (hereinafter referred to as the “ADB”) and the International Labour Organization (hereinafter referred to as the “ILO”):

Considering that the ADB is a broad-based regional development institution committed to reducing poverty through lending and non-lending activities to support pro-poor sustainable economic growth, good governance, and inclusive social development. As part of social development, the ADB supports the goal of providing for all citizens in the Asia and Pacific region, social protection which, in accordance with its Social Protection Strategy, approved on 13 September 2001, includes labour markets, social insurance, social assistance, micro and area-based schemes and child protection;

Recognizing that the ILO is an international organization committed to the attainment of social justice through the promotion of decent work with its strategic components of international labour standards, employment, social protection, social dialogue, and cross-cutting gender issues, in order to enable men and women to have decent and productive work in conditions of freedom, equity, security, and human dignity; and to this end is seeking to promote coherent and coordinated policies, and to enhance the capacity of governments and the social partners to deal effectively and constructively with the challenges and opportunities of globalization worldwide, including in Asia and the Pacific and the Central Asian republics;

Conscious that the ADB, as a regional development institution, and the ILO, as a specialized agency of the UN system, each with a broad common membership and complementary roles, have a mutual interest in intensifying cooperation in their shared thematic and geographical areas, and in establishing appropriate working procedures to that effect;

Convinced that improved cooperation between the ADB and the ILO is an efficient means to support development processes in the use of scarce resources for development and will benefit their common member countries;

Have reached the following understanding:

Article 1

Purpose and scope

The purpose of this Memorandum of Understanding is to facilitate collaboration between the ILO and the ADB in matters of common interest to their developing member countries. In so doing the ADB and the ILO recognize the expertise of each organization, and seek to establish an operational framework and practical modalities for their cooperation which will focus on development issues, and will include:

- (a) exchange of relevant information, documentation, studies, research and best practices, to promote cooperation and complementarity in operational work;
- (b) consultations between the ADB and the ILO on ADB country strategies and assistance plans, and, where appropriate and feasible, participation by ILO technical staff in ADB country poverty analysis or country strategy and programme preparatory missions, contributing with advice and a brief summary labour-market assessment, to ensure that ADB’s portfolio supports inclusive, employment-generating development patterns, enhances welfare and helps to allocate human resources to their most productive uses;
- (c) in those countries where the ADB is planning a social protection intervention in line with its Social Protection Strategy, the ILO, within the framework of its mandate, will contribute to the development of a cooperative framework and networking among counterpart ministries, employers’ and workers’ organizations, and other civil society partners;

- (d) implementation, as appropriate, by the ILO of ADB-funded lending and non-lending activities in areas that relate to its competence and capacity, such as regional, advisory, and project preparatory technical assistance;
- (e) assistance from the ILO to ADB project design and review missions through: (i) interagency consultations and (ii) engagement of ILO experts by the ADB as appropriate;
- (f) assistance from the ADB to the ILO in the development of Decent Work country programmes through interagency consultations;
- (g) research studies on matters of mutual interest;
- (h) exchange of staff where appropriate and feasible; and
- (i) mutual cooperation in all other aspects which are consistent with the objectives of both organizations and the spirit of this Memorandum of Understanding.

Article 2 **Mutual consultation**

At least once a year, the ILO and the ADB will hold a senior consultation meeting on issues of strategic importance, to permit a regular review of the implementation of this Memorandum of Understanding. In addition, the parties will maintain regular consultations as necessary on activities of common interest, including through videoconferencing where appropriate and feasible, for the purpose of furthering the effective achievement of common objectives, and the coordination of activities with a view to maximizing complementarity and mutual support.

Article 3 **Exchange of publications**

The ILO and the ADB will exchange annual reports and other published documents of specific interest, and share other non-confidential information on specific matters and activities which are of common interest in the region.

Article 4 **Reciprocal representation**

The ILO will invite representatives of the ADB to annual meetings of the International Labour Conference and, as appropriate, to such other meetings convened by the ILO in which the ADB has expressed an interest. The ADB will invite representatives of the ILO to its Annual Meeting and, as appropriate, to such other meetings convened by the ADB in which the ILO has expressed an interest.

Article 5 **Engaging the ILO in ADB-funded activities**

The ILO is uniquely qualified to provide technical assistance and advice in many aspects of its areas of expertise which comprise international labour standards and fundamental principles and rights at work, employment and job creation, labour law and labour administration, labour markets and labour market information, enterprise promotion, social protection and social dialogue. The ILO therefore may be engaged to implement ADB-financed loan and grant activities in any of these and related fields, in accordance with the ADB Guidelines on the Use of Consultants by the ADB and its Borrowers. This may include a direct selection procedure if the ADB reviews all other sources of competitive expertise and finds them unsuitable. Regarding the implementation of ADB-funded activities, mutually acceptable administrative and financial arrangements that comply with ADB's Guidelines on the Use of Consultants by ADB and its Borrowers, ADB's Guidelines for Procurement under ADB Loans, and ADB standard disbursement procedures for Loan and TA projects will be agreed.

Article 6 **Administrative and financial arrangements**

- (a) Any activity carried out by the ILO or the ADB pursuant to this Memorandum of Understanding will be consistent with the policies, rules and regulations of each organization.

- (b) The ILO and the ADB will work towards a mutually acceptable contractual format and related financial and other arrangements in order to enable the ILO to engage in the implementation of ADB-financed loan and grant activities.
- (c) All specific activities to be implemented under this Memorandum of Understanding will be the subject of prior consultation and written agreement between the ILO and the ADB. The written agreement will include a detailed statement of the respective financial responsibilities of all parties concerned. In the specific case referred to under article 1(b) of this Memorandum of Understanding, mission expenses will be borne by the ADB.

Article 7 Focal points

Cooperation between the ADB and the ILO under this Memorandum of Understanding is an institution-wide responsibility; however, both institutions will designate focal points for liaison and coordination of activities falling within the framework of this Memorandum of Understanding. With respect to the ADB: (a) the Strategic Planning, Policy and Interagency Relations Division, Strategy and Policy Department, will act as focal point and coordinator for overall institutional issues, and (b) the Regional Departments will act as the focal points for country specific activities. With respect to the ILO: (a) the Bureau of External Relations and Partnerships, in Geneva, will act as the focal point and coordinator for overall institutional issues and ILO headquarters-level activities; (b) the Regional Office for Asia and the Pacific, in Bangkok, will act as the focal point and coordinator for regional and country-level activities in the Asia and Pacific region; (c) the Moscow Area Office of the Regional Office for Europe and Central Asia will act as focal point and coordinator for regional and country-level activities in the Central Asian republics; and (d) the Area Office in Manila will be the liaison office for day-to-day contacts and follow-up.

Both institutions will formally inform their staff of this Memorandum of Understanding, and provide appropriate additional guidance for cooperation at the field level.

Article 8 General

Nothing in or relating to any provision in this Memorandum of Understanding will be construed as constituting a waiver, either expressed or implied, of the policies, rules and regulations of either the ILO or the ADB.

Article 9 Entry into force, modification and termination

The arrangements described in this Memorandum of Understanding will commence on the date on which it is signed by the authorized representatives of the ILO and the ADB.

The present Memorandum of Understanding may be modified by an appropriate written amendment signed by both parties and annexed to this Memorandum of Understanding.

The present Memorandum of Understanding may be terminated by the written consent of the two parties or by either party giving the other party six (6) months' written notice.

In line with the administrative nature of the provisions of this Memorandum of Understanding, no provision herein shall be construed so as to in any way interfere with the ADB's and the ILO's independent decision-making autonomy with regard to their own respective affairs and operations.

* * *

For the Director General,
International Labour Organization

For the President,
Asian Development Bank

Yasuyuki Nodera,
Regional Director, Asia Pacific Region.

Shoji Nishimoto,
General Director, Strategy and Policy Department.

Date: _____

Date: _____